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

FORM 10-Q

☒ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2016

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____

Commission File Number: 000-54677

CV Sciences, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE	**80-0944870**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2688 South Rainbow Boulevard, Suite B, Las Vegas, NV 89146
(Address number of principal executive offices) (Zip Code)

(866) 290-2157
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. **As of November 1, 2016, the issuer had 56,838,924 shares of issued and outstanding common stock, par value $0.0001.**

DOCUMENTS INCORPORATED BY REFERENCE. None

CV SCIENCES, INC.

FORM 10-Q

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission (the "SEC"). You may read and copy any document we file with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's internet site at *http://www.sec.gov.*

On our Internet website, http://www.cvsciences.com, we post the following recent filings as soon as reasonably practicable after they are electronically filed with or furnished to the SEC: our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. On June 8, 2016, the Company changed its trading symbol from CANV to CVSI, and continues to be traded on the OTC: Bulletin Board.

When we use the terms "CV Sciences", "Company", "we", "our" and "us" we mean CV Sciences, Inc., a Delaware corporation, and its consolidated subsidiaries, taken as a whole, as well as any predecessor entities, unless the context otherwise indicates.

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, the other reports, statements, and information that the Company has previously filed with or furnished to, or that we may subsequently file with or furnish to, the SEC and public announcements that we have previously made or may subsequently make include, may include, or may incorporate by reference certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, and that are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that Act. To the extent that any statements made in this report contain information that is not historical, these statements are essentially forward-looking. Forward-looking statements can be identified by the use of words such as "expects", "plans", "may,", "anticipates", "believes", "should", "intends", "estimates", and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, marketability of our products; legal and regulatory risks associated with the OTC: Bulletin Board; our ability to raise additional capital to finance our activities; the future trading of our common stock; our ability to operate as a public company; our ability to protect our proprietary information; general economic and business conditions; the volatility of our operating results and financial condition; our ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed from time to time in our filings with the SEC, or otherwise.

Information regarding market and industry statistics contained in this report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not undertake any obligation to publicly update any forward-looking statements. As a result, investors should not place undue reliance on these forward-looking statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CV SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2016	(Audited) December 31, 2015
Assets		
Current assets		
Cash (Note 2)	$ 847,433	$ 518,462
Accounts receivable, net (Note 2)	752,831	870,552
Notes receivable (Note 3)	540,351	617,681
Inventory (Note 4)	13,206,088	14,133,920
Prepaid expenses and other current assets	496,840	451,127
Total current assets	15,843,543	16,591,742
Property & equipment, net (Note 2)	310,130	439,615
Intangibles, net (Note 6)	4,976,950	5,620,000
Goodwill	4,643,812	4,643,812
Total other assets	9,930,892	10,703,427
Total assets	$ 25,774,435	$ 27,295,169
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 646,739	$ 659,408
Accrued expenses (Note 5)	395,261	522,719
Secured convertible promissory notes payable, net (Note 8)	1,967,563	881,803
Unsecured note payable	–	138,975
Contingent consideration	–	250,000
Total current liabilities	3,009,563	2,452,905
Non-current liabilities		
Unsecured note payable, net (Note 8)	639,753	–
Deferred tax liability	1,556,300	1,556,300
Total liabilities	5,205,616	4,009,205
Commitments and contingencies (Note 11)		
Stockholders' equity (Note 9)		
Preferred stock, par value $0.0001; 10,000,000 shares authorized; no shares issued and outstanding	–	–
Common stock, par value $0.0001; 190,000,000 shares authorized; 52,338,924 and 45,451,389 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	5,233	4,544
Additional paid-in capital	42,213,832	39,270,911
Accumulated deficit	(21,650,246)	(15,989,491)
Total stockholders' equity	20,568,819	23,285,964
Total liabilities and stockholders' equity	$ 25,774,435	$ 27,295,169

See accompanying notes to the condensed consolidated financial statements.

CV SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	For the three months ended September 30,		For the nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
Product sales, net	$ 2,939,997	$ 4,151,180	$ 7,850,430	$ 9,279,117
Cost of goods sold	1,051,048	1,692,383	2,671,519	3,913,620
Gross Profit	1,888,949	2,458,797	5,178,911	5,365,497
Litigation settlement income	–	756,714	–	756,714
Operating Expenses:				
Selling, general and administrative	3,072,441	3,888,898	9,147,411	10,716,814
Research and development	396,238	228,822	879,598	972,844
Total Operating Expenses	3,468,679	4,117,720	10,027,009	11,689,658
Operating Loss	(1,579,730)	(902,209)	(4,848,098)	(5,567,447)
Other income (expense):				
Interest income	–	36,939	27,658	107,427
Interest expense	(321,006)	(116,509)	(840,315)	(132,633)
Total Other (Expense) Income	(321,006)	(79,570)	(812,657)	(25,206)
Loss before taxes	(1,900,736)	(981,779)	(5,660,755)	(5,592,653)
Provision for income taxes	–	7,770	–	48,773
Net Loss	$ (1,900,736)	$ (989,549)	$ (5,660,755)	$ (5,641,426)
Weighted average common shares outstanding				
Basic & diluted	52,218,272	34,897,323	51,362,444	34,781,740
Net loss per common share				
Basic & diluted	$ (0.04)	$ (0.03)	$ (0.11)	$ (0.16)

See accompanying notes to the condensed consolidated financial statements.

CV SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the nine months ended September 30, 2016
UNAUDITED

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance - December 31, 2015	45,451,389	$ 4,544	$ 39,270,911	$ (15,989,491)	$ 23,285,964
Shares issued for professional services	1,325,000	133	540,993	–	541,126
Shares issued pursuant to conversion of senior convertible promissory notes (Note 8)	5,562,535	556	407,444	–	408,000
Fair value of warrants issued in connection with unsecured promissory note	–	–	266,800	–	266,800
Beneficial conversion feature on secured convertible promissory notes	–	–	370,000	–	370,000
Stock-based compensation	–	–	1,357,684	–	1,357,684
Net loss	–	–	–	(5,660,755)	(5,660,755)
Balance - September 30, 2016	52,338,924	$ 5,233	$ 42,213,832	$ (21,650,246)	$ 20,568,819

See accompanying notes to the condensed consolidated financial statements.

CV SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	For the nine months ended September 30,	
	2016	**2015**
OPERATING ACTIVITIES		
Net loss	$ (5,660,755)	$ (5,641,426)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	789,742	757,722
Amortization of debt issuance costs	231,131	91,833
Amortization of beneficial conversion feature on secured convertible promissory note	300,973	–
Common stock issued for professional services	541,126	366,000
Stock-based compensation	1,357,684	4,098,092
Bad debt expense	59,143	200,000
Interest on note receivable	–	(91,068)
Accrued interest payable	73,779	–
Change in operating assets and liabilities:		
Accounts receivable	67,796	(643,130)
Prepaid inventory	–	(5,329,644)
Inventory	995,944	3,134,749
Prepaid expenses and other current assets	(45,713)	125,566
Accounts payable and accrued expenses	(140,127)	7,129
Net cash used in operating activities	(1,429,277)	(2,924,177)
INVESTING ACTIVITIES		
Purchase of equipment	(17,207)	(89,984)
Note receivable from legal settlement	–	(600,000)
Issuance of note receivable	–	(2,000,000)
Repayment of notes receivable	–	533,092
Net cash flows used in investing activities	(17,207)	(2,156,892)
FINANCING ACTIVITIES		
Common stock issued for cash	–	2,520,000
Borrowing from issuance of unsecured note payable, net of costs	801,430	–
Borrowing from issuance of secured convertible note payable, net	1,975,000	1,385,496
Payment of contingent consideration	(250,000)	–
Repayment of convertible debt	(612,000)	–
Repayment of unsecured note payable	(138,975)	–
Net cash flows provided by financing activities	1,775,455	3,905,496
Net increase (decrease) in cash	328,971	(1,175,573)
Cash, beginning of period	518,462	2,302,418
Cash, end of period	$ 847,433	$ 1,126,845
Supplemental disclosures of non-cash transactions:		
Conversion of convertible promissory notes to common stock	$ (408,000)	$ –
Value of warrants issued with unsecured promissory note	(266,800)	–
Beneficial conversion feature on secured convertible promissory note	(370,000)	–
Inventory returned in satisfaction of note receivable	68,112	–
Supplemental cash flow disclosures:		
Interest paid	$ 311,359	$ –
Taxes paid	21,583	48,773

See accompanying notes to the condensed consolidated financial statements.

CV SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

1. ORGANIZATION AND BUSINESS

CV Sciences, Inc. (the "Company," "we," "our" or "us") was incorporated under the name Foreclosure Solutions, Inc. in the State of Texas on December 9, 2010. On July 25, 2013, the Company's predecessor, CannaVest Corp., a Texas corporation ("CannaVest Texas"), merged with the Company, a wholly-owned Delaware subsidiary of CannaVest Texas, to effectuate a change in the Company's state of incorporation from Texas to Delaware. On January 4, 2016, the Company filed a Certificate of Amendment of Certificate of Incorporation reflecting its corporate name change to "CV Sciences, Inc.", effective on January 5, 2016. In addition, on January 4, 2016, the Company amended its Bylaws to reflect its corporate name change to "CV Sciences, Inc." The Company previously operated under the corporate name of CannaVest Corp. The change in corporate name was undertaken in connection with the acquisition of CanX Inc., a Florida-based, specialty pharmaceutical corporation ("CanX Acquisition") as more fully set forth in our Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "SEC") on January 4, 2016. On June 8, 2016 the Company announced that the Financial Industry Regulatory Authority ("FINRA") had approved a change in the trading symbol for the Company's common stock to "CVSI." The Company's common stock formerly traded under the symbol "CANV."

The Company operates two distinct business segments: a consumer product segment in manufacturing, marketing and selling plant-based Cannabidiol ("CBD") products to a range of market sectors; and, a specialty pharmaceutical segment focused on developing and commercializing novel therapeutics utilizing synthetic CBD. The specialty pharmaceutical segment began development activities during the second quarter of 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The condensed consolidated financial statements include the accounts of CV Sciences, Inc. and its wholly-owned subsidiaries US Hemp Oil, LLC, CannaVest Laboratories, LLC, Plus CBD, LLC and CANNAVEST Acquisition, LLC; and the accounts of a 70% interest in CannaVest Europe, GmbH (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation. The Company commenced commercial operations for its current business model on January 29, 2013. On May 2, 2016, the Company filed Articles of Dissolution for its wholly-owned subsidiaries US Hemp Oil, LLC and CannaVEST Laboratories, LLC, with the Secretary of State of Nevada, effective as of April 29, 2016. Neither US Hemp Oil, LLC nor CannaVEST Laboratories, LLC had any assets or liabilities.

The unaudited condensed consolidated interim financial statements have been prepared by the Company pursuant to the rules and regulations of the SEC. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes for the year ended December 31, 2015, filed with the SEC on the Company's Annual Report on Form 10-K filed on April 14, 2016. The results for the three and nine months ended September 30, 2016, are not necessarily indicative of the results to be expected for the full year ending December 31, 2016.

Change in Accounting Policy – During the first quarter of fiscal year 2016, the Company changed its accounting policy for shipping and handling costs from sales of Company products. Under the new accounting policy, these costs are included in cost of goods sold, whereas, they were previously included in selling, general and administrative expenses. Including these expenses in cost of goods sold better aligns these costs with the related revenue in the gross profit calculation. This accounting policy change has been applied retrospectively.

The Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2015 have been reclassified to reflect this change in accounting policy. The impact of this reclassification was an increase of $111,391 to cost of goods sold for the three months ended September 30, 2015 and a corresponding decrease to selling, general and administrative expenses in the same period. The impact of this reclassification was an increase of $235,213 to cost of goods sold for the nine months ended September 30, 2015, and a corresponding decrease to selling, general and administrative expenses in the same period. This reclassification had no impact on Net Sales, Operating Loss, Net Loss or Net Loss per Share.

Liquidity – For the three months ended September 30, 2016 and 2015, the Company had a net loss of $1,900,736 and $989,549, respectively. For the nine months ended September 30, 2016 and 2015, the Company had a net loss of $5,660,755 and $5,641,426, respectively. In addition, for the nine months ended September 30, 2016 and 2015, the Company had negative cash flows from operations of $1,429,277 and $2,924,177, respectively. Management believes the Company has the funds needed to continue its consumer product business segment and meet its other obligations over the next year solely from current revenues and cash flow due to increased sales and because our current inventory levels are sufficient to support sales through the third quarter of 2017, resulting in reduced cash outflow for inventory purchases. In addition, we do not intend to purchase raw inventory from our supply chain arrangements from the 2016 crop.

The Company's specialty pharmaceutical business segment will require additional capital of approximately $1,500,000 over the next 12 months. Management believes that it will be able to obtain such financing on terms acceptable to the Company, however, there can be no assurances that the Company will be successful. If the Company is unable to raise additional capital, the Company would likely be forced to curtail pharmaceutical development.

Business Combinations – We apply the provisions of the Accounting Standards Codification ("ASC") 805, *Business Combinations* ("ASC 805"), in the accounting for our acquisitions. ASC 805 establishes principles and requirements for recognizing and measuring the total consideration transferred to and the assets acquired, liabilities assumed and any non-controlling interests in the acquired target in an asset purchase. ASC 805 requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at the acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations.

Accounting for business combinations requires our management to make significant estimates and assumptions, especially at the acquisition date, including our estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies and contingent consideration, where applicable. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Examples of critical estimates in valuing certain of the intangible assets we have acquired include but are not limited to:

- future expected cash flow from supply chain relationships with growers and processors of our hemp extracted CBD oil;
- expected costs to develop the In-process Research and Development ("IPR&D") into commercially viable pharmaceutical products and estimated cash flows from the projects when completed;
- the acquired company's brand, trade names and competitive position, as well as assumptions about the period of time the acquired brand will continue to be used in the combined Company's product portfolio; and
- discount rates.

Goodwill and Intangible Assets – The Company evaluates the carrying value of goodwill and intangible assets annually during the fourth quarter in accordance with ASC 350 *Intangibles – Goodwill and Other* and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill.

We make critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. Our cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, market competition, inflation and discount rates.

We classify intangible assets into three categories: (1) intangible assets with definite lives subject to amortization; (2) intangible assets with indefinite lives not subject to amortization; and (3) goodwill. We determine the useful lives of our identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, our long-term strategy for using the asset, any laws or regulations which could impact the useful life of the asset and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives, generally five years. IPR&D has an indefinite life and is not amortized until completion and development of the project, at which time the IPR&D becomes an amortizable asset. If the related project is not completed in a timely manner or the project is terminated or abandoned, the Company may have an impairment related to the IPR&D, calculated as the excess of the asset's carrying value over its fair value. The intangible assets with estimable useful lives are amortized on a straight line basis over their respective estimated useful lives to their estimated residual values. This method of amortization approximates the expected future cash flow generated from their use. During the three and nine months ended September 30, 2016 and 2015, there were no impairments.

Use of Estimates – The Company's consolidated financial statements have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures of contingent assets and liabilities. We evaluate our estimates, including those related to contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Significant estimates include the valuation of intangible assets, the amortization lives of intangible assets, valuation of contingent consideration, inputs for valuing warrants, a note payable beneficial conversion feature and stock-based compensation, and the allowance for doubtful accounts. It is at least reasonably possible that a change in the estimates will occur in the near term.

Reportable Segment – With the recent CanX Acquisition, the Company has two business segments; consumer products and specialty pharmaceutical. Our consumer products segment develops, manufactures and markets products based on plant-based CBD, including under the name *PlusCBD*™ in a variety of market sectors including nutraceutical, beauty care, specialty foods and vape. Our specialty pharmaceutical segment is newly established to develop a variety of drug candidates which use synthetic CBD as a primary active ingredient. The specialty pharmaceutical segment began development activities during the second quarter of 2016.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, the Company considers amounts held by financial institutions and short-term investments with an original maturity of three months or less when purchased to be cash and cash equivalents. At each of September 30, 2016 and December 31, 2015, the Company had no cash equivalents.

Concentrations of Credit Risk – As of September 30, 2016, the Federal Deposit Insurance Corporation ("FDIC") provided insurance coverage of up to $250,000 per depositor per bank. The Company has not experienced any losses in such accounts and does not believe that the Company is exposed to significant risks from excess deposits. The Company's cash balance in excess of FDIC limits totaled $547,221 at September 30, 2016.

At September 30, 2016, the Company had two notes receivable totaling $540,351, one of which is from sale of inventory to Medical Marijuana, Inc. ("MJNA"), and the second note is from a litigation settlement with MJNA (Note 3).

One customer represented 60.5% of our accounts receivable balance at September 30, 2016 and two customers represented 83% of our accounts receivable balance at December 31, 2015.

Accounts Receivable – Generally, the Company requires payment prior to shipment. However, in certain circumstances, the Company provides credit to companies located throughout the U.S. Accounts receivable consists of trade accounts arising in the normal course of business. Accounts receivable for large accounts are generally secured. Smaller accounts receivable, generally less than $10,000, are unsecured and no interest is charged on past due accounts. Accounts for which no payments have been received after 30 days are considered delinquent and customary collection efforts are initiated. Accounts receivable are carried at original invoice amount less a reserve made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis.

Management has determined the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, and current economic conditions. As of September 30, 2016 and December 31, 2015, the Company had recorded an allowance for doubtful accounts related to accounts receivable in the amount of $100,000.

Revenue Recognition - The Company recognizes revenue in accordance with the ASC Topic 605, *Revenue Recognition* which requires persuasive evidence of an arrangement, delivery of a product or service, a fixed or determinable price and assurance of collection within a reasonable period of time. The Company records revenue when goods are delivered to customers and the rights of ownership have transferred from the Company to the customer.

In the normal course of business, the Company may offer discounts or promotions for various products to incentivize sales growth and brand awareness. Such discounts or promotions are recorded as a reduction to sales revenue.

Sales Tax – The Company is responsible for collecting tax on sales to end customers and remitting these taxes to applicable jurisdictions. These taxes are assessed based on the location of the end customer and the laws of the jurisdiction in which they reside.

Shipping and Handling – Shipping and handling costs totaled $115,990 and $111,391 for the three months ended September 30, 2016 and 2015, respectively. Shipping and handling costs totaled $313,498 and $235,213 for the nine months ended September 30, 2016 and 2015, respectively. Shipping and handling costs are recorded in cost of goods sold.

Returns – *Finished Products* – Within ten (10) days of a customer's receipt of the Company's finished products, the customer may return (i) finished products that do not conform to the Company's product specifications, or (ii) finished products which are defective, provided that notice of condition is given within five (5) days of the customer's receipt of the finished products. The failure to comply with the foregoing time requirements shall be deemed a waiver of the customer's claim for incorrect or defective shipments. In the event of the existence of one or more material defects in any finished product upon delivery to the customer, the Company shall, at its sole option and cost, either (a) take such measures as are required to cure the defect(s) designated in the notice, or (b) replace such defective finished product(s). The Company may, at its sole option, require the return or destruction of the defective finished products. The customer shall afford the Company the opportunity to verify that such defects existed prior to shipment and were not, for purposes of example and not limitation, the result of improper transport, handling, storage, product rotation or misuse by the customer.

Bulk Oil Products – Sales of bulk oil products are generally final, and beginning in 2015 the Company does not accept returns under any circumstances.

There is no allowance for customer returns at September 30, 2016 or December 31, 2015 due to insignificant return amounts experienced during the nine months ended September 30, 2016 and the year ended December 31, 2015, respectively.

Compensation and Benefits – The Company records compensation and benefits expense for all cash and deferred compensation, benefits, and related taxes as earned by its employees. Compensation and benefits expense also includes compensation earned by temporary employees and contractors who perform similar services to those performed by the Company's employees, primarily information technology and project management activities.

Stock-Based Compensation – Certain employees, officers, directors and consultants of the Company participate in various long-term incentive plans that provide for granting stock options and restricted stock awards. Stock options generally vest in equal increments over a two- to four-year period and expire on the tenth anniversary following the date of grant. Performance based stock options vest once the applicable performance condition is satisfied. Restricted stock awards generally vest 100% at the grant date.

The Company recognizes stock-based compensation for equity awards granted to employees, officers, and directors as compensation and benefits expense on the condensed consolidated statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period. For performance based stock options, compensation is recognized once the applicable performance condition is satisfied.

The Company recognizes stock-based compensation for equity awards granted to consultants as selling, general and administrative expense on the condensed consolidated statements of operations. The fair value of stock options is estimated using a Black-Scholes valuation model on the date of grant and unvested awards are revalued at each reporting period. The fair value of restricted stock awards is equal to the closing price of the Company's stock on the date of grant multiplied by the number of shares awarded. Stock-based compensation is recognized over the requisite service period of the individual awards, which generally equals the vesting period.

Inventory – Inventory is stated at lower of cost or market, with cost being determined on average cost basis. There was no reserve for obsolete inventory as of September 30, 2016 or December 31, 2015. As of September 30, 2016, the Company had $1,326,911 of inventory in Germany and the Netherlands.

Property & Equipment – Equipment is stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Depreciation is provided on a straight-line basis over the assets' estimated useful lives. Tenant improvements are amortized on a straight-line basis over the remaining life of the related lease. Maintenance or repairs are charged to expense as incurred. Upon sale or disposition, the historically-recorded asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal is charged or credited to other income (expense).

Property and equipment, net, as of September 30, 2016 and December 31, 2015 were as follows:

	Useful Lives	September 30, 2016	December 31, 2015
Office furniture and equipment	3 years	$ 340,472	$ 323,265
Tenant improvements	14 to 39 months	70,592	70,592
Laboratory and other equipment	5 years	361,710	361,710
		772,774	755,567
Less: accumulated depreciation		(462,644)	(315,952)
		$ 310,130	$ 439,615

Depreciation expense for the three months ended September 30, 2016 and 2015 was $48,977 and $47,678, respectively, and for the nine months ended September 30, 2016 and 2015 was $146,692 and $141,222, respectively.

Fair Value of Financial Instruments – In accordance with ASC Topic 825, *Financial Instruments*, the Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to its financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of the Company's current assets and current liabilities approximates their carrying amount due to their readily available nature and short maturity.

Long-Lived Assets – In accordance with ASC Topic 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property and equipment is measured by comparing its carrying value to the undiscounted projected future cash flows that the asset(s) are expected to generate. If the carrying amount of an asset is not recoverable, we recognize an impairment loss based on the excess of the carrying amount of the long-lived asset over its respective fair value, which is generally determined as the present value of estimated future cash flows or at the appraised value. The impairment analysis is based on significant assumptions of future results made by management, including revenue and cash flow projections. Circumstances that may lead to impairment of property and equipment include a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition and a significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset including an adverse action or assessment by a regulator.

Debt Issuance Costs – Debt issuance costs have been recorded as a discount to secured convertible and unsecured promissory notes payable and are being amortized to interest expense using the interest method over the expected terms of the related debt agreements.

Loss per Share – The Company calculates earning or loss per share ("EPS") in accordance with ASC Topic 260, *Earnings per Share*, which requires the computation and disclosure of two EPS amounts, basic and diluted. Basic EPS is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of shares of common stock outstanding plus all potentially dilutive shares of common stock outstanding during the period. The Company had 11,924,776 and 9,258,888 of stock options outstanding that are anti-dilutive at September 30, 2016 and September 30, 2015, respectively. In addition, the Company may be required to issue 11,000,000 shares of common stock related to certain performance based stock options outstanding. As of September 30, 2016, there were also warrants outstanding to purchase up to 2,100,000 shares of common stock. The Company may also be required to issue up to 19,500,000 shares of common stock related to contingent consideration from the CanX Acquisition and a variable amount of shares of common stock related to the potential conversion feature of the Iliad Note (as defined below) (Note 8).

Research and Development Expense – Research and development costs are charged to expense as incurred and include, but are not limited to, employee salaries and benefits, cost of inventory used in product development, consulting service fees, the cost of renting and maintaining our laboratory facility and depreciation of laboratory equipment. Research and development expense for the consumer products segment was $292,738 and $658,817 for the three and nine months ended September 30, 2016, respectively. Research and development expense for the specialty pharmaceutical segment was $103,500 and $220,781 for the three and nine months ended September 30, 2016, respectively.

Income Taxes – Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. In accordance with ASC Topic 740, *Income Taxes*, the Company recognizes the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision. As of September 30, 2016 and December 31, 2015, the Company did not have a liability for unrecognized tax uncertainties. The Company is subject to routine audits by taxing jurisdictions. Management believes the Company is no longer subject to tax examinations for the years prior to 2013.

Recent Issued and Newly Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), as amended by ASU 2015-14, which completes the joint effort by the FASB and the International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for GAAP and the International Financial Reporting Standards. ASU 2014-09 will become effective for the Company beginning January 1, 2018 and early adoption is not permitted. The Company is currently evaluating the potential impact of ASU 2014-09 on the Company's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern* ("ASU 2014-15") requiring management to evaluate on a regular basis whether any conditions or events have arisen that could raise substantial doubt about the entity's ability to continue as a going concern. ASU 2014-15 (1) provides a definition for the term "substantial doubt," (2) requires an evaluation every reporting period, interim periods included, (3) provides principles for considering the mitigating effect of management's plans to alleviate the substantial doubt, (4) requires certain disclosures if the substantial doubt is alleviated as a result of management's plans, (5) requires a statement in the footnotes that there is substantial doubt about the entity's ability to continue as a going concern, as well as other disclosures, if the substantial doubt is not alleviated, and (6) requires an assessment period of one year from the date the financial statements are issued. ASU 2014-15 is effective for the Company's reporting year beginning January 1, 2017 and early adoption is permitted. The Company is evaluating the potential impact of this guidance on the Company's consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory: Simplifying the Measurement of Inventory* ("ASU 2015-11"), which requires inventory measured using any method other than last-in, first out or the retail inventory method to be subsequently measured at the lower of cost or net realizable value, rather than at the lower of cost or market. ASU 2015-11 is effective for annual reporting periods beginning after December 15, 2016 and for interim periods within such annual periods. Early application is permitted. The Company is evaluating the potential impact of this guidance on the Company's consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations* ("ASU 2015-16"), which simplifies the accounting for measurement-period adjustments by eliminating the requirement to restate prior period financial statements for measurement period adjustments. The new guidance requires the cumulative impact of measurement period adjustments, including the impact on prior periods, to be recognized in the reporting period in which the adjustment is identified. ASU 2015-16 is effective for public companies for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for any interim and annual financial statements that have not yet been issued. The Company implemented this standard during the first quarter of 2016.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"), which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. ASU 2016-02 is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the potential impact of this guidance on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation* ("ASU 2015-09"), which involve multiple aspects of the accounting for share-based transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for public companies for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the potential impact of this guidance on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (A Consensus of the FASB Emerging Issues Task Force)* ("ASU 2016-15), which provides amendments to specific statement of cash flows classification issues. ASU 2016-15 is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. The Company is evaluating the potential impact of this guidance on the Company's consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the SEC did not, or are not believed by management to have a material impact on the Company's present or future financial statements.

3. NOTES RECEIVABLE

Notes receivable at September 30, 2016 and December 31, 2015 was comprised of the following:

	September 30, 2016	December 31, 2015
Medical Marijuana, Inc. settlement note and accrued interest	$ 60,351	$ 60,351
Medical Marijuana, Inc. promissory note and accrued interest	480,000	480,000
MediJane Holdings note and accrued interest	–	77,330
	540,351	617,681
Less current portion	(540,351)	(617,681)
Long-term portion	$ –	$ –

The MJNA settlement note relates to an agreement as reported in the Company's Form 8-K filed with the SEC on July 20, 2015 (the "July Form 8-K"). As further discussed in the July Form 8-K, on July 14, 2015, the Company entered into a settlement agreement with MJNA, HempMeds PX, LLC, Kannaway, LLC, General Hemp, LLC, HDDC Holdings, LLC, Rabbit Hole Technologies, Inc., Hemp Deposit and Distribution Corporation and MJNA Holdings, LLC (collectively, the "MJNA Parties") to settle multiple litigation matters between the Company and the MJNA Parties (the "Settlement Agreement").

Pursuant to the Settlement Agreement, the MJNA Parties paid the Company the sum of $150,000 and delivered a promissory note in the principal amount of $600,000 ("Settlement Note"), bearing interest at the rate of 6% per annum, payable in six equal monthly installments of $101,757 commencing August 15, 2015. The promissory note was secured by shares of the Company's common stock held by the MJNA Parties. In November 2015, MJNA failed to timely pay the fourth payment installment under the Settlement Note and therefore defaulted on the Settlement Note. On December 3, 2015, the Company foreclosed on the Settlement Note collateral consisting of Company common stock. The foreclosure resulted in the Company obtaining rights to receive 624,750 shares of its common stock in full satisfaction of the remaining principal and accrued interest balance. At the foreclosure date, the Company took immediate possession of 500,000 shares held in escrow. At September 30, 2016, the Company was arranging to obtain the remaining 124,750 shares as collateral under the Settlement Note. The Settlement Note balance of $60,351 at each of September 30, 2016 and December 31, 2015 represents the fair value at the foreclosure date of the remaining 124,750 shares.

In August 2015, we entered into an agreement to sell MJNA our products and received from MJNA a promissory note in the principal amount of $2,002,910 ("MJNA Promissory Note") that was to be paid in 12 equal installments beginning on November 3, 2015 in exchange for the product shipped to MJNA. The MJNA Promissory Note is secured by 2,000,000 shares of the Company's common stock held in escrow. MJNA has failed to make any payments on the MJNA Promissory Note and is in default. The MJNA Promissory Note is likely not collectible, and the probable form of collection is for the Company to foreclose on the 2,000,000 shares of Company common stock. At September 30, 2016 and December 31, 2015, the fair value of the collateral was determined to be $480,000 equal to the $0.24 per share closing price of the Company's common stock as of December 31, 2015, multiplied by the 2,000,000 shares of Company common stock.

The MediJane Holdings, Inc. ("MJMD") note relates to the sale of Company products during December 2014 in exchange for a convertible promissory note in the amount of $1,200,000 ("MJMD Note"). The full amount of the MJMD Note was due on June 23, 2015 along with accrued interest at 10%. MJMD was unable to secure financing in support of its operations and was not able to sell or otherwise commercialize the Company products purchased. In February 2016, the Company entered into an amendment to the MJMD Note, providing for the return of Company products previously sold to MJMD. A portion of the Company products previously sold to MJMD were returned to the Company in February 2016 with the remaining products returned in June 2016. At September 30, 2016 and December 31, 2015, the fair value of the remaining Company products to be returned was determined to be $0 and $77,330, respectively, equal to the cost value of the Company products to be returned, reduced by $9,218, which was recorded as a bad debt expense in 2016.

4. INVENTORY

Inventory at September 30, 2016 and December 31, 2015 was comprised of the following:

	September 30, 2016	December 31, 2015
Raw materials	$ 12,192,168	$ 13,668,255
Finished goods	1,013,920	465,665
	$ 13,206,088	$ 14,133,920

5. ACCRUED EXPENSES

Accrued expenses at September 30, 2016 and December 31, 2015 were as follows:

	September 30, 2016	December 31, 2015
Accrued interest on secured convertible promissory note	$ –	$ 69,063
Accrued payroll expenses	247,953	160,960
Other accrued liabilities	147,308	292,696
	$ 395,261	$ 522,719

6. INTANGIBLE ASSETS, NET

Intangible assets consisted of the following at September 30, 2016 and December 31, 2015:

	Original Fair Market Value	Accumulated Amortization	Net	Useful Life (Years)
Balance - September 30, 2016:				
Vendor relationships	$ 1,170,000	$ 858,000	$ 312,000	5
In-process research and development	3,730,000	–	3,730,000	–
Trade names	330,000	183,667	146,333	5
Non-compete agreements	2,787,000	1,998,383	788,617	5
	$ 8,017,000	$ 3,040,050	$ 4,976,950	
Balance - December 31, 2015:				
Vendor relationships	$ 1,170,000	$ 682,500	$ 487,500	5
In-process research and development	3,730,000	–	3,730,000	–
Trade names	330,000	134,167	195,833	5
Non-compete agreements	2,787,000	1,580,333	1,206,667	5
	$ 8,017,000	$ 2,397,000	$ 5,620,000	

Amortization expense for the three months ended September 30, 2016 and 2015 totaled $214,350 and $205,500, respectively, and for the nine months ended September 30, 2016 and 2015 totaled $643,050 and $616,500, respectively.

7. RELATED PARTIES

Total receivables from MJNA totaled $540,351 at both September 30, 2016 and December 31, 2015, respectively.

During the three months ended September 30, 2016 and 2015, the Company paid $149,531 and $755,072, respectively, to a stockholder of the Company who is a supplier of hemp oil and hemp to the Company. During the nine months ended September 30, 2016 and 2015, the Company paid the same stockholder of the Company $252,509 and $5,372,133, respectively. In addition, during the second quarter of 2016, the Company issued 500,000 shares of common stock in connection with consulting services from a European supplier valued based on the closing trading price of the Company's common stock on the date of issuance.

8. NOTES PAYABLE

Secured Convertible Promissory Notes Payable

On May 19, 2015 (the "Closing Date"), the Company entered into a Securities Purchase Agreement ("SPA") with Redwood Management, LLC (the "Investor" or "Redwood") pursuant to which the Investor committed to lend to the Company up to $6,500,000 (the "Financing").

During the year ended December 31, 2015, the Company issued four tranches of convertible promissory notes ("Notes") in the aggregate principal amount of $1,785,000 to the Investor and other third parties who were assigned rights by the Investor to participate in the Financing (together with the Investor, the "Investors"). During the first quarter of 2016, the Company repaid all remaining obligations under the SPA and has no intention of seeking further capital from the Investor, or any other investor(s) in the Financing.

The Company's borrowings and conversions under the SPA for the nine months ended September 30, 2016 and for the year ended December 31, 2015 is summarized in the table below:

	Maturity	September 30, 2016 Balance	December 31, 2015 Balance	Interest Rate
Senior Secured Convertible Promissory Notes:				
Tranche 1 (Note 1)	May 19, 2016	$ –	$ 510,000	10%
Tranche 2 (Note 2)	June 12, 2016	255,000	510,000	10%
Tranche 3 (Note 3)	July 24, 2016	510,000	510,000	10%
Tranche 4 (Note 4)	September 16, 2016	255,000	255,000	10%
Total borrowings		1,020,000	1,785,000	
Convertible notes converted (Note 1)		–	(510,000)	
Convertible notes converted (Note 2)		(255,000)	(255,000)	
Convertible notes converted/repaid (Note 3)		(510,000)	–	
Convertible notes repaid (Note 4)		(255,000)	–	
Unamortized debt issuance cost		–	(99,805)	
Unamortized debt discount - beneficial conversion feature		–	(38,392)	
Net carrying amount of debt		–	881,803	
Less current portion		–	(881,803)	
Long-term borrowings - net of current portion		$ –	$ –	

During the nine months ended September 30, 2016, the Company repaid the remaining principal and interest balance under the Notes as follows: (i) issued 3,062,535 shares of its common stock to the Investors in connection with conversion of the remaining $255,000 principal balance of Promissory Note 2; (ii) repaid $357,000 of the aggregate principal amount of Promissory Note 3 plus interest in the amount of $148,944 in cash to the Investors, and issued 2,500,000 shares of its common stock to the Investors in connection with the conversion of the remaining principal amount of $153,000 of Promissory Note 3; and, (iii) repaid the entire principal amount of Promissory Note 4 in the amount of $255,000 plus interest in the amount of $93,075 in cash to the Investors.

On May 25, 2016 (the "Purchase Price Date"), the Company entered into a Securities Purchase Agreement ("Iliad SPA") with Iliad Research and Trading, L.P. (the "Lender" or "Iliad") pursuant to which the Lender loaned the Company $2,000,000. On the Purchase Price Date, the Company issued to Lender a Secured Convertible Promissory Note (the "Iliad Note") in the principal amount of $2,055,000 in exchange for payment by Lender of $2,000,000. The principal sum of the Iliad Note reflects the amount invested, plus a 2.25% "Original Issue Discount" ("OID") and a $10,000 reimbursement of Lender's legal fees. Out of the proceeds from the Iliad Note, the Company paid the sum of $25,000 to its placement agent, Myers & Associates, L.P. The Company received net proceeds of $1,975,000 in exchange for the Iliad Note. The Iliad Note requires the repayment of all principal and any interest, fees, charges and late fees on the date that is thirteen months after the Purchase Price Date (the "Maturity Date"). Interest is to be paid on the outstanding balance at a rate of ten percent (10%) per annum from the Purchase Price Date until the Iliad Note is paid in full. Interest is accrued during the term of the Iliad Note and all interest calculations shall be computed on the basis of a 360-day year comprised of twelve (12) thirty (30)-day months and shall compound daily. Subject to adjustment as set forth in the Iliad Note, the conversion price for each Lender conversion shall be $0.50 (the "Lender Conversion Price"), convertible into shares of fully paid and non-assessable common stock. Beginning on the date that is six months after the Purchase Price Date and continuing until the Maturity Date, Iliad shall have the right to redeem a portion of the Iliad Note in any amount up to the Maximum Monthly Redemption Amount ($275,000, which is the maximum aggregate redemption amount that may be redeemed in any calendar month), for which payments may be made in cash or by converting the redemption amount into shares of Company common stock at a conversion price which is the lesser of (a) the Lender Conversion Price of $0.50 and (b) the Market Price, defined as 70% ("the Conversion Factor"), subject to adjustment as follows: if at any time (1) the average of the three lowest closing bid prices in the previous twenty (20) trading days is below $0.25 per share then the Conversion Factor will be reduced by 10%, (2) the Company is not Deposit/Withdrawal At Custodian eligible, then the Conversion Factor will be reduced by an additional 5%, or (3) there has occurred a "Major Default" then the Conversion Factor will be reduced by an additional 5%. The Company may prepay the Iliad Note at any time by payment to Lender of 125% of the principal, interest and other amounts then due under the Note. The Company may prepay the Iliad Note notwithstanding an earlier notice of conversion from the Lender, provided that in such event the Lender may convert an amount not to exceed $300,000 under the Iliad Note. In connection with the Iliad Note, as set forth above, the Company incurred an original issue discount of $45,000 and $35,000 of other debt issuance costs, which will be amortized over the Iliad Note term. The Iliad Note is securitized by the Company's accounts receivable, inventory and equipment.

The Company's borrowing under the Iliad Note for the nine months ended September 30, 2016 and for the year ended December 31, 2015 is summarized in the table below:

	Maturity	September 30, 2016 Balance	December 31, 2015 Balance	Interest Rate
Secured promissory note payable	June 24, 2017	$ 2,055,000	$ –	10%
Interest accrued		73,779	–	
Unamortized original issue discount and debt issuance costs		(53,797)	–	
Unamortized debt discount - beneficial conversion feature		(107,419)	–	
Net carrying amount of debt		1,967,563	–	
Less current portion		(1,967,563)	–	
Long-term borrowings - net of current portion		$ –	$ –	

Due to the variability in potential convertible common shares, the Company recorded a beneficial conversion feature of $370,000 at the time of the transaction, which will be amortized over six months. During the three and nine months ended September 30, 2016, the Company recorded interest expense of $185,000 and $262,581, respectively for amortization of the beneficial conversion feature. The assumptions used by the Company for calculating the fair value of the beneficial conversion feature using the Binomial Lattice valuation model were: (i) Volatility of 74.0%; (ii) Risk-Free Interest Rate of 0.44%; and (iii) Expected Term of five months.

Unsecured Note Payable

On January 29, 2016, the Company issued an unsecured promissory note to a lender in the principal amount of $850,000 ("Promissory Note") in consideration of a loan provided to the Company by the lender. The Promissory Note bears interest at 12% per annum, and the Company is obligated to make monthly interest-only payments in the amount of $8,500, for which the interest-only payments obligation commenced on March 1, 2016. All principal and accrued and unpaid interest is due under the Promissory Note on February 1, 2018. The Company has the right to prepay the Promissory Note without penalty or premium. In connection with the Promissory Note, the Company incurred an original issue discount of $30,000 and $18,570 of other debt issuance costs, which will be amortized over the Promissory Note term.

The Company's borrowing under the Promissory Note for the nine months ended September 30, 2016 and for the year ended December 31, 2015 is summarized below:

	Maturity	September 30, 2016 Balance	December 31, 2015 Balance	Interest Rate
Unsecured promissory note payable	February 1, 2018	$ 850,000	$ –	12%
Unamortized original issue discount and debt issuance costs		(32,380)	–	
Unamortized debt discount - fair value of warrants		(177,867)	–	
Net carrying amount of debt		639,753	–	
Less current portion		–	–	
Long-term borrowings - net of current portion		$ 639,753	$ –	

Pursuant to the terms of the Promissory Note, the Company issued to the lender a common stock purchase warrant providing the lender with the right to purchase up to 2,000,000 shares of the Company's common stock (the "Warrant"). The Warrant is exercisable, subject to certain limitations, subsequent to July 1, 2017 and before the date that is five years from the date of issuance at an exercise price of $0.20 per share, subject to adjustment upon the occurrence of certain events such as stock splits and dividends. The Company recorded the fair value of the Warrant of $266,800 as a debt discount associated with the Promissory Note. During the three and nine months ended September 30, 2016, the Company recorded interest expense of $33,350 and $88,933, respectively, for amortization of the Warrant fair value. The assumptions used by the Company for calculating the fair value of the Warrant using the Black-Scholes valuation model were: (i) Volatility of 83.3%; (ii) Risk-Free Interest Rate of 2.12%; and (iii) Expected Term of five years.

9. STOCKHOLDERS' EQUITY

Common Stock

The Company is authorized to issue up to 190,000,000 shares of common stock (par value $0.0001). As of September 30, 2016 and December 31, 2015, the Company had 52,338,924 and 45,451,389 shares of common stock issued and outstanding, respectively. During the nine months ended September 30, 2016, the Company issued 5,562,535 shares of common stock in connection with conversion of convertible debt and also issued 500,000 shares of common stock in connection with investment banking services. In addition, the Company issued 500,000 shares of common stock in connection with consulting services from a European supplier and issued 25,000 shares of common stock to a former member of the Company's Board of Directors. Furthermore, the Company issued 300,000 shares of common stock in connection with investor relation services. The common stock issued in connection with professional services during the nine months ended September 30, 2016 were valued based on the closing trading price of the Company's common stock on the date of issuance.

Preferred Stock

The Company is authorized to issue up to 10,000,000 shares of $0.0001 par value preferred stock with designations, rights and preferences to be determined from time to time by the Board of Directors of the Company. Each such series or class shall have voting powers, if any, and such preferences and/or other special rights, with such qualifications, limitations or restrictions of such preferences and/or rights as shall be stated in the resolution or resolutions providing for the issuance of such series or class of shares of preferred stock. As of September 30, 2016 and December 31, 2015 there was no preferred stock issued and outstanding.

Options/Warrants

On July 23, 2014, Company stockholders approved the CV Sciences, Inc. Amended and Restated 2013 Equity Incentive Plan ("Amended 2013 Plan"), which provides for the granting of stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. There are 15,000,000 shares of common stock authorized for issuance under the Amended 2013 Plan. This plan serves as the successor to the 2013 Equity Incentive Plan prior to it being amended and restated. There were no option awards under the 2013 Equity Incentive Plan prior to it being amended and restated.

In January 2016, the Company issued a common stock purchase warrant with the right to purchase up to 2,000,000 shares of the Company common stock (Note 8).

In July 2016, the Company's Board of Directors approved the grant of 250,000 stock options to purchase shares of the Company's common stock to each of the non-management members of the Board of Directors; and, also approved a warrant to purchase 100,000 shares of the Company's common stock to a former member of the Board of Directors.

In July 2016, the Company's Board of Directors approved the grant of 11,000,000 performance-based stock options (the "Performance Options") to purchase shares of the Company's common stock to three senior management members of the Company. The Performance Options are contingent and vest only upon the Company achieving specific milestones related to the success of the Company's drug development program and were granted outside of the Company's Amended 2013 Plan.

10. STOCK-BASED COMPENSATION

The Company's Amended 2013 Plan provides for the granting of stock options, restricted stock awards, restricted stock units, stock bonus awards and performance-based awards. As of September 30, 2016, the Company had 3,075,224 of authorized unissued shares reserved and available for issuance upon exercise and conversion of outstanding awards under the Amended 2013 Plan.

The stock options are exercisable at no less than the fair market value of the underlying shares on the date of grant, and restricted stock and restricted stock units are issued at a value not less than the fair market value of the common stock on the date of the grant. Generally, stock options awarded are vested in equal increments ranging from two to four years on the annual anniversary date on which such equity grants were awarded. The stock options generally have a maximum term of 10 years. The following table summarizes stock option activity for the Amended 2013 Plan during the nine months ended September 30, 2016:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contract Term (Years)	Aggregate Intrinsic Value
Outstanding - December 31, 2015	9,799,036	$ 1.97	9.20	$ 57,800
Granted	2,270,000	0.40	–	–
Forfeited	(55,101)	0.52	–	–
Expired	(89,159)	2.52	–	–
Outstanding - September 30, 2016	11,924,776	1.67	8.68	119,000
Total exercisable - September 30, 2016	8,640,237	1.95	8.48	105,875
Total unvested - September 30, 2016	3,284,539	0.95	9.21	13,125
Total vested or expected to vest - September 30, 2016	11,924,776	1.67	8.68	119,000

The following table summarizes unvested stock options as of September 30, 2016:

	Number of Shares	Weighted Average Fair Value Per Share on Grant Date
Unvested stock options - December 31, 2015	2,511,055	$ 1.37
Granted	2,270,000	0.29
Vested	(1,441,415)	0.97
Cancellations	(55,101)	0.37
Unvested stock options - September 30, 2016	3,284,539	0.79

The Company recognized expenses of $539,976 and $1,753,804 relating to stock options and warrants issued to employees, consultants, officers, and directors during the three months ended September 30, 2016 and 2015, respectively. The Company recognized expenses of $1,357,684 and $3,477,592 relating to stock options and warrants issued to employees, consultants, officers, and directors during the nine months ended September 30, 2016 and 2015, respectively. The Company recognized expenses of $108,001 and $0 relating to common stock issued to employees, consultants, officers, and directors during the three months ended September 30, 2016 and 2015, respectively. The Company recognized expenses of $541,126 and $0 relating to common stock issued to employees, consultants, officers, and directors during the nine months ended September 30, 2016 and 2015, respectively. For the three months ended September 30, 2016 and 2015, stock-based compensation of $647,977 and $1,746,440, was expensed to selling, general and administration, respectively. For the nine months ended September 30, 2016 and 2015, stock-based compensation of $1,898,810 and $3,448,715, was expensed to selling, general and administration, respectively. For the three months ended September 30, 2016 and 2015, stock-based compensation of $0 and $7,364, was expensed to research and development, respectively. For the nine months ended September 30, 2016 and 2015, stock-based compensation of $0 and $28,877, was expensed to research and development, respectively. As of September 30, 2016, total unrecognized compensation cost related to non-vested stock-based compensation arrangements granted to employees, officers, and directors was $2,427,741, which is expected to be recognized over a weighted-average period of 1.80 years.

11. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has non-cancelable operating leases, which expire through 2017. The leases generally contain renewal options ranging from 1 to 3 years and require the Company to pay costs such as real estate taxes and common area maintenance. The following table provides the Company's lease commitments at September 30, 2016:

For the years ending December 31,	**Total Operating Leases**
2016	$ 488,107
2017	266,675
	$ 754,782

The Company incurred rent expense of $120,162 and $126,475 for the three months ended September 30, 2016 and 2015, respectively, and incurred rent expense of $348,051 and $297,579 for the nine months ended September 30, 2016 and 2015, respectively.

The Company has two supply arrangements in place with European farmers to supply raw material in future years. The first arrangement contemplates growth and processing of 2,600 kilograms of product and the second contract provides up to 1 million kilograms of raw product to the Company. At September 30, 2016, there was approximately $110,000 remaining to be paid under this second contract related to the 2015 crop. We have contractual rights for the growth and processing of hemp oil for delivery through October 2018 under both of these contracts. We anticipate the cost under both contracts will remain consistent with current year prices.

Contingencies

On April 23, 2014, Tanya Sallustro filed a purported class action complaint (the "Complaint") in the Southern District of New York (the "Court") alleging securities fraud and related claims against the Company and certain of its officers and directors and seeking compensatory damages including litigation costs. Ms. Sallustro alleges that between March 18-31, 2014, she purchased 325 shares of the Company's common stock for a total investment of $15,791. The Complaint refers to Current Reports on Form 8-K and Current Reports on Form 8-K/A filings made by the Company on April 3, 2014 and April 14, 2014, in which the Company amended previously disclosed sales (sales originally stated at $1,275,000 were restated to $1,082,375 - reduction of $192,625) and restated goodwill as $1,855,512 (previously reported at net zero). Additionally, the Complaint states after the filing of the Company's Current Report on Form 8-K on April 3, 2014 and the following press release, the Company's stock price "fell $7.30 per share, or more than 20%, to close at $25.30 per share." Subsequent to the filing of the Complaint, six different individuals filed a motion asking to be designated the lead plaintiff in the litigation. On March 19, 2015, the Court issued a ruling appointing Steve Schuck as lead plaintiff. Counsel for Mr. Schuck filed a "consolidated amended complaint" on September 14, 2015. On December 11, 2015, the Company filed a motion to dismiss the consolidated amended complaint. After requesting several extensions, counsel for Mr. Schuck filed an opposition to the motion to dismiss on March 21, 2016. The Company's reply brief was filed on April 25, 2016. Defendant Stuart Titus was served with the Summons & Complaint in the case and he has recently completed briefing his motion to dismiss, through separate counsel. No hearing date has been set by the Court at this time with respect to the motions to dismiss. Management intends to vigorously defend the allegations and an estimate of possible loss cannot be made at this time.

On March 17, 2015, stockholder Michael Ruth filed a shareholder derivative suit in Nevada District Court alleging two causes of action: 1) Breach of Fiduciary Duty, and 2) "Gross Mismanagement." The claims are premised on the same event as the already-pending securities class action case in New York discussed above – it is alleged that the Form 8-K filings misstated goodwill and sales of the Company, which when corrected, lead to a significant drop in stock price. The Company filed a motion to dismiss the suit on June 29, 2015. Instead of opposing the Company's motion, Mr. Ruth filed an amended complaint on July 20, 2015. Thereafter, Mr. Ruth and the Company agreed to stay the action pending the outcome of the securities class action case in New York discussed above. Management intends to vigorously defend the allegations. Since no discovery has been conducted and the case remains stayed, an estimate of the possible loss or recovery cannot be made at this time.

In the normal course of business, the Company is a party to a variety of agreements pursuant to which they may be obligated to indemnify the other party. It is not possible to predict the maximum potential amount of future payments under these types of agreements due to the conditional nature of our obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these types of agreements have not had a material effect on our business, condensed consolidated results of operations or financial condition.

Royalties

In addition to the contingent consideration in connection with the CanX Acquisition (Note 1), which includes consideration for various milestones reached which may require issuance of up to 19,500,000 shares of the Company's common stock, the Company is obligated to pay a 5% royalty of net sales on each of the first and second CBD drug products, subject to, and commencing with the first commercial release by the Company of each of the first and second CBD drug products by the Company formulated to treat human medical conditions.

12. SEGMENT INFORMATION

The Company operates in two distinct business segments: a consumer product segment in manufacturing, marketing and selling plant-based CBD products to a range of market sectors; and, a specialty pharmaceutical segment focused on developing and commercializing novel therapeutics utilizing synthetic CBD. The Company's segments maintain separate financial information for which operating results are evaluated on a regular basis by the Company's senior management in deciding how to allocate resources and in assessing performance. The Company evaluates its consumer product segment based on net product sales, gross profit and operating income or loss. The Company currently evaluates its specialty pharmaceutical segment based on the progress of its clinical development programs.

The following table presents information by reportable operating segment for the three and nine month periods ended September 30, 2016 and 2015:

	Consumer Products Segment	Specialty Pharmaceutical Segment	Consolidated Totals
Three Months Ended			
September 30, 2016:			
Product sales, net	$ 2,939,997	$ –	$ 2,939,997
Gross profit	1,888,949	–	1,888,949
Selling, general and administrative	2,952,533	119,908	3,072,441
Research and development	292,738	103,500	396,238
Operating (loss) income	$ (1,356,322)	$ (223,408)	$ (1,579,730)
September 30, 2015:			
Product sales, net	$ 4,151,180	$ –	$ 4,151,180
Gross profit	2,458,797	–	2,458,797
Litigation settlement income	756,714	–	756,714
Selling, general and administrative	3,888,898	–	3,888,898
Research and development	228,822	–	228,822
Operating (loss) income	$ (902,209)	$ –	$ (902,209)
Nine Months Ended			
September 30, 2016:			
Product sales, net	$ 7,850,430	$ –	$ 7,850,430
Gross profit	5,178,911	–	5,178,911
Selling, general and administrative	8,904,694	242,717	9,147,411
Research and development	658,817	220,781	879,598
Operating (loss) income	$ (4,384,600)	$ (463,498)	$ (4,848,098)
September 30, 2015:			
Product sales, net	$ 9,279,117	$ –	$ 9,279,117
Gross profit	5,365,497	–	5,365,497
Litigation settlement income	756,714	–	756,714
Selling, general and administrative	10,716,814	–	10,716,814
Research and development	972,844	–	972,844
Operating (loss) income	$ (5,567,447)	$ –	$ (5,567,447)

13. SUBSEQUENT EVENTS

In October 2016, the Company's Board of Directors approved the issuance of 4,500,000 shares of the Company's common stock to former CanX shareholders upon completion of the development of a U.S. Food & Drug Administration (the "FDA") current good manufacturing practice grade batch of successfully synthetically formulated "ready to ship" CBD for use in drug development activities.

In addition, in connection with the completion of the development of an FDA current good manufacturing practice grade batch of successfully synthetically formulated "ready to ship" CBD for use in drug development activities, an aggregate 2,750,000 options vested for three members of senior management.

In October 2016, the Company's shareholders approved an amendment to the Amended 2013 Plan to increase the number of common stock shares issuable from 15,000,000 to 20,000,000 authorized shares.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations for the interim period ended September 30, 2016, should be read in conjunction with the financial statements and the notes to those statements that are included elsewhere in this Quarterly Report on Form 10-Q. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

OVERVIEW

We are a life science company with two distinct business segments. Our consumer product business segment is focused on manufacturing, marketing and selling plant-based Cannabidiol ("CBD") products to a range of market sectors. Our specialty pharmaceutical business segment is focused on developing and commercializing novel therapeutics utilizing synthetic CBD.

Our pharmaceutical business segment is developing synthetic cannabinoids to treat a range of medical conditions. The Company's product candidates are based on proprietary formulations, processes and technology that we believe are patent-protectable, and we plan to vigorously pursue patent protection on the Company's two drug candidates.

Our consumer product business segment manufactures, markets and sells consumer products containing plant-based CBD under our PlusCBD™ brand in a range of market sectors including nutraceutical, beauty care, specialty foods and vape.

We expect to realize revenue from our consumer products business segment to fund a portion of our working capital needs. However, in order to fund our pharmaceutical product development efforts, we will need to raise additional capital through either the issuance of equity and/or debt. Given the small size of our company and the development stage of our pharmaceutical business segment, we may find it difficult to raise sufficient capital to meet our needs. We do not have any firm commitments for all of our capital needs, and there are no assurances they will be available to us. If we are unable to access capital as necessary, our ability to generate revenues and to continue as a going concern will be in jeopardy.

Non-GAAP Financial Measures

We currently focus on Adjusted EBITDA to evaluate our business relationships and our resulting operating performance and financial position. Adjusted EBITDA is defined as EBITDA (net income plus interest expense, income tax expense, depreciation and amortization), further adjusted to exclude certain non-cash expenses and other adjustments as set forth below. We present Adjusted EBITDA because we consider it an important measure of our performance and it is a meaningful financial metric in assessing our operating performance from period to period by excluding certain items that we believe are not representative of our core business, such as certain non-cash items and other adjustments.

We believe that Adjusted EBITDA, viewed in addition to, and not in lieu of our reported results in accordance with accounting principles generally accepted in the United States ("GAAP"), provides useful information to investors regarding our performance for the following reasons:

- because non-cash equity grants made to employees and non-employees at a certain price and point in time do not necessarily reflect how our business is performing at any particular time, stock-based compensation expense is not a key measure of our operating performance; and
- revenues and expenses associated with acquisitions, dispositions, equity issuance and related offering costs can vary from period to period and transaction to transaction and are not considered a key measure of our operating performance.

We used Adjusted EBITDA:

- as a measure of operating performance;
- to evaluate the effectiveness of our business strategies; and
- in communication with our Board of Directors concerning our financial performance

Adjusted EBITDA is a non-GAAP measure and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. The term Adjusted EBITDA is not defined under GAAP, and Adjusted EBITDA is not a measure of net income (loss), operating income or any other performance measure derived in accordance with GAAP.

Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect all cash expenditures, future requirements for capital expenditures or contractual requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; and
- Adjusted EBITDA can differ significantly from company to company depending on strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, the level of capital investment, thus, limiting is usefulness as a comparative measure.

Adjusted EBITDA should not be considered as a measure of discretionary cash available to us for investment in our business. We compensate for these limitations by relying primarily on GAAP results and using Adjusted EBITDA as supplemental information.

A reconciliation from our net loss to Adjusted EBITDA, a non-GAAP measure, for the three and nine months ended September 30, 2016 and 2015 and is detailed below:

	For the three months ended September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
Net loss	$ (1,900,736)	$ (989,549)	$ (5,660,755)	$ (5,641,426)
Interest income	–	(36,939)	(27,658)	(107,427)
Interest expense	321,006	116,509	840,315	132,633
Amortization of purchased intangible assets	214,350	205,500	643,050	616,500
Depreciation of property & equipment	48,977	47,678	146,692	141,222
EBITDA	(1,316,403)	(656,801)	(4,058,356)	(4,858,498)
EBITDA Adjustments:				
Stock-based compensation expense (1)	647,977	1,756,786	1,898,810	4,464,092
Litigation settlement income (2)	–	(756,714)	–	(756,714)
Total EBITDA Adjustments	647,977	1,000,072	1,898,810	3,707,378
Adjusted EBITDA	$ (668,426)	$ 343,271	$ (2,159,546)	$ (1,151,120)

(1) Represents stock-based compensation expense related to stock options, warrants and stock grants awarded to employees, consultants, non-executive directors and former directors based on the grant date fair value under the Black-Scholes valuation model.

(2) Represents income from settlement with Medical Marijuana, Inc. (“MJNA”) and certain MJNA parties.

Critical Accounting Policies

We have disclosed in the notes to our consolidated financial statements and in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2015 Annual Report on Form 10-K, those accounting policies that we consider to be significant in determining our results of operation and financial condition. There have been no material changes to those policies that we consider to be significant since the filing of our 2015 Annual Report on Form 10-K. The accounting principles used in preparing our unaudited condensed consolidated financial statements conform in all material respects to GAAP.

During the first quarter of fiscal year 2016, the Company changed its accounting policy for shipping and handling costs from sales of Company products. Under the new accounting policy, these costs are included in cost of goods sold, whereas, they were previously included in selling, general and administrative expenses. Including these expenses in cost of goods sold better aligns these costs with the related revenue in the gross profit calculation. This accounting policy change has been applied retrospectively and had no impact on Net Sales, Operating Loss, Net Loss or Net Loss per Share.

On June 8, 2016 the Company changed its trading symbol from CANV to CVSI, and continues to be traded on the OTC: Bulletin Board.

Recent Accounting Pronouncements

See Note 2 in the accompanying notes to condensed consolidated financial statements.

Results of Operations

Three and nine months ended September 30, 2016 and 2015

Revenues and gross profit - We had sales of $2,939,997 and gross profit of $1,888,949, representing a gross profit percentage of 64.3% for the three months ended September 30, 2016 compared with sales of $4,151,180 and gross profit of $2,458,797, representing a gross profit percentage of 59.2% for the three months ended September 30, 2015. When excluding the Company's one-time $2,000,000 sale of products to MJNA during the three months ended September 30, 2015, the Company increased sales by $788,817 during the three months ended September 30, 2016 when compared with the same period in 2015, on an as adjusted basis. As further discussed in Note 3 in the accompanying notes to the condensed consolidated financial statements, in August 2015, we entered into an agreement to sell MJNA our products and received from MJNA a promissory note in the principal amount of $2,002,910 ("MJNA Promissory Note") that was to be paid in 12 equal installments beginning on November 3, 2015 in exchange for the product shipped to MJNA. MJNA has failed to make any payments on the MJNA Promissory Note and is in default.

The sales increase, on an as adjusted basis, for the three months ended September 30, 2016 is primarily due to lower bulk oil and product pricing and a change in sales mix in 2016 compared with 2015. Our current sales mix is more heavily weighted to branded finished products as compared to our historical focus on bulk oil sales. The gross margin increase for the three months ended September 30, 2016 compared with the same period in 2015, is due to the change in sales mix and greater harvest and processing yields, which resulted in lower production costs for bulk oil and finished products.

For the nine months ended September 30, 2016, we had sales of $7,850,430 and gross profit of $5,178,911, representing a gross profit percentage of 66.0% compared with sales of $9,279,117 and gross profit of $5,365,497, representing a gross profit of 57.8% for the nine months ended September 30, 2015. When excluding the Company's one-time $2,000,000 sale of products to MJNA during the nine months ended September 30, 2015, the Company increased sales by $571,313 during the nine months ended September 30, 2016 when compared with the same period in 2015, on an as adjusted basis. The same factors impacting the third quarter of 2016 discussed above - lower prices and the change in strategy from reliance on bulk oil sales to a consumer products business model - contributed to the sales increase for the nine months ended September 30, 2016 compared to 2015, on an as adjusted basis. Similarly, the gross margin increase for the nine months ended September 30, 2016 compared with the same period in 2015, is due to the change in sales mix and greater harvest and processing yields, which resulted in lower production costs for bulk oil and finished products.

Selling, general and administrative expenses - For the three months ended September 30, 2016 and 2015, the Company incurred selling, general and administrative (the "SG&A") expenses in the amount of $3,072,441 and $3,888,898, respectively. SG&A expense for the three months ended September 30, 2016 and 2015 includes $647,977 and $1,746,440, respectively, of stock-based compensation, a non-cash expense. The SG&A expenses include $48,977 and $47,678 of depreciation expense, and, $214,350 and $205,500 of amortization expense of intangible assets, for the three months ended September 30, 2016 and 2015, respectively. After adjusting for non-cash stock-based compensation, depreciation and amortization of intangible assets for the three months ended September 30, 2016 and 2015, SG&A costs increased by $271,857 in the third quarter of 2016 compared to the third quarter of 2015. Part of this increase resulted from $119,908 of expense related to our specialty pharmaceutical segment, which began operations in the second quarter of 2016, and increased headcount, commissions, marketing and employee benefits expenses.

For the nine months ended September 30, 2016, the Company incurred SG&A expenses in the amount of $9,147,411 compared with $10,716,814 for the nine months ended September 30, 2015. SG&A expenses for the nine months ended September 30, 2016 and 2015 includes $1,898,810 and $3,448,715, respectively, of stock-based compensation, a non-cash expense. SG&A expenses also includes $146,692 and $141,222 of depreciation expense, and, $643,050 and $616,500 of amortization expense of intangible assets, for the nine months ended September 30, 2016 and 2015, respectively. After adjusting for non-cash stock-based compensation, depreciation and amortization of intangible assets, SG&A costs decreased by $51,518 for the nine months ended September 30, 2016 compared with the same period in 2015. The decrease primarily resulted from a decrease in computer and IT and free samples marketing expense.

Research and development expenses - For the three months ended September 30, 2016 and 2015, the Company incurred research and development ("R&D") expenses of $396,238 and $228,822, respectively. These expenses are related to the cost of process development, rental of our laboratory facility, payroll expenses, laboratory supplies, product development and testing, outsourced research personnel, and R&D expenses related to our specialty pharmaceutical segment. During the third quarter of 2016, we incurred $103,500 of R&D expenses related to our specialty pharmaceutical segment. We also incurred $0 and $7,364 of stock-based compensation during the three months ended September 30, 2016 and 2015, respectively. After adjusting for the specialty pharmaceutical R&D expense and the non-cash stock-based compensation, R&D costs related to our consumer products segment increased by $71,280. This increase resulted primarily from the domestic production of CBD.

For the nine months ended September 30, 2016, the Company incurred R&D expenses of $879,598 compared with $972,844 for the nine months ended September 30, 2015. These expenses are related to the cost of process development, rental of our laboratory facility, payroll expenses, laboratory supplies, product development and testing, outsourced research personnel and R&D expenses related to our specialty pharmaceutical segment for the period. R&D expenses includes $220,781 related to our specialty pharmaceutical segment for the nine months ended September 30, 2016. We also incurred $0 and $28,877 of stock-based compensation for the nine months ended September 30, 2016 and 2015, respectively. After adjusting for the specialty pharmaceutical R&D expenses and the non-cash stock-based compensation expense, R&D costs related to our consumer products segment decreased by $285,150. This decrease resulted primarily from the Company transitioning R&D activities in its consumer product segment into production of consumer products.

Interest income/expense – Interest income was $0 and $36,939 for the three months ended September 30, 2016 and 2015, respectively. The decrease in interest income is due to interest earned on the issuance of notes receivable in 2015. Interest expense was $321,006 and $116,509 for the three months ended September 30, 2016 and 2015, respectively. Interest expense for the three months ended September 30, 2015 relates primarily to interest on the Company's notes payable. The increase in interest expense for the three months ended September 30, 2016 compared with the same period in 2015 was due to increased borrowings, accrued interest and the amortizations of debt discounts and the beneficial conversion feature.

Interest income was $27,658 and $107,427 for the nine months ended September 30, 2016 and 2015, respectively. The decrease in interest income is due to interest earned on the issuance of notes receivable in 2015. Interest expense was $840,315 and $132,633 for the nine months ended September 30, 2016 and 2015, respectively. The increase in interest expense for the nine months ended September 30, 2016 compared with the same period in 2015 was due to increased borrowings, accrued interest and the amortizations of debt discounts and the beneficial conversion feature.

Litigation settlement income – Litigation revenue of $756,714 for the three and nine months ended September 30, 2015 relates to the Company's settlement agreement with Medical Marijuana, Inc., HempMeds PX, LLC, Kannaway, LLC, General Hemp, LLC, HDDC Holdings, LLC, Rabbit Hole Technologies, Inc., Hemp Deposit and Distribution Corporation and MJNA Holdings, LLC (collectively the "MJNA Parties") to settle multiple litigation matters between the Company and certain MJNA Parties (the "Settlement Agreement"). Pursuant to the Settlement Agreement, the MJNA Parties paid the Company the sum of $150,000 and delivered a promissory note in the principal amount of $600,000, bearing interest at 6% per annum.

Liquidity and Capital Resources

A summary of our changes in cash flows for the nine months ended September 30, 2016 and 2015 is provided below:

	Nine months ended September 30,	
	2016	**2015**
Net cash flows provided by (used in):		
Operating activities	$ (1,429,277)	$ (2,924,177)
Investing activities	(17,207)	(2,156,892)
Financing activities	1,775,455	3,905,496
Net increase (decrease) in cash	328,971	(1,175,573)
Cash, beginning of period	518,462	2,302,418
Cash, end of period	$ 847,433	$ 1,126,845

Operating Activities

Net cash provided by or used in operating activities includes net loss adjusted for non-cash expenses such as depreciation and amortization, and stock-based compensation. Operating assets and liabilities primarily include balances related to funding of inventory purchases and customer accounts receivable. Operating assets and liabilities that arise from the funding of inventory purchases and customer accounts receivable can fluctuate significantly from day to day and period to period depending on the timing of inventory purchases and customer behavior.

Net cash used in operating activities for the nine months ended September 30, 2016 and 2015 totaled $1,429,277 and $2,924,177, respectively. Cash provided by sale of inventory was $995,944 for the nine months ended September 30, 2016 compared to an aggregate of $2,194,895 of cash used for prepayments of inventory and inventory purchases for the nine months ended September 30, 2015. Cash provided by accounts receivable was $67,796 for the nine months ended September 30, 2016 compared to $643,130 in cash used to fund accounts receivable for the nine months ended September 30, 2015. Cash used in funding prepaid expenses and other current assets was $45,713 for the nine months ended September 30, 2016 compared to $125,566 in cash provided by prepaid expenses and other current assets for the nine months ended September 30, 2015. Cash used in accounts payable and accrued expenses was $140,127 for the nine months ended September 30, 2016 compared to cash provided by accounts payable and accrued expenses of $7,129 for the nine months ended September 30, 2015. Amortization of debt discounts totaled $231,131 for the nine months ended September 30, 2016 compared to $91,833 for the nine months ended September 30, 2015. Amortization of beneficial conversion features of convertible debt totaled $300,973 for the nine months ended September 30, 2016 and $0 for the nine months ended September 30, 2015. Common stock issued for professional services totaled $541,126 for the nine months ended September 30, 2016 compared to $366,000 for the nine months ended September 30, 2015. Stock-based compensation related to stock options and warrants totaled $1,357,684 for the nine months ended September 30, 2016 compared to $4,098,092 for the nine months ended September 30, 2015. Depreciation and amortization totaled $789,742 for the nine months ended September 30, 2016 compared to $757,722 for the nine months ended September 30, 2015. Bad debt expense was $59,143 for the nine months ended September 30, 2016 compared to $200,000 for the nine months ended September 30, 2015. Accrued interest payable was $73,779 for the nine months ended September 30, 2016 compared to $0 for the nine months ended September 30, 2015.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2016 and 2015 totaled $17,207 and $2,156,892, respectively. The net cash used in investing activities for the nine months ended September 30, 2016 consisted of property and equipment purchases. The net cash used in investing activities for the nine months ended September 30, 2015 consisted of $89,984 of property and equipment purchases and $533,092 of principal repayments on notes receivable, issuance of a $600,000 note receivable in connection with a legal settlement and a $2,000,000 note receivable issued in connection with the purchase of Company products.

Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2016 and 2015 totaled $1,775,455 and $3,905,496, respectively. Cash flows provided by financing activities for the nine months ended September 30, 2016 consisted of an aggregate of $2,776,430 in borrowing net proceeds from the issuance of notes payable, $250,000 payment of contingent consideration, $612,000 of repayments on convertible notes payable and $138,975 of repayments on note payable to vendor. Cash flows provided by financing activities for the nine months ended September 30, 2015 consisted of $2,520,000 in proceeds from the sale of common stock and $1,385,496 in net proceeds from convertible debt.

On January 29, 2016, the Company issued an unsecured promissory note to a lender in the principal amount of $850,000 ("Promissory Note"). The Promissory Note bears interest at 12% per annum, and the Company is obligated to make monthly interest-only payments in the amount of $8,500, commencing March 1, 2016. All principal and accrued and unpaid interest is due under the Promissory Note on February 1, 2018. The Company has the right to prepay the Promissory Note without penalty or premium. In connection with the Promissory Note, the Company incurred an original issue discount of $30,000 and $18,570 of other debt issuance costs, which will be amortized over the Promissory Note term.

On May 25, 2016 (the "Purchase Price Date"), the Company entered into a Securities Purchase Agreement ("Iliad SPA") with Iliad Research and Trading, L.P. (the "Lender" or "Iliad") pursuant to which the Lender loaned the Company $2,000,000. On the Purchase Price Date, the Company issued to Lender a Secured Convertible Promissory Note (the "Iliad Note") in the principal amount of $2,055,000 in exchange for payment by Lender of $2,000,000. The principal sum of the Iliad Note reflects the amount invested, plus a 2.25% "Original Issue Discount" ("OID") and a $10,000 reimbursement of Lender's legal fees. Out of the proceeds from the Iliad Note, the Company paid the sum of $25,000 to its placement agent, Myers & Associates, L.P. The Company received net proceeds of $1,975,000 in exchange for the Iliad Note. The Iliad Note requires the repayment of all principal and any interest, fees, charges and late fees on the date that is thirteen months after the Purchase Price Date (the "Maturity Date"). Interest is to be paid on the outstanding balance at a rate of ten percent (10%) per annum from the Purchase Price Date until the Iliad Note is paid in full. Interest is accrued during the term of the Iliad Note and all interest calculations shall be computed on the basis of a 360-day year comprised of twelve (12) thirty (30)-day months and shall compound daily. Subject to adjustment as set forth in the Iliad Note, the conversion price for each Lender conversion shall be $0.50 (the "Lender Conversion Price"), convertible into shares of fully paid and non-assessable common stock. Beginning on the date that is six months after the Purchase Price Date and continuing until the Maturity Date, Iliad shall have the right to redeem a portion of the Iliad Note in any amount up to the Maximum Monthly Redemption Amount ($275,000, which is the maximum aggregate redemption amount that may be redeemed in any calendar month), for which payments may be made in cash or by converting the redemption amount into shares of Company common stock at a conversion price which is the lesser of (a) the Lender Conversion Price of $0.50 and (b) the Market Price, defined as 70% ("the Conversion Factor"), subject to adjustment as follows: if at any time (1) the average of the three lowest closing bid prices in the previous twenty (20) trading days is below $0.25 per share then the Conversion Factor will be reduced by 10%, (2) the Company is not Deposit/Withdrawal At Custodian eligible, then the Conversion Factor will be reduced by an additional 5%, or (3) there has occurred a "Major Default" then the Conversion Factor will be reduced by an additional 5%. The Company may prepay the Iliad Note at any time by payment to Lender of 125% of the principal, interest and other amounts then due under the Note. The Company may prepay the Iliad Note notwithstanding an earlier notice of conversion from the Lender, provided that in such event the Lender may convert an amount not to exceed $300,000 under the Iliad Note. In connection with the Iliad Note, as set forth above, the Company incurred an original issue discount of $45,000 and $35,000 of other debt issuance costs, which will be amortized over the Iliad Note term. The Iliad Note is securitized by the Company's accounts receivable, inventory and equipment.

The Company has yet to attain a level of operations which allows it to meet operating and working capital cash flow needs. We expect to realize revenue to fund a portion of our working capital needs through the sale of finished products and raw materials to third parties. However, in order to fund our pharmaceutical product development efforts, we will need to raise additional capital through either the issuance of equity and/or debt. We expect to be dependent upon obtaining additional financing in order to adequately fund working capital, infrastructure and expenses in order to execute plans for future operations so that we can achieve a level of revenue adequate to support our cost structure, none of which can be assured.

Liquidity

For the three months ended September 30, 2016 and 2015, the Company had net losses of $1,900,736 and $989,549, respectively. For the nine months ended September 30, 2016 and 2015, the Company had net losses of $5,660,755 and $5,641,426, respectively. In addition, for the nine months ended September 30, 2016 and 2015, the Company had negative cash flows from operations of $1,429,277 and $2,924,177, respectively. Management believes the Company has the funds needed to continue its consumer product business segment and meet its other obligations over the next year solely from current revenues and cash flow due to increased sales and because our current inventory levels are sufficient to support sales through the third quarter of 2017, resulting in reduced cash outflow for inventory purchases. In addition, we do not intend to purchase raw inventory from our supply chain arrangements from the 2016 crop.

The Company's pharmaceutical business segment will require additional capital of approximately $1,500,000 over the next 12 months. Management believes that it will be able to obtain such financing on terms acceptable to the Company, however, there can be no assurances that the Company will be successful. If the Company is unable to raise additional capital, the Company would likely be forced to curtail pharmaceutical development.

We expect to realize revenue to fund our working capital needs for our consumer product business segment through the sale of raw and finished products to third parties. However, we cannot be assured that our working capital needs to develop, launch, market and sell our products will be met through the sale of raw and finished products to third parties. If not, we may not be able to maintain profitable operations. If we are unable to maintain profitable operations sufficient to fund our business, we would need to raise additional capital through either the issuance of debt or equity. In the event we are unable to maintain profitable operations or raise sufficient additional capital, our ability to continue as a going concern would be in jeopardy and investors could lose all of their investment in the Company.

Numerous other consumer products are currently in development and we will continue to scale up our processing capability to accommodate new products in our pipeline.

Off-Balance Sheet Arrangements

The Company has two supply arrangements in place with European farmers to supply raw material in future years. The first arrangement contemplates growth and processing of 2,600 kilograms of product and the second contract provides up to 1 million kilograms of raw product to the Company. At September 30, 2016, there was approximately $110,000 remaining to be paid under this second contract related to the 2015 crop. We have contractual rights for the growth and processing of hemp oil for delivery through October 2018 under both of these contracts. We anticipate the cost under both contracts will remain consistent with current year prices.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K.

ITEM 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Our management, which is comprised of one person holding the offices of President and Chief Executive Officer and one person holding the offices of Chief Financial Officer and Secretary, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, our management concluded that our disclosure controls and procedures were not effective, at a reasonable assurance level, as of the Evaluation Date, to ensure that information required to be disclosed in reports that we file or submit under that Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management in a manner that allows timely decisions regarding required disclosures.

An evaluation was performed under the supervision and with the participation of the Company's management of the effectiveness of the design and operation of the Company's procedures and internal control over financial reporting as of September 30, 2016. In making this assessment, the Company used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework of 1992 (the "1992 COSO Framework").

Management is aware of and has identified the following material weakness in our internal control over financial reporting: the Company has not completed implementation of our procedures and internal control over financial reporting as set forth in the 2013 version of the 1992 COSO Framework.

Remediation efforts to address this material weakness in evaluation and implementation of internal controls over financial reporting, include the following: we have dedicated resources to, and anticipate final adoption and implementation of the 2013 version of the 1992 COSO Framework by the end of 2016.

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by the Company's internal controls.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except as noted above, there was no change in our internal control over financial reporting identified with our evaluation that occurred during the fiscal quarter ended September 30, 2016, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

On April 23, 2014, Tanya Sallustro filed a purported class action complaint (the "Complaint") in the Southern District of New York (the "Court") alleging securities fraud and related claims against the Company and certain of its officers and directors and seeking compensatory damages including litigation costs. Ms. Sallustro alleges that between March 18-31, 2014, she purchased 325 shares of the Company's common stock for a total investment of $15,791. The Complaint refers to Current Reports on Form 8-K and Current Reports on Form 8-K/A filings made by the Company on April 3, 2014 and April 14, 2014, in which the Company amended previously disclosed sales (sales originally stated at $1,275,000 were restated to $1,082,375 - reduction of $192,625) and restated goodwill as $1,855,512 (previously reported at net zero). Additionally, the Complaint states after the filing of the Company's Current Report on Form 8-K on April 3, 2014 and the following press release, the Company's stock price "fell $7.30 per share, or more than 20%, to close at $25.30 per share." Subsequent to the filing of the Complaint, six different individuals filed a motion asking to be designated the lead plaintiff in the litigation. On March 19, 2015, the Court issued a ruling appointing Steve Schuck as lead plaintiff. Counsel for Mr. Schuck filed a "consolidated amended complaint" on September 14, 2015. On December 11, 2015, the Company filed a motion to dismiss the consolidated amended complaint. After requesting several extensions, counsel for Mr. Schuck filed an opposition to the motion to dismiss on March 21, 2016. The Company's reply brief was filed on April 25, 2016. Defendant Stuart Titus was served with the Summons & Complaint in the case and he has recently completed briefing his motion to dismiss, through separate counsel. No hearing date has been set by the Court at this time with respect to the motions to dismiss. Management intends to vigorously defend the allegations and an estimate of possible loss cannot be made at this time.

On March 17, 2015, stockholder Michael Ruth filed a shareholder derivative suit in Nevada District Court alleging two causes of action: 1) Breach of Fiduciary Duty, and 2) "Gross Mismanagement." The claims are premised on the same event as the already-pending securities class action case in New York discussed above – it is alleged that the Form 8-K filings misstated goodwill and sales of the Company, which when corrected, lead to a significant drop in stock price. The Company filed a motion to dismiss the suit on June 29, 2015. Instead of opposing the Company's motion, Mr. Ruth filed an amended complaint on July 20, 2015. Thereafter, Mr. Ruth and the Company agreed to stay the action pending the outcome of the securities class action case in New York discussed above. Management intends to vigorously defend the allegations. Since no discovery has been conducted and the case remains stayed, an estimate of the possible loss or recovery cannot be made at this time.

Item 1a. RISK FACTORS

Not applicable to a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On August 9, 2016, the Company issued 250,000 shares of its common stock to IRTH Communications, Inc. and 50,000 shares of its common stock to MZHCI, LLC, for investor relation services rendered. The issuance of these shares of common stock was exempt from registration under the Securities Act of 1933, as amended (the "Act"), in reliance on exemptions from the registration requirement of the Act in transactions not involved in a public offering pursuant to Section 4(a)(2) under the Act."

Item 3. DEFAULTS UNDER SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURE

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit No.	Description of Exhibit
2.1(1)	Agreement and Plan of Merger, dated as of July 25, 2013, by and between CannaVEST Corp., a Texas corporation, and CannaVEST Corp., a Delaware corporation.
2.1(2)	Agreement and Plan of Reorganization by and among CannaVEST Corp., CannaVEST Merger Sub, Inc., CANNAVEST Acquisition LLC, CanX, Inc. and the Starwood Trust, as the Shareholder Representative.
3.1(1)	Certificate of Incorporation of CannaVEST Corp., as filed on January 26, 2013.
3.2(1)	Bylaws of CannaVEST Corp., dated as of January 26, 2013.
3.3(3)	Certificate of Amendment to Certificate of Incorporation of CannaVest Corp., as filed on January 4, 2016.
3.4(5)	Certificate of Incorporation of the Company, as amended.
3.5(6)	Bylaws of the Company, as amended.
4.1(4)	CannaVEST Corp. Specimen Stock Certificate
4.2(7)	Form of Common Stock Purchase Warrant.
10.1*	Employment Agreement, dated July 6, 2016, by and between the Company and Michael J. Mona, Jr.
10.2*	Employment Agreement, dated July 6, 2016, by and between the Company and Joseph Dowling.
10.3*	Employment Agreement, dated July 6, 2016, by and between the Company and Michael Mona, III.
10.4*	Non-Qualified Stock Option Agreement, by and between the Company and Michael Jr. Mona, Jr., dated July 6, 2016.
10.5*	Non-Qualified Stock Option Agreement, by and between the Company and Joseph Dowling, dated July 6, 2016.
10.6*	Non-Qualified Stock Option Agreement, by and between the Company and Michael Mona, III, dated July 6, 2016.
31.1*	Certification of the Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 INS	XBRL Instance Document**
101 SCH	XBRL Schema Document**
101 CAL	XBRL Calculation Linkbase Document**
101 LAB	XBRL Labels Linkbase Document**
101 PRE	XBRL Presentation Linkbase Document**
101 DEF	XBRL Definition Linkbase Document**

* Filed herewith.

** The XBRL related information in Exhibit 101 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

(1) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed on August 13, 2013.
(2) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on January 4, 2016.
(3) Incorporated by reference from an exhibit to our Annual Report on Form 10-K filed on April 14, 2016.
(4) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on July 31, 2013.
(5) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed on May 16, 2016.
(6) Incorporated by reference from an exhibit to our Quarterly Report on Form 10-Q filed on August 12, 2016.
(7) Incorporated by reference from an exhibit to our Current Report on Form 8-K filed on July 11, 2016.

SIGNATURES

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

CV SCIENCES, INC.
(Registrant)

By /s/ Michael Mona, Jr.
Michael Mona, Jr.
President and Chief Executive Officer
(Principal Executive Officer)
Dated November 1, 2016

By /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Financial Officer (Principal Financial Officer)
Dated November 1, 2016

Exhibit 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of July 6, 2016 (the "Effective Date"), by and between CV SCIENCES INC., a Delaware corporation (the "Company"), and MICHAEL J. MONA, JR. ("Executive").

Recitals

A . The Company operates two distinct business segments: a specialty pharmaceutical division focused on developing and commercializing novel therapeutics utilizing synthetic Cannabidiol ("CBD"); and, a consumer product division in manufacturing, marketing and selling plant-based CBD product to a range of market sectors.

B . Executive is the Founder, President and Chief Executive Officer of the Company, and Executive and the Company desire to set forth the terms and conditions of the Executive's employment by the Company.

Agreement

NOW, THEREFORE, in consideration of these premises, the mutual covenants and agreements of the parties hereunder, and for other good and valuable consideration the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment and Duties.

1.1 Position. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, as President and Chief Executive Officer of the Company.

1.2 Duties. Executive agrees to devote his best efforts, and shall have primary responsibility within the Company, to act as the senior executive of the Company and have responsibility for the effective operation of the Company, the overall leadership and strategic directions of the Company, and to perform such other duties assigned to him by the Board of Directors of the Company (the "Board of Directors"). Executive shall perform his duties in a trustworthy, businesslike and loyal manner.

1.3 Reporting. Executive shall report to the Board of Directors.

1.4 Place of Employment. Executive shall perform his services hereunder at the Company's Las Vegas, NV and San Diego, CA offices. Executive's primary office shall be in Las Vegas, NV, however, Executive shall spend a portion of his time in the Company's primary office for operations and for certain executive functions of the Company located in San Diego, CA.

1.5 Change of Duties. The duties of Executive may be modified from time to time by the mutual consent of the Company and Executive without resulting in a rescission of this Agreement. The mutual written consent of the Company and Executive shall constitute execution of that modification. Notwithstanding any such change, the employment of Executive shall be construed as continuing under this Agreement as so modified.

1.6 Devotion of Time to Company's Business. During the Term of this Agreement (as such term is defined in Section 1.7 hereof), Executive agrees (i) to devote substantially all of his productive time, ability and attention to the business of the Company during normal working hours, (ii) not to engage in any other business duties or business pursuits whatsoever which conflict with his duties to the Company, (iii) whether directly or indirectly, not to render any services of a commercial or professional nature to any individual, trust, partnership, company, corporation, business, organization, group or other entity (each, a "Person") which conflict with his duties to the Company, whether for compensation or otherwise, without the prior written consent of the Board of Directors, and (iv) whether directly or indirectly, not to acquire, hold or retain more than a one percent (1%) interest in any business competing with or similar in nature to the business of the Company or any of its Affiliates (as such term is defined *below); provided, however,* the expenditure of reasonable amounts of time for other matters and charitable, educational and professional activities or, subject to the foregoing, the making of passive personal investments shall not be deemed a breach of this Agreement or require the prior written consent of the Company if those activities do not materially interfere with the services required of Executive under this Agreement. For purposes of this Agreement, "Affiliates" shall mean any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company.

1.7 Term. Unless sooner terminated as provided in Section 4 hereof, the term of this Agreement shall commence on the Effective Date and shall continue through December 31, 2018 (the "Term"). The Company and Executive shall consult on extension of the Term as soon as reasonably practicable in the month of September 2018 but neither the Company nor Executive shall be under any obligation to extend the Term. The Term, together with any extensions or renewal terms shall be referred to in this Agreement as the "Term of this Agreement."

1.8 Observance of Company Rules. Regulations and Policies. Executive shall duly, punctually and faithfully perform and observe any and all rules, regulations and policies which the Company may now or hereafter reasonably establish governing the conduct of its business or its employees to the extent such rules, regulations and policies are not in conflict with this Agreement. Executive shall promptly provide written notice to the Board of Directors of any such apparent conflict of which Executive becomes aware.

1.9 Intellectual Property. Executive hereby assigns and agrees to assign in the future to the Company all Executive's right, title and interest in and to any and all such work products and designs (whether or not patentable or registerable under copyright or similar statutes) made or conceived or reduced to practice or learned by Executive, either individually or jointly with others, during Executive's employment with the Company ("Intellectual Property").

2. Compensation.

2.1 Base Salary. During the Term of this Agreement, the Company shall pay to Executive or his nominee an annual base salary in such amounts as the Compensation Committee of the Board of Directors (the "Compensation Committee") shall recommend to the full Board of Directors for approval (the "Base Salary") and the Base Salary for 2016 shall initially be set at $330,000, commencing on the date Executive, as the Chief Executive Officer, reasonably determines such increase from Executive's current salary of $300,000 is prudent, payable in accordance with the Company's standard payroll procedures in effect at the time of payment. The Company shall withhold from any payroll or other amounts payable to Executive pursuant to this Agreement all federal, state, city or other taxes and contributions as are required pursuant to any law or governmental regulation or ruling now applicable or that may be enacted and become applicable in the future.

2.2 Performance Bonuses. In addition to the Base Salary, the Company may pay to Executive, or his nominee, annual bonuses based on the Company's performance and/or Executive's performance ("Annual Bonus") as follows:

(a) Bonus based on Achievement of Annual Performance Goals . Based upon performance of the Company as reflected by satisfaction of the performance goals listed in Exhibit A, attached hereto, the Company may pay Executive, or his nominee, a bonus in addition to Base Salary in such amount as may be determined by the Board of Directors.

(b) Establishment of Annual Bonus Performance Goals. The Company may propose new performance goals for purposes of determining additional annual bonuses payable to Executive, or his nominee, in consultation with Executive.

The targeted amount of the Annual Bonus shall be 60% of Executive's then effective Base Salary; provided, however, that the payment and amount of any Annual Bonus shall be in the sole discretion of the Board of Directors.

2.3 Stock Options.

(a) The Company and Executive acknowledge that on July 6, 2016, the Board approved upon recommendation by the Compensation Committee the issuance of stock options to Executive to purchase 6,000,000 shares of the Common Stock of the Company (the "Stock Options"). The Stock Options shall be issued to Executive under applicable exemptions from securities law registration, and shall not be issued under the Company's Amended and Restated 2013 Equity Incentive Plan ("Plan"). Executive has had the opportunity to consult with his financial and tax advisors regarding the Stock Options and, particularly, the tax and other financial effect and results of Executive receiving stock options outside of the Plan.

(b) The Stock Options shall vest and become exercisable solely upon achievement of the organizational performance goals set forth in Exhibit B attached hereto, or as more particularly set forth in Section 4.7 hereof.

(c) In the event of a sale of the Company or other change of control transaction (as customarily defined and set forth in Executive's Stock Option Grant to be delivered concurrently herewith), or upon a Disposition Event, as defined under the Agreement and Plan of Reorganization dated December 30, 2015 by and among CannaVest Corp., CannaVest Merger Sub, Inc., CannaVest Acquisition LLC, CanX, Inc. and The Starwood Trust, the Stock Options shall immediately vest and become exercisable.

2.4 Incentive Plans. In addition to all other benefits and compensation provided by this Agreement, Executive shall be eligible to participate in such of the Company's equity, compensation and incentive plans as are generally available to any of the management executives of the Company, including without limitation any executive and performance bonus or incentive plans.

2.5 Vacation. Executive shall be entitled to such annual vacation time with full pay as the Company may provide in its standard policies and practices for any other management executives; *provided, however,* that in any event Executive shall be entitled to a minimum of twenty (20) days annual paid vacation time exclusive of holidays.

2.6 Directors and Officers Liability Insurance. Executive shall be entitled to participation in, and have the benefit of directors' and officers' liability insurance providing coverage consistent with standards in the life science industry.

2.7 Term Life Insurance. The Company shall pay directly to the insurance carrier the cost of premiums due on a term life insurance in the amount of $5,000,000, with such beneficiary or beneficiaries thereunder as may be designated from time to time by Executive. The Company shall reimburse Executive all amounts to maintain such policy in full force and effect during the Term of this Agreement.

2.8 Disability Insurance. The Company shall procure and maintain a disability insurance policy and the Company shall pay the premiums due on such policy and maintain such policy in full force and effect during the Term of this Agreement.

2.9 Outside Counsel for Executive. In order for Executive to have the benefit of counsel to advise and counsel Executive with respect to this Agreement, the Company shall pay the reasonable attorneys' fees and expenses incurred by Executive in connection with such advice and counsel and the drafting and execution of this Agreement.

2.10 Other Benefits. Executive shall participate in and have the benefits of all present and future vacation, holiday, paid leave, unpaid leave, life, accident, disability, dental, vision and health insurance plans, pension, profit-sharing and savings plans and all other plans and benefits which the Company now or in the future from time to time makes available to any of its management executives.

2.11 Withholding. The parties shall comply with all applicable legal withholding requirements in connection with all regular monthly and/or bi-monthly compensation payable to Executive hereunder.

3 . Expense Reimbursement. The Company shall reimburse Executive for all business travel and other out-of-pocket expenses reasonably incurred by Executive in the course of performing his duties under this Agreement. All reimbursable expenses shall be appropriately documented and shall be in reasonable detail and in a format and manner consistent with the Company's expense reporting policy, as well as applicable federal and state tax record keeping requirements.

4. Termination and Rights on Termination. This Agreement shall terminate upon the occurrence of any of the following events:

4.1 Death. Upon the death of Executive, the Company shall, within thirty (30) days of receiving notice of such death, pay Executive's estate or its nominee all salary and other compensation hereunder, then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of death. In addition, the Company shall pay Executive's estate, or its nominee, at the time or times otherwise payable under the terms of this Agreement, all salary and accrued benefits that would have been payable hereunder by the Company to Executive during the one-year period immediately following Executive's death. Any payment due under this Section 4.1 may be funded by one or more policies of life insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.2 Disability. Upon the mental or physical Disability (as such term is defined below) of Executive, the Company shall, within thirty (30) days following the determination of Disability, pay Executive or his nominee all salary then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of determination. In addition, the Company shall pay all salary and accrued benefits that would have been payable hereunder by the Company to Executive (or his nominee) during the one-year period immediately following Executive's disability. For purposes of this Agreement, "Disability" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Executive from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period. Any payment due under this Section 4.2 may be funded by one or more policies of disability insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.3 Termination by the Company for Cause. Upon delivery by the Board to Executive of a written notice terminating this Agreement for Cause (as such term is defined below), which notice shall be supported by a reasonably detailed statement of the relevant facts and reasons for termination, the Company shall, within thirty (30) days following such termination, pay Executive or his nominee all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or any accrued vacation pay or bonuses. For purposes of this Agreement, "Cause" shall mean:

(a) Executive shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(b) Executive shall have materially breached this Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(c) Executive shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board of Directors, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(d) Executive shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

4.4 Termination by the Company Without Cause. In the event the Board delivers to Executive a written notice terminating Executive's employment under this Agreement for any reason without Cause, the Company shall continue to pay Executive or his nominee all salary, benefits, bonuses and other compensation that would be due hereunder through the end of the Term of this Agreement had the Company not terminated Executive's employment, but in any event not less than one-year after the date of such termination, with such amounts payable in accordance with the Company's standard payroll.

4.5 Voluntary Termination by Executive . Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for any reason without Good Reason, within thirty (30) days following the effective date of termination, the Company shall pay Executive or his nominee all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or any accrued vacation pay or bonuses.

4.6 Termination by Executive for Good Reason. Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for Good Reason (as such term is defined below), the Company shall pay Executive or his nominee such amounts in such manner as provided for in Section 4.4 hereof. For purposes of this Agreement, "Good Reason" shall mean:

(a) The assignment of Executive to any duties inconsistent with, or any adverse change in, Executive's positions, duties, responsibilities, functions or status with the Company, or the removal of Executive from, or failure to reelect Executive to, any of such positions; *provided, however,* that a change in Executive's positions, duties, responsibilities, functions or status that Executive shall agree to in writing shall not be an event of Good Reason or give rise to termination under this Section 4.6;

(b) A reduction by the Company of Executive's Base Salary without his written consent;

(c) The failure by the Company to continue in effect for Executive any material benefit provided herein or otherwise available to any of the management executives of the Company, including without limitation, any retirement, pension or incentive plans, life, accident, disability or health insurance plans, equity or cash bonus plans or savings and profit sharing plans, or any action by the Company which would adversely affect Executive's participation in or reduce Executive's benefits under any of such plans or deprive Executive of any fringe benefit enjoyed by Executive; or

(d) Any other material breach by the Company of this Agreement which is not cured within twenty (20) days of delivery of written notice thereof by Executive to the Company.

4.7 Effect of Termination; Executive's Stock Options.

(a) All rights and obligations of the Company and Executive under this Agreement shall cease as of the effective date of termination, except that the obligations of the Company under this Section 4 and Executive's obligations under Sections 5 and 6 hereof shall survive such termination in accordance with their respective terms.

(b) In addition, notwithstanding anything to the contrary contained herein or in any agreement with respect thereto, (i) upon termination of Executive's employment pursuant to Sections 4.3 or 4.5 (termination with Cause or voluntary termination without Good Reason) all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company, shall stock opt to the extent not then fully vested, immediately terminate and revert to the Company, (ii) upon termination of Executive's employment pursuant to Section 4.4 or Section 4.6 (termination without Cause or voluntary termination with Good Reason), all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company shall, remain in full force and effect and shall not be affected by such termination, and shall continue to vest based upon the organizational performance goals set forth in Exhibit B, and (iii) upon termination of Executive's employment pursuant to Section 4.1 or Section 4.2 (Executive's death or Disability), all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company shall, to the extent not then fully vested, immediately become fully vested.

4.8 No Termination by Merger; Transfer of Assets or Dissolution . This Agreement shall not be terminated by any dissolution of the Company resulting from either merger or consolidation in which the Company is not the consolidated or surviving corporation or other entity or transfer of all or substantially all of the assets of the Company. In such event, the rights, benefits and obligations herein shall automatically be deemed to be assigned to the surviving or resulting corporation or other entity or to the transferee of the assets, as the case may be, with the consent of Executive.

4.9 Non-Disparagement. During the Term and at all times thereafter, Executive agrees not to make or solicit or encourage others to make or solicit directly or indirectly any disparaging, derogatory or negative statement or communication, oral or written, about the Company or its business practices, programs, products, services, operations, policies, activities, current or former officers, directors, managerial personnel, or other employees, or its customers to any other person or entity; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process or to the extent made in connection with filing or asserting any claims relating to employment. The Company agrees not to make any disparaging, derogatory or negative statement or communication, oral or written, about Executive; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process. Notwithstanding anything herein to the contrary, nothing in this Section 4.11 shall prevent any party to this Agreement from exercising its or his authority or enforcing its or his rights or remedies hereunder or that such party may otherwise be entitled to enforce or assert under another agreement or applicable law, or limit such rights or remedies in any way.

5. Restriction on Competition.

5.1 Covenant Not to Compete. During the Term of this Agreement and for a period of twelve (12) months from the termination of this Agreement, Executive shall not, without the prior written consent of the Company, either directly or indirectly, for himself or on behalf of or in conjunction with any other Person if such activities would necessarily involve the disclosure or use of any of the Company's trade secrets, confidential or other proprietary information (i) own, manage, operate, control, be employed by, participate in, render services to, or be associated in any manner with the ownership, management, operation or control of, any business similar to the type of business conducted by the Company or any of its Affiliates within any of the geographic territories in which the Company or any of its Affiliates conducts business, (ii) solicit business of the same or similar type being carried on by the Company or any of its Affiliates from any Person known by Executive to be a customer of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person during and by reason of Executive's employment with the Company, or (iii) endeavor or attempt in any way to interfere with or induce a breach of any contractual relationship that the Company or any of its Affiliates may have with any employee, customer, contractor, supplier, representative or distributor.

5.2 No Breach for Activities Deemed Not Competitive. It is further agreed that, in the event that Executive shall cease to be employed by the Company and enter into a business or pursue other activities that, at such time, are not in competition with the Company or any of its Affiliates, Executive shall not be chargeable with a violation of this Section 5 if the Company subsequently enters the same (or a similar) competitive business or activity. In addition, if Executive has no actual knowledge that his actions violate the terms of this Section 5, Executive shall not be deemed to have breached the restrictive covenants contained herein if, promptly after being notified by the Company of such breach, Executive ceases the prohibited actions.

5.3 Severability. The covenants in this Section 5 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Section 5 relating to the time period or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction to exceed the maximum time period or geographic area, as applicable, that such court deems reasonable and enforceable, such time period or geographic area shall be deemed to be, and thereafter shall become, the maximum time period or largest geographic area that such court deems reasonable and enforceable and this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

5.4 Fair and Reasonable. Executive has carefully read and considered the provisions of this Section 5 and, having done so, agrees that the restrictive covenants in this Section 5 impose a fair and reasonable restraint on Executive and are reasonably required to protect the interests of the Company, its Affiliates and their respective officers, directors, employees and stockholders. It is further agreed that the Company and Executive intend that such covenants be construed and enforced in accordance with the changing activities, business and locations of the Company throughout the term of these covenants.

6. Confidential Information.

6.1 Confidential Information. Executive hereby agrees to hold in strict confidence and not to disclose to any third party, other than employees and agents of the Company or persons retained by the Company to represent its interests, any of the valuable, confidential and proprietary business, financial, technical, economic, sales and/or other types of proprietary business information relating to the Company or any of its Affiliates (including all trade secrets) in whatever form, whether oral, written, or electronic (collectively, the "Confidential Information"), to which Executive has, or is given (or has had or been given), access during the course of his employment with the Company. It is agreed that the Confidential Information is confidential and proprietary to the Company because such Confidential Information encompasses technical know-how, trade secrets, or technical, financial, organizational, sales or other valuable aspects of the business and trade of the Company or its Affiliates, including without limitation, technologies, products, processes, plans, clients, personnel, operations and business activities. This restriction shall not apply to any Confidential Information that (a) becomes known generally to the public through no fault of the Executive, (b) is required by applicable law, legal process, or any order or mandate of a court or other governmental authority to be disclosed, or (c) is reasonably believed by Executive, based upon the advice of legal counsel, to be required to be disclosed in defense of a lawsuit or other legal or administrative action brought against Executive; *provided, however,* that in the case of clause (b) or (c), Executive shall give the Company reasonable advance written notice of the Confidential Information intended to be disclosed and the reasons and circumstances surrounding such disclosure, in order to permit the Company to seek a protective order or other appropriate request for confidential treatment of the applicable Confidential Information.

6.2 Return of Company Property. In the event of termination of Executive's employment with the Company for whatever reason or no reason, (a) Executive agrees not to copy, make known, disclose or use, any of the Confidential Information without the Company's prior written consent, and (b) Executive or Executive's personal representative shall return to the Company (i) all Confidential Information, (ii) all other records, designs, patents, business plans, financial statements, manuals, memoranda, lists, correspondence, reports, records, charts, advertising materials and other data or property delivered to or compiled by Executive by or on behalf of the Company or its respective representatives, vendors or customers that pertain to the business of the Company or any of its Affiliates, whether in paper, electronic or other form, and (iii) all keys, credit cards, vehicles and other property of the Company. Executive shall not retain or cause to be retained any copies of the foregoing. Executive hereby agrees that all of the foregoing shall be and remain the property of the Company and the applicable Affiliates and be subject at all times to their discretion and control.

7. Corporate Opportunities.

7.1 Duty to Notify. During the Term of this Agreement, in the event that Executive shall become aware of any business opportunity related to the business of the Company, Executive shall promptly notify the Board of Directors of such opportunity. Executive shall not appropriate for himself or for any other Person other than the Company (or any Affiliate) any such opportunity unless, as to any particular opportunity, the Board of Directors fails to take appropriate action within thirty (30) days. Executive's duty to notify the Board of Directors and to refrain from appropriating all such opportunities for thirty (30) days shall neither be limited by, nor shall such duty limit, the application of the general laws relating to the fiduciary duties of an agent or employee.

7.2 Failure to Notify. In the event that Executive fails to notify the Board of Directors or so appropriates any such opportunity without the express written consent of the Board of Directors, Executive shall be deemed to have violated the provisions of this Section notwithstanding the following:

(a) The capacity in which Executive shall have acquired such opportunity; or

(b) The probable success in the hands of the Company of such opportunity.

8. No Prior Agreements. Executive hereby represents and warrants to the Company that the execution of this Agreement by Executive, his employment by the Company, and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer or any other Person. Further, Executive agrees to indemnify and hold harmless the Company and its officers, directors and representatives for any claim, including, but not limited to, reasonable attorneys' fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy or other agreement between Executive and such third party that was in existence as of the effective date of this Agreement. To the extent that Executive had any oral or written employment agreement or understanding with the Company, this Agreement shall automatically supersede such agreement or understanding, and upon execution of this Agreement by Executive and the Company, such prior agreement or understanding automatically shall be deemed to have been terminated and shall be null and void.

9. Representation. Executive acknowledges that he (a) has reviewed this Agreement in its entirety, (b) has had an opportunity to obtain the advice of separate legal counsel prior to executing this Agreement, and (c) fully understands all provisions of this Agreement.

10. Assignment: Binding Effect. Executive understands that he has been selected for employment by the Company on the basis of his personal qualifications, experience and skills. Executive agrees, therefore, that he cannot assign or delegate all or any portion of his performance under this Agreement. This Agreement may not be assigned or transferred by the Company without the prior written consent of Executive. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns. Notwithstanding the foregoing, if Executive accepts employment with an Affiliate, unless Executive and his new employer agree otherwise in writing, this Agreement shall automatically be deemed to have been assigned to such new employer (which shall thereafter be an additional or substitute beneficiary of the covenants contained herein, as appropriate), with the consent of Executive, such assignment shall be considered a condition of employment by such new employer, and references to the "Company" in this Agreement shall be deemed to refer to such new employer.

11. Complete Agreement; Waiver: Amendment. Executive has no oral representations, understandings or agreements with the Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement is the final, complete and exclusive statement and expression of the agreement between the Company and Executive with respect to the subject matter hereof and thereof, and cannot be varied, contradicted, or supplemented by evidence of any prior or contemporaneous oral or written agreements. This Agreement may not be later modified except by a further writing signed by a duly authorized officer of the Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

12. Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be given or made by personally delivering the same to or sending the same by prepaid certified or registered mail, return receipt requested, or by reputable overnight courier, or by facsimile machine to the party to which it is directed at the address set out on the signature page to this Agreement, with copies to counsel as indicated, or at such other address as such party shall have specified by written notice to the other party as provided in this Section, and shall be deemed to be given if delivered personally at the time of delivery, or if sent by certified or registered mail as herein provided three (3) days after the same shall have been posted, or if sent by reputable overnight courier upon receipt, or if sent by facsimile machine as soon as the sender receives written or telephonic confirmation that the facsimile was received by the recipient and such facsimile is followed the same day by mailing by prepaid first class mail.

13. Severability: Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid and inoperative. This severability provision shall be in addition to, and not in place of, the provisions of Section 5.3 above. The Sections headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of this Agreement or of any part hereof.

14. Equitable Remedy. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the restrictive covenants set forth in Sections 5 and 6 hereof, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company or Executive at law or in equity, the Company or Executive shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach of the aforementioned restrictive covenants.

15. Arbitration. Any unresolved dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted in accordance with the rules of the American Arbitration Association then in effect. The arbitrators shall not have the authority to add to, detract from, or modify any provision hereof nor to award punitive damages to any injured party. A decision by a majority of the arbitration panel shall be final and binding. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Notwithstanding the foregoing, the Company shall be entitled to seek injunctive or other equitable relief, as contemplated by Section 14 hereof, from any court of competent jurisdiction, without the need to resort to arbitration. Should judicial proceedings be commenced to enforce or carry out this provision or any arbitration award, the prevailing party in such proceedings shall be entitled to reasonable attorneys' fees and costs in addition to other relief.

16. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of California, without regard to its conflict of flaws principles.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties to this Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

18. Signatures. The parties shall be entitled to rely upon and enforce a facsimile of any authorized signatures as if it were the original.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

CV SCIENCES, INC.

By: /s/ James McNulty
Name (print): James McNulty
Its: Director and Chairman of the Compensation Committee of the Board of Directors

Address for Notices:

2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

EXECUTIVE:

MICHAEL J. MONA, JR.

(sign): /s/ Michael Mona, Jr.

Address for Notices:

Michael J. Mona, Jr.
2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

With a copy (not constituting notice) to:

Terry A. Coffing
Marquis Aurbach Coffing
10001 Park Run Drive
Las Vegas, Nevada 89145

Exhibit A

2016 Performance Goals

Consumer Products Division

- Achieve 90% of revenue target
- Launch four new products in Consumer Products division
- Achieve distribution in 850 Natural Product stores

Drug Development Division

- Preclinical plan developed and completed
- Pre IND meeting completed
- IND ready for submission

Corporate Goals

- Begin “up list” process with NYSE-MKT or Nasdaq
- Complete new financing ($5-$10M range) - repay existing $3M debt and provide working capital
- Address Item 9 Controls from 2015 10-K, including implementation of the 2013 version of the 1992 COSO Framework

Exhibit B

Performance Criteria and Percentage Allocation for Option Vesting

- 1,500,000 options the first time the Company completes development of a U.S. Food & Drug Administration ("FDA") current good manufacturing practice grade batch of successfully synthetically formulated CBD for use in drug development activities;

- 1,500,000 options the first time the Company files an investigational new drug application with the FDA in connection with a development program utilizing CBD as the active pharmaceutical ingredient (a "CBD Drug Product");

- 1,500,000 options the first time the Company commences a Phase I clinical trial as authorized by the FDA for a CBD Drug Product; and

- 1,500,000 options the first time the Company commences a Phase II clinical trial as authorized by the FDA for a CBD Drug Product.

Subject to acceleration of vesting as provided in Section 2.3(c) and Section 4.7(b).

Exhibit 10.2

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of July 6, 2016 (the "Effective Date"), by and between CV SCIENCES, INC., a Delaware corporation (the "Company"), and JOSEPH DOWLING ("Executive").

Recitals

A . The Company operates two distinct business segments: a specialty pharmaceutical division focused on developing and commercializing novel therapeutics utilizing synthetic Cannabidiol ("CBD"); and, a consumer product division in manufacturing, marketing and selling plant-based CBD product to a range of market sectors.

B . Executive is the Chief Financial Officer of the Company, and Executive and the Company desire to set forth the terms and conditions of the Executive's employment by the Company.

Agreement

NOW, THEREFORE, in consideration of these premises, the mutual covenants and agreements of the parties hereunder, and for other good and valuable consideration the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment and Duties.

1.1 Position. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, as Chief Financial Officer of the Company.

1.2 Duties. Executive agrees to devote his best efforts, and shall have primary responsibility within the Company to act as the senior financial executive of the Company. Executive shall perform his duties in a trustworthy, businesslike and loyal manner.

1.3 Reporting. Executive shall report to the Chief Executive Officer.

1.4 Place of Employment. Executive shall perform his services hereunder at the Company's Las Vegas, NV and San Diego, CA offices. Executive's primary office shall be in San Diego, CA, however, Executive shall spend a portion of his time in the Company's primary office for operations and for certain executive functions of the Company located in Las Vegas, NV.

1.5 Change of Duties. The duties of Executive may reasonably be modified from time to time by the mutual consent of the Company and Executive without resulting in a rescission of this Agreement. The mutual written consent of the Company and Executive shall constitute execution of that modification. Notwithstanding any such change, the employment of Executive shall be construed as continuing under this Agreement as so modified.

1.6 Devotion of Time to Company's Business. During the Term of this Agreement (as such term is defined in Section 1.7 hereof), Executive agrees (i) to devote substantially all of his productive time, ability and attention to the business of the Company during normal working hours, (ii) not to engage in any other business duties or business pursuits whatsoever which conflict with his duties to the Company, (iii) whether directly or indirectly, not to render any services of a commercial or professional nature to any individual, trust, partnership, company, corporation, business, organization, group or other entity (each, a "Person") which conflict with his duties to the Company, whether for compensation or otherwise, without the prior written consent of the Board of Directors, and (iv) whether directly or indirectly, not to acquire, hold or retain more than a one percent (1%) interest in any business competing with or similar in nature to the business of the Company or any of its Affiliates (as such term is defined *below); provided, however,* the expenditure of reasonable amounts of time for other matters and charitable, educational and professional activities or, subject to the foregoing, the making of passive personal investments shall not be deemed a breach of this Agreement or require the prior written consent of the Company if those activities do not materially interfere with the services required of Executive under this Agreement. For purposes of this Agreement, "Affiliates" shall mean any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company.

1.7 Term. Unless sooner terminated as provided in Section 4 hereof, the term of this Agreement shall commence on the Effective Date and shall continue through December 31, 2018 (the "Term"). The Company and Executive shall consult on extension of the Term as soon as reasonably practicable in the month of September 2018 but neither the Company nor Executive shall be under any obligation to extend the Term. The Term, together with any extensions or renewal terms shall be referred to in this Agreement as the "Term of this Agreement."

1.8 Observance of Company Rules. Regulations and Policies. Executive shall duly, punctually and faithfully perform and observe any and all rules, regulations and policies which the Company may now or hereafter reasonably establish governing the conduct of its business or its employees to the extent such rules, regulations and policies are not in conflict with this Agreement. Executive shall promptly provide written notice to the Board of Directors of any such apparent conflict of which Executive becomes aware.

1.9 Intellectual Property. Executive hereby assigns and agrees to assign in the future to the Company all Executive's right, title and interest in and to any and all such work products and designs (whether or not patentable or registerable under copyright or similar statutes) made or conceived or reduced to practice or learned by Executive, either individually or jointly with others, during Executive's employment with the Company ("Intellectual Property").

2. Compensation.

2.1 Base Salary. During the Term of this Agreement, the Company shall pay to Executive or his nominee an annual base salary in such amounts as the Compensation Committee of the Board of Directors (the "Compensation Committee") shall recommend to the full Board of Directors for approval (the "Base Salary") and the Base Salary for 2016 shall initially be set at $275,000, commencing on the date the Chief Executive Officer reasonably determines such increase from Executive's current salary of $250,000 is prudent, payable in accordance with the Company's standard payroll procedures in effect at the time of payment. The Company shall withhold from any payroll or other amounts payable to Executive pursuant to this Agreement all federal, state, city or other taxes and contributions as are required pursuant to any law or governmental regulation or ruling now applicable or that may be enacted and become applicable in the future.

2.2 Performance Bonuses. In addition to the Base Salary, the Company may pay to Executive, or his nominee, annual bonuses based on the Company's performance and/or Executive's performance ("Annual Bonus") as follows:

(a) Bonus based on Achievement of Annual Performance Goals . Based upon performance of the Company as reflected by satisfaction of the performance goals listed in Exhibit A, attached hereto, the Company may pay Executive, or his nominee, a bonus in addition to Base Salary in such amount as may be determined by the Board of Directors.

(b) Establishment of Annual Bonus Performance Goals. The Company may propose new performance goals for purposes of determining additional annual bonuses payable to Executive, or his nominee, in consultation with Executive.

The targeted amount of the Annual Bonus shall be 40% of Executive's then effective Base Salary; provided, however, that the payment and amount of any Annual Bonus shall be in the sole discretion of the Board of Directors.

2.3 Stock Options.

(a) The Company and Executive acknowledge that on July 6, 2016, the Board approved upon recommendation by the Compensation Committee the issuance of stock options to Executive to purchase 1,000,000 shares of the Common Stock of the Company (the "Stock Options"). The Stock Options shall be issued to Executive under applicable exemptions from securities law registration, and shall not be issued under the Company's Amended and Restated 2013 Equity Incentive Plan ("Plan"). Executive has had the opportunity to consult with his financial and tax advisors regarding the Stock Options and, particularly, the tax and other financial effect and results of Executive receiving stock options outside of the Plan.

(b) The Stock Options shall vest and become exercisable solely upon achievement of the organizational performance goals set forth in Exhibit B attached hereto, or as more particularly set forth in Section 4.7 hereof.

(c) In the event of a sale of the Company or other change of control transaction (as customarily defined and set forth in Executive's Stock Option Grant to be delivered concurrently herewith), or upon a Disposition Event, as defined under the Agreement and Plan of Reorganization dated December 30, 2015 by and among CannaVest Corp., CannaVest Merger Sub, Inc., CannaVest Acquisition LLC, CanX, Inc. and The Starwood Trust, the Stock Options shall immediately vest and become exercisable.

2.4 Incentive Plans. In addition to all other benefits and compensation provided by this Agreement, Executive shall be eligible to participate in such of the Company's equity, compensation and incentive plans as are generally available to any of the management executives of the Company, including without limitation any executive and performance bonus or incentive plans.

2.5 Vacation. Executive shall be entitled to such annual vacation time with full pay as the Company may provide in its standard policies and practices for any other management executives; *provided, however,* that in any event Executive shall be entitled to a minimum of twenty (20) days annual paid vacation time exclusive of holidays.

2.6 Directors and Officers Liability Insurance. Executive shall be entitled to participation in, and have the benefit of directors' and officers' liability insurance providing coverage consistent with standards in the life science industry.

2.7 Term Life Insurance. The Company shall pay directly to the insurance carrier the cost of premiums due on a term life insurance in the amount of $1,500,000, with such beneficiary or beneficiaries thereunder as may be designated from time to time by Executive. The Company shall reimburse Executive all amounts to maintain such policy in full force and effect during the Term of this Agreement.

2.8 Disability Insurance. The Company shall procure and maintain a disability insurance policy and the Company shall pay the premiums due on such policy and maintain such policy in full force and effect during the Term of this Agreement.

2.9 Outside Counsel for Executive. In order for Executive to have the benefit of counsel to advise and counsel Executive with respect to this Agreement, the Company shall pay the reasonable attorneys' fees and expenses incurred by Executive in connection with such advice and counsel and the drafting and execution of this Agreement.

2.10 Other Benefits. Executive shall participate in and have the benefits of all present and future vacation, holiday, paid leave, unpaid leave, life, accident, disability, dental, vision and health insurance plans, pension, profit-sharing and savings plans and all other plans and benefits which the Company now or in the future from time to time makes available to any of its management executives.

2.11 Withholding. The parties shall comply with all applicable legal withholding requirements in connection with all regular monthly and/or bi-monthly compensation payable to Executive hereunder.

3 . Expense Reimbursement. The Company shall reimburse Executive for all business travel and other out-of-pocket expenses reasonably incurred by Executive in the course of performing his duties under this Agreement. All reimbursable expenses shall be appropriately documented and shall be in reasonable detail and in a format and manner consistent with the Company's expense reporting policy, as well as applicable federal and state tax record keeping requirements.

4. Termination and Rights on Termination. This Agreement shall terminate upon the occurrence of any of the following events:

4.1 Death. Upon the death of Executive, the Company shall, within thirty (30) days of receiving notice of such death, pay Executive's estate or its nominee all salary and other compensation hereunder, then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of death. In addition, the Company shall pay Executive's estate, or its nominee, at the time or times otherwise payable under the terms of this Agreement, all salary and accrued benefits that would have been payable hereunder by the Company to Executive during the one-year period immediately following Executive's death. Any payment due under this Section 4.1 may be funded by one or more policies of life insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.2 Disability. Upon the mental or physical Disability (as such term is defined below) of Executive, the Company shall, within thirty (30) days following the determination of Disability, pay Executive or his nominee all salary then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of determination. In addition, the Company shall pay all salary and accrued benefits that would have been payable hereunder by the Company to Executive (or his nominee) during the one-year period immediately following Executive's disability. For purposes of this Agreement, "Disability" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Executive from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period. Any payment due under this Section 4.2 may be funded by one or more policies of disability insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.3 Termination by the Company for Cause. Upon delivery by the Board to Executive of a written notice terminating this Agreement for Cause (as such term is defined below), which notice shall be supported by a reasonably detailed statement of the relevant facts and reasons for termination, the Company shall, within thirty (30) days following such termination, pay Executive or his nominee all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or any accrued vacation pay or bonuses. For purposes of this Agreement, "Cause" shall mean:

(a) Executive shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(b) Executive shall have materially breached this Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(c) Executive shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board of Directors, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(d) Executive shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

4.4 Termination by the Company Without Cause. In the event the Board delivers to Executive a written notice terminating Executive's employment under this Agreement for any reason without Cause, the Company shall continue to pay Executive or his nominee all salary, benefits, bonuses and other compensation that would be due hereunder through the end of the Term of this Agreement had the Company not terminated Executive's employment, but in any event not less than one-year after the date of such termination, with such amounts payable in accordance with the Company's standard payroll.

4.5 Voluntary Termination by Executive . Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for any reason without Good Reason, within thirty (30) days following the effective date of termination, the Company shall pay Executive or his nominee all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or any accrued vacation pay or bonuses.

4.6 Termination by Executive for Good Reason. Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for Good Reason (as such term is defined below), the Company shall pay Executive or his nominee such amounts in such manner as provided for in Section 4.4 hereof. For purposes of this Agreement, "Good Reason" shall mean:

(a) The assignment of Executive to any duties inconsistent with, or any adverse change in, Executive's positions, duties, responsibilities, functions or status with the Company, or the removal of Executive from, or failure to reelect Executive to, any of such positions; *provided, however,* that a change in Executive's positions, duties, responsibilities, functions or status that Executive shall agree to in writing shall not be an event of Good Reason or give rise to termination under this Section 4.6;

(b) A reduction by the Company of Executive's Base Salary without his written consent;

(c) The failure by the Company to continue in effect for Executive any material benefit provided herein or otherwise available to any of the management executives of the Company, including without limitation, any retirement, pension or incentive plans, life, accident, disability or health insurance plans, equity or cash bonus plans or savings and profit sharing plans, or any action by the Company which would adversely affect Executive's participation in or reduce Executive's benefits under any of such plans or deprive Executive of any fringe benefit enjoyed by Executive; or

(d) Any other material breach by the Company of this Agreement which is not cured within twenty (20) days of delivery of written notice thereof by Executive to the Company.

4.7 Effect of Termination; Executive's Stock Options.

(a) All rights and obligations of the Company and Executive under this Agreement shall cease as of the effective date of termination, except that the obligations of the Company under this Section 4 and Executive's obligations under Sections 5 and 6 hereof shall survive such termination in accordance with their respective terms.

(b) In addition, notwithstanding anything to the contrary contained herein or in any agreement with respect thereto, (i) upon termination of Executive's employment pursuant to Sections 4.3 or 4.5 (termination with Cause or voluntary termination without Good Reason) all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company, shall stock opt to the extent not then fully vested, immediately terminate and revert to the Company, (ii) upon termination of Executive's employment pursuant to Section 4.4 or Section 4.6 (termination without Cause or voluntary termination with Good Reason), all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company shall, remain in full force and effect and shall not be affected by such termination, and shall continue to vest based upon the organizational performance goals set forth in Exhibit B, and (iii) upon termination of Executive's employment pursuant to Section 4.1 or Section 4.2 (Executive's death or Disability), all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company shall, to the extent not then fully vested, immediately become fully vested.

4.8 No Termination by Merger; Transfer of Assets or Dissolution . This Agreement shall not be terminated by any dissolution of the Company resulting from either merger or consolidation in which the Company is not the consolidated or surviving corporation or other entity or transfer of all or substantially all of the assets of the Company. In such event, the rights, benefits and obligations herein shall automatically be deemed to be assigned to the surviving or resulting corporation or other entity or to the transferee of the assets, as the case may be, with the consent of Executive.

4.9 Non-Disparagement. During the Term and at all times thereafter, Executive agrees not to make or solicit or encourage others to make or solicit directly or indirectly any disparaging, derogatory or negative statement or communication, oral or written, about the Company or its business practices, programs, products, services, operations, policies, activities, current or former officers, directors, managerial personnel, or other employees, or its customers to any other person or entity; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process or to the extent made in connection with filing or asserting any claims relating to employment. The Company agrees not to make any disparaging, derogatory or negative statement or communication, oral or written, about Executive; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process. Notwithstanding anything herein to the contrary, nothing in this Section 4.11 shall prevent any party to this Agreement from exercising its or his authority or enforcing its or his rights or remedies hereunder or that such party may otherwise be entitled to enforce or assert under another agreement or applicable law, or limit such rights or remedies in any way.

5. Restriction on Competition.

5.1 Covenant Not to Compete. During the Term of this Agreement and for a period of twelve (12) months from the termination of this Agreement, Executive shall not, without the prior written consent of the Company, either directly or indirectly, for himself or on behalf of or in conjunction with any other Person if such activities would necessarily involve the disclosure or use of any of the Company's trade secrets, confidential or other proprietary information (i) own, manage, operate, control, be employed by, participate in, render services to, or be associated in any manner with the ownership, management, operation or control of, any business similar to the type of business conducted by the Company or any of its Affiliates within any of the geographic territories in which the Company or any of its Affiliates conducts business, (ii) solicit business of the same or similar type being carried on by the Company or any of its Affiliates from any Person known by Executive to be a customer of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person during and by reason of Executive's employment with the Company, or (iii) endeavor or attempt in any way to interfere with or induce a breach of any contractual relationship that the Company or any of its Affiliates may have with any employee, customer, contractor, supplier, representative or distributor.

5.2 No Breach for Activities Deemed Not Competitive. It is further agreed that, in the event that Executive shall cease to be employed by the Company and enter into a business or pursue other activities that, at such time, are not in competition with the Company or any of its Affiliates, Executive shall not be chargeable with a violation of this Section 5 if the Company subsequently enters the same (or a similar) competitive business or activity. In addition, if Executive has no actual knowledge that his actions violate the terms of this Section 5, Executive shall not be deemed to have breached the restrictive covenants contained herein if, promptly after being notified by the Company of such breach, Executive ceases the prohibited actions.

5.3 Severability. The covenants in this Section 5 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Section 5 relating to the time period or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction to exceed the maximum time period or geographic area, as applicable, that such court deems reasonable and enforceable, such time period or geographic area shall be deemed to be, and thereafter shall become, the maximum time period or largest geographic area that such court deems reasonable and enforceable and this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

5.4 Fair and Reasonable. Executive has carefully read and considered the provisions of this Section 5 and, having done so, agrees that the restrictive covenants in this Section 5 impose a fair and reasonable restraint on Executive and are reasonably required to protect the interests of the Company, its Affiliates and their respective officers, directors, employees and stockholders. It is further agreed that the Company and Executive intend that such covenants be construed and enforced in accordance with the changing activities, business and locations of the Company throughout the term of these covenants.

6. Confidential Information.

6.1 Confidential Information. Executive hereby agrees to hold in strict confidence and not to disclose to any third party, other than employees and agents of the Company or persons retained by the Company to represent its interests, any of the valuable, confidential and proprietary business, financial, technical, economic, sales and/or other types of proprietary business information relating to the Company or any of its Affiliates (including all trade secrets) in whatever form, whether oral, written, or electronic (collectively, the "Confidential Information"), to which Executive has, or is given (or has had or been given), access during the course of his employment with the Company. It is agreed that the Confidential Information is confidential and proprietary to the Company because such Confidential Information encompasses technical know-how, trade secrets, or technical, financial, organizational, sales or other valuable aspects of the business and trade of the Company or its Affiliates, including without limitation, technologies, products, processes, plans, clients, personnel, operations and business activities. This restriction shall not apply to any Confidential Information that (a) becomes known generally to the public through no fault of the Executive, (b) is required by applicable law, legal process, or any order or mandate of a court or other governmental authority to be disclosed, or (c) is reasonably believed by Executive, based upon the advice of legal counsel, to be required to be disclosed in defense of a lawsuit or other legal or administrative action brought against Executive; *provided, however,* that in the case of clause (b) or (c), Executive shall give the Company reasonable advance written notice of the Confidential Information intended to be disclosed and the reasons and circumstances surrounding such disclosure, in order to permit the Company to seek a protective order or other appropriate request for confidential treatment of the applicable Confidential Information.

6.2 Return of Company Property. In the event of termination of Executive's employment with the Company for whatever reason or no reason, (a) Executive agrees not to copy, make known, disclose or use, any of the Confidential Information without the Company's prior written consent, and (b) Executive or Executive's personal representative shall return to the Company (i) all Confidential Information, (ii) all other records, designs, patents, business plans, financial statements, manuals, memoranda, lists, correspondence, reports, records, charts, advertising materials and other data or property delivered to or compiled by Executive by or on behalf of the Company or its respective representatives, vendors or customers that pertain to the business of the Company or any of its Affiliates, whether in paper, electronic or other form, and (iii) all keys, credit cards, vehicles and other property of the Company. Executive shall not retain or cause to be retained any copies of the foregoing. Executive hereby agrees that all of the foregoing shall be and remain the property of the Company and the applicable Affiliates and be subject at all times to their discretion and control.

7. Corporate Opportunities.

7.1 Duty to Notify. During the Term of this Agreement, in the event that Executive shall become aware of any business opportunity related to the business of the Company, Executive shall promptly notify the Board of Directors of such opportunity. Executive shall not appropriate for himself or for any other Person other than the Company (or any Affiliate) any such opportunity unless, as to any particular opportunity, the Board of Directors fails to take appropriate action within thirty (30) days. Executive's duty to notify the Board of Directors and to refrain from appropriating all such opportunities for thirty (30) days shall neither be limited by, nor shall such duty limit, the application of the general laws relating to the fiduciary duties of an agent or employee.

7.2 Failure to Notify. In the event that Executive fails to notify the Board of Directors or so appropriates any such opportunity without the express written consent of the Board of Directors, Executive shall be deemed to have violated the provisions of this Section notwithstanding the following:

(a) The capacity in which Executive shall have acquired such opportunity; or

(b) The probable success in the hands of the Company of such opportunity.

8. No Prior Agreements. Executive hereby represents and warrants to the Company that the execution of this Agreement by Executive, his employment by the Company, and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer or any other Person. Further, Executive agrees to indemnify and hold harmless the Company and its officers, directors and representatives for any claim, including, but not limited to, reasonable attorneys' fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy or other agreement between Executive and such third party that was in existence as of the effective date of this Agreement. To the extent that Executive had any oral or written employment agreement or understanding with the Company, this Agreement shall automatically supersede such agreement or understanding, and upon execution of this Agreement by Executive and the Company, such prior agreement or understanding automatically shall be deemed to have been terminated and shall be null and void.

9. Representation. Executive acknowledges that he (a) has reviewed this Agreement in its entirety, (b) has had an opportunity to obtain the advice of separate legal counsel prior to executing this Agreement, and (c) fully understands all provisions of this Agreement.

10. Assignment: Binding Effect. Executive understands that he has been selected for employment by the Company on the basis of his personal qualifications, experience and skills. Executive agrees, therefore, that he cannot assign or delegate all or any portion of his performance under this Agreement. This Agreement may not be assigned or transferred by the Company without the prior written consent of Executive. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns. Notwithstanding the foregoing, if Executive accepts employment with an Affiliate, unless Executive and his new employer agree otherwise in writing, this Agreement shall automatically be deemed to have been assigned to such new employer (which shall thereafter be an additional or substitute beneficiary of the covenants contained herein, as appropriate), with the consent of Executive, such assignment shall be considered a condition of employment by such new employer, and references to the "Company" in this Agreement shall be deemed to refer to such new employer.

11. Complete Agreement; Waiver: Amendment . Executive has no oral representations, understandings or agreements with the Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement is the final, complete and exclusive statement and expression of the agreement between the Company and Executive with respect to the subject matter hereof and thereof, and cannot be varied, contradicted, or supplemented by evidence of any prior or contemporaneous oral or written agreements. This Agreement may not be later modified except by a further writing signed by a duly authorized officer of the Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

12. Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be given or made by personally delivering the same to or sending the same by prepaid certified or registered mail, return receipt requested, or by reputable overnight courier, or by facsimile machine to the party to which it is directed at the address set out on the signature page to this Agreement, with copies to counsel as indicated, or at such other address as such party shall have specified by written notice to the other party as provided in this Section, and shall be deemed to be given if delivered personally at the time of delivery, or if sent by certified or registered mail as herein provided three (3) days after the same shall have been posted, or if sent by reputable overnight courier upon receipt, or if sent by facsimile machine as soon as the sender receives written or telephonic confirmation that the facsimile was received by the recipient and such facsimile is followed the same day by mailing by prepaid first class mail.

13. Severability: Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid and inoperative. This severability provision shall be in addition to, and not in place of, the provisions of Section 5.3 above. The Sections headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of this Agreement or of any part hereof.

14. Equitable Remedy. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the restrictive covenants set forth in Sections 5 and 6 hereof, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company or Executive at law or in equity, the Company or Executive shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach of the aforementioned restrictive covenants.

15. Arbitration. Any unresolved dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted in accordance with the rules of the American Arbitration Association then in effect. The arbitrators shall not have the authority to add to, detract from, or modify any provision hereof nor to award punitive damages to any injured party. A decision by a majority of the arbitration panel shall be final and binding. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Notwithstanding the foregoing, the Company shall be entitled to seek injunctive or other equitable relief, as contemplated by Section 14 hereof, from any court of competent jurisdiction, without the need to resort to arbitration. Should judicial proceedings be commenced to enforce or carry out this provision or any arbitration award, the prevailing party in such proceedings shall be entitled to reasonable attorneys' fees and costs in addition to other relief.

16. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of California, without regard to its conflict of flaws principles.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties to this Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

18. Signatures. The parties shall be entitled to rely upon and enforce a facsimile of any authorized signatures as if it were the original.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

CV SCIENCES, INC.

By: /s/ Michael Mona, Jr.
Name (print): Michael Mona, Jr.
Its: President and Chief Executive Officer

Address for Notices:

2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

EXECUTIVE:

JOSEPH DOWLING

(sign): /s/ Joseph Dowling

Address for Notices:

2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

Exhibit A

2016 Performance Goals

Consumer Products Division

- Achieve 90% of revenue target
- Launch four new products in Consumer Products division
- Achieve distribution in 850 Natural Product stores

Drug Development Division

- Preclinical plan developed and completed
- Pre IND meeting completed
- IND ready for submission

Corporate Goals

- Begin “up list” process with NYSE-MKT or Nasdaq
- Complete new financing ($5-$10M range) - repay existing $3M debt and provide working capital
- Address Item 9 Controls from 2015 10-K, including implementation of the 2013 version of the 1992 COSO Framework

Exhibit B

Performance Criteria and Percentage Allocation for Option Vesting

- 250,000 options the first time the Company completes development of a U.S. Food & Drug Administration ("FDA") current good manufacturing practice grade batch of successfully synthetically formulated CBD for use in drug development activities;

- 250,000 options the first time the Company files an investigational new drug application with the FDA in connection with a development program utilizing CBD as the active pharmaceutical ingredient (a "CBD Drug Product");

- 250,000 options the first time the Company commences a Phase I clinical trial as authorized by the FDA for a CBD Drug Product; and

- 250,000 options the first time the Company commences a Phase II clinical trial as authorized by the FDA for a CBD Drug Product.

Subject to acceleration of vesting as provided in Section 2.3(c) and Section 4.7(b).

Exhibit 10.3

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of July 6, 2016 (the "Effective Date"), by and between CV SCIENCES, INC., a Delaware corporation (the "Company"), and MICHAEL MONA III ("Executive").

Recitals

A . The Company operates two distinct business segments: a specialty pharmaceutical division focused on developing and commercializing novel therapeutics utilizing synthetic Cannabidiol ("CBD"); and, a consumer product division in manufacturing, marketing and selling plant-based CBD product to a range of market sectors.

B . Executive is the Chief Operating Officer of the Company, and Executive and the Company desire to set forth the terms and conditions of the Executive's employment by the Company.

Agreement

NOW, THEREFORE, in consideration of these premises, the mutual covenants and agreements of the parties hereunder, and for other good and valuable consideration the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Employment and Duties.

1.1 Position. The Company hereby employs Executive, and Executive hereby accepts employment with the Company, as Chief Operating Officer of the Company.

1.2 Duties. Executive agrees to devote his best efforts, and shall have primary responsibility within the Company to act as the senior operations executive of the Company. Executive shall perform his duties in a trustworthy, businesslike and loyal manner.

1.3 Reporting. Executive shall report to the Chief Executive Officer.

1.4 Place of Employment. Executive shall perform his services hereunder at the Company's Las Vegas, NV and San Diego, CA offices. Executive's primary office shall be in San Diego, CA, however, Executive shall spend a portion of his time in the Company's primary office for operations and for certain executive functions of the Company located in Las Vegas, NV.

1.5 Change of Duties. The duties of Executive may reasonably be modified from time to time by the mutual consent of the Company and Executive without resulting in a rescission of this Agreement. The mutual written consent of the Company and Executive shall constitute execution of that modification. Notwithstanding any such change, the employment of Executive shall be construed as continuing under this Agreement as so modified.

1.6 Devotion of Time to Company's Business. During the Term of this Agreement (as such term is defined in Section 1.7 hereof), Executive agrees (i) to devote substantially all of his productive time, ability and attention to the business of the Company during normal working hours, (ii) not to engage in any other business duties or business pursuits whatsoever which conflict with his duties to the Company, (iii) whether directly or indirectly, not to render any services of a commercial or professional nature to any individual, trust, partnership, company, corporation, business, organization, group or other entity (each, a "Person") which conflict with his duties to the Company, whether for compensation or otherwise, without the prior written consent of the Board of Directors, and (iv) whether directly or indirectly, not to acquire, hold or retain more than a one percent (1%) interest in any business competing with or similar in nature to the business of the Company or any of its Affiliates (as such term is defined *below); provided, however,* the expenditure of reasonable amounts of time for other matters and charitable, educational and professional activities or, subject to the foregoing, the making of passive personal investments shall not be deemed a breach of this Agreement or require the prior written consent of the Company if those activities do not materially interfere with the services required of Executive under this Agreement. For purposes of this Agreement, "Affiliates" shall mean any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company.

1.7 Term. Unless sooner terminated as provided in Section 4 hereof, the term of this Agreement shall commence on the Effective Date and shall continue through December 31, 2018 (the "Term"). The Company and Executive shall consult on extension of the Term as soon as reasonably practicable in the month of September 2018 but neither the Company nor Executive shall be under any obligation to extend the Term. The Term, together with any extensions or renewal terms shall be referred to in this Agreement as the "Term of this Agreement."

1.8 Observance of Company Rules. Regulations and Policies. Executive shall duly, punctually and faithfully perform and observe any and all rules, regulations and policies which the Company may now or hereafter reasonably establish governing the conduct of its business or its employees to the extent such rules, regulations and policies are not in conflict with this Agreement. Executive shall promptly provide written notice to the Board of Directors of any such apparent conflict of which Executive becomes aware.

1.9 Intellectual Property. Executive hereby assigns and agrees to assign in the future to the Company all Executive's right, title and interest in and to any and all such work products and designs (whether or not patentable or registerable under copyright or similar statutes) made or conceived or reduced to practice or learned by Executive, either individually or jointly with others, during Executive's employment with the Company ("Intellectual Property").

2. Compensation.

2.1 Base Salary. During the Term of this Agreement, the Company shall pay to Executive or his nominee an annual base salary in such amounts as the Compensation Committee of the Board of Directors (the "Compensation Committee") shall recommend to the full Board of Directors for approval (the "Base Salary") and the Base Salary for 2016 shall initially be set at $225,000, commencing on the date the Chief Executive Officer reasonably determines such increase from Executive's current salary of $180,000 is prudent, payable in accordance with the Company's standard payroll procedures in effect at the time of payment. The Company shall withhold from any payroll or other amounts payable to Executive pursuant to this Agreement all federal, state, city or other taxes and contributions as are required pursuant to any law or governmental regulation or ruling now applicable or that may be enacted and become applicable in the future.

2.2 Performance Bonuses. In addition to the Base Salary, the Company may pay to Executive, or his nominee, annual bonuses based on the Company's performance and/or Executive's performance ("Annual Bonus") as follows:

(a) Bonus based on Achievement of Annual Performance Goals . Based upon performance of the Company as reflected by satisfaction of the performance goals listed in Exhibit A, attached hereto, the Company may pay Executive, or his nominee, a bonus in addition to Base Salary in such amount as may be determined by the Board of Directors.

(b) Establishment of Annual Bonus Performance Goals. The Company may propose new performance goals for purposes of determining additional annual bonuses payable to Executive, or his nominee, in consultation with Executive.

The targeted amount of the Annual Bonus shall be 40% of Executive's then effective Base Salary; provided, however, that the payment and amount of any Annual Bonus shall be in the sole discretion of the Board of Directors.

2.3 Stock Options.

(a) The Company and Executive acknowledge that on July 6, 2016, the Board approved upon recommendation by the Compensation Committee the issuance of stock options to Executive to purchase 4,000,000 shares of the Common Stock of the Company (the "Stock Options"). The Stock Options shall be issued to Executive under applicable exemptions from securities law registration, and shall not be issued under the Company's Amended and Restated 2013 Equity Incentive Plan ("Plan"). Executive has had the opportunity to consult with his financial and tax advisors regarding the Stock Options and, particularly, the tax and other financial effect and results of Executive receiving stock options outside of the Plan.

(b) The Stock Options shall vest and become exercisable solely upon achievement of the organizational performance goals set forth in Exhibit B attached hereto, or as more particularly set forth in Section 4.7 hereof.

(c) In the event of a sale of the Company or other change of control transaction (as customarily defined and set forth in Executive's Stock Option Grant to be delivered concurrently herewith), or upon a Disposition Event, as defined under the Agreement and Plan of Reorganization dated December 30, 2015 by and among CannaVest Corp., CannaVest Merger Sub, Inc., CannaVest Acquisition LLC, CanX, Inc. and The Starwood Trust, the Stock Options shall immediately vest and become exercisable.

2.4 Incentive Plans. In addition to all other benefits and compensation provided by this Agreement, Executive shall be eligible to participate in such of the Company's equity, compensation and incentive plans as are generally available to any of the management executives of the Company, including without limitation any executive and performance bonus or incentive plans.

2.5 Vacation. Executive shall be entitled to such annual vacation time with full pay as the Company may provide in its standard policies and practices for any other management executives; *provided, however,* that in any event Executive shall be entitled to a minimum of twenty (20) days annual paid vacation time exclusive of holidays.

2.6 Directors and Officers Liability Insurance. Executive shall be entitled to participation in, and have the benefit of directors' and officers' liability insurance providing coverage consistent with standards in the life science industry.

2.7 Term Life Insurance. The Company shall pay directly to the insurance carrier the cost of premiums due on a term life insurance in the amount of $5,000,000, with such beneficiary or beneficiaries thereunder as may be designated from time to time by Executive. The Company shall reimburse Executive all amounts to maintain such policy in full force and effect during the Term of this Agreement.

2.8 Disability Insurance. The Company shall procure and maintain a disability insurance policy and the Company shall pay the premiums due on such policy and maintain such policy in full force and effect during the Term of this Agreement.

2.9 Outside Counsel for Executive. In order for Executive to have the benefit of counsel to advise and counsel Executive with respect to this Agreement, the Company shall pay the reasonable attorneys' fees and expenses incurred by Executive in connection with such advice and counsel and the drafting and execution of this Agreement.

2.10 Other Benefits. Executive shall participate in and have the benefits of all present and future vacation, holiday, paid leave, unpaid leave, life, accident, disability, dental, vision and health insurance plans, pension, profit-sharing and savings plans and all other plans and benefits which the Company now or in the future from time to time makes available to any of its management executives.

2.11 Withholding. The parties shall comply with all applicable legal withholding requirements in connection with all regular monthly and/or bi-monthly compensation payable to Executive hereunder.

3 . Expense Reimbursement. The Company shall reimburse Executive for all business travel and other out-of-pocket expenses reasonably incurred by Executive in the course of performing his duties under this Agreement. All reimbursable expenses shall be appropriately documented and shall be in reasonable detail and in a format and manner consistent with the Company's expense reporting policy, as well as applicable federal and state tax record keeping requirements.

4. Termination and Rights on Termination. This Agreement shall terminate upon the occurrence of any of the following events:

4.1 Death. Upon the death of Executive, the Company shall, within thirty (30) days of receiving notice of such death, pay Executive's estate or its nominee all salary and other compensation hereunder, then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of death. In addition, the Company shall pay Executive's estate, or its nominee, at the time or times otherwise payable under the terms of this Agreement, all salary and accrued benefits that would have been payable hereunder by the Company to Executive during the one-year period immediately following Executive's death. Any payment due under this Section 4.1 may be funded by one or more policies of life insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.2 Disability. Upon the mental or physical Disability (as such term is defined below) of Executive, the Company shall, within thirty (30) days following the determination of Disability, pay Executive or his nominee all salary then due and payable and all accrued vacation pay and bonuses, if any, in each case payable or accrued through the date of determination. In addition, the Company shall pay all salary and accrued benefits that would have been payable hereunder by the Company to Executive (or his nominee) during the one-year period immediately following Executive's disability. For purposes of this Agreement, "Disability" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Executive from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period. Any payment due under this Section 4.2 may be funded by one or more policies of disability insurance to be purchased by the Company and which provide for a benefit in the amount payable to Executive as beneficiary under such policy or policies equal to that due Executive under this Section. In the event the Company purchases such policy or policies and thereafter maintains such policy or policies in continuous and full force and effect during the term hereof, then Executive agrees to look solely to such policy or policies for payment of any amount due hereunder; provided, however, that in the event the Company does not purchase such policy or policies and thereafter maintain such policy or policies in continuous and full force and effect during term hereof, then the Company shall be directly and fully obligated to Executive for such payment.

4.3 Termination by the Company for Cause. Upon delivery by the Board to Executive of a written notice terminating this Agreement for Cause (as such term is defined below), which notice shall be supported by a reasonably detailed statement of the relevant facts and reasons for termination, the Company shall, within thirty (30) days following such termination, pay Executive or his nominee all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or any accrued vacation pay or bonuses. For purposes of this Agreement, "Cause" shall mean:

(a) Executive shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(b) Executive shall have materially breached this Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(c) Executive shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board of Directors, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(d) Executive shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

4.4 Termination by the Company Without Cause. In the event the Board delivers to Executive a written notice terminating Executive's employment under this Agreement for any reason without Cause, the Company shall continue to pay Executive or his nominee all salary, benefits, bonuses and other compensation that would be due hereunder through the end of the Term of this Agreement had the Company not terminated Executive's employment, but in any event not less than one-year after the date of such termination, with such amounts payable in accordance with the Company's standard payroll.

4.5 Voluntary Termination by Executive . Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for any reason without Good Reason, within thirty (30) days following the effective date of termination, the Company shall pay Executive or his nominee all salary then due and payable through the date of termination. Executive shall not be entitled to any severance compensation or any accrued vacation pay or bonuses.

4.6 Termination by Executive for Good Reason. Thirty (30) days after delivery by Executive to the Company of a written notice terminating this Agreement for Good Reason (as such term is defined below), the Company shall pay Executive or his nominee such amounts in such manner as provided for in Section 4.4 hereof. For purposes of this Agreement, "Good Reason" shall mean:

(a) The assignment of Executive to any duties inconsistent with, or any adverse change in, Executive's positions, duties, responsibilities, functions or status with the Company, or the removal of Executive from, or failure to reelect Executive to, any of such positions; *provided, however,* that a change in Executive's positions, duties, responsibilities, functions or status that Executive shall agree to in writing shall not be an event of Good Reason or give rise to termination under this Section 4.6;

(b) A reduction by the Company of Executive's Base Salary without his written consent;

(c) The failure by the Company to continue in effect for Executive any material benefit provided herein or otherwise available to any of the management executives of the Company, including without limitation, any retirement, pension or incentive plans, life, accident, disability or health insurance plans, equity or cash bonus plans or savings and profit sharing plans, or any action by the Company which would adversely affect Executive's participation in or reduce Executive's benefits under any of such plans or deprive Executive of any fringe benefit enjoyed by Executive; or

(d) Any other material breach by the Company of this Agreement which is not cured within twenty (20) days of delivery of written notice thereof by Executive to the Company.

4.7 Effect of Termination; Executive's Stock Options.

(a) All rights and obligations of the Company and Executive under this Agreement shall cease as of the effective date of termination, except that the obligations of the Company under this Section 4 and Executive's obligations under Sections 5 and 6 hereof shall survive such termination in accordance with their respective terms.

(b) In addition, notwithstanding anything to the contrary contained herein or in any agreement with respect thereto, (i) upon termination of Executive's employment pursuant to Sections 4.3 or 4.5 (termination with Cause or voluntary termination without Good Reason) all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company, shall stock opt to the extent not then fully vested, immediately terminate and revert to the Company, (ii) upon termination of Executive's employment pursuant to Section 4.4 or Section 4.6 (termination without Cause or voluntary termination with Good Reason), all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company shall, remain in full force and effect and shall not be affected by such termination, and shall continue to vest based upon the organizational performance goals set forth in Exhibit B, and (iii) upon termination of Executive's employment pursuant to Section 4.1 or Section 4.2 (Executive's death or Disability), all Stock Options, other equity options, restricted equity grants and similar rights held by Executive with respect to securities of the Company shall, to the extent not then fully vested, immediately become fully vested.

4.8 No Termination by Merger; Transfer of Assets or Dissolution . This Agreement shall not be terminated by any dissolution of the Company resulting from either merger or consolidation in which the Company is not the consolidated or surviving corporation or other entity or transfer of all or substantially all of the assets of the Company. In such event, the rights, benefits and obligations herein shall automatically be deemed to be assigned to the surviving or resulting corporation or other entity or to the transferee of the assets, as the case may be, with the consent of Executive.

4.9 Non-Disparagement. During the Term and at all times thereafter, Executive agrees not to make or solicit or encourage others to make or solicit directly or indirectly any disparaging, derogatory or negative statement or communication, oral or written, about the Company or its business practices, programs, products, services, operations, policies, activities, current or former officers, directors, managerial personnel, or other employees, or its customers to any other person or entity; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process or to the extent made in connection with filing or asserting any claims relating to employment. The Company agrees not to make any disparaging, derogatory or negative statement or communication, oral or written, about Executive; *provided, however*, that such restriction shall not prohibit truthful testimony compelled by valid legal process. Notwithstanding anything herein to the contrary, nothing in this Section 4.11 shall prevent any party to this Agreement from exercising its or his authority or enforcing its or his rights or remedies hereunder or that such party may otherwise be entitled to enforce or assert under another agreement or applicable law, or limit such rights or remedies in any way.

5. Restriction on Competition.

5.1 Covenant Not to Compete. During the Term of this Agreement and for a period of twelve (12) months from the termination of this Agreement, Executive shall not, without the prior written consent of the Company, either directly or indirectly, for himself or on behalf of or in conjunction with any other Person if such activities would necessarily involve the disclosure or use of any of the Company's trade secrets, confidential or other proprietary information (i) own, manage, operate, control, be employed by, participate in, render services to, or be associated in any manner with the ownership, management, operation or control of, any business similar to the type of business conducted by the Company or any of its Affiliates within any of the geographic territories in which the Company or any of its Affiliates conducts business, (ii) solicit business of the same or similar type being carried on by the Company or any of its Affiliates from any Person known by Executive to be a customer of the Company or any of its Affiliates, whether or not Executive had personal contact with such Person during and by reason of Executive's employment with the Company, or (iii) endeavor or attempt in any way to interfere with or induce a breach of any contractual relationship that the Company or any of its Affiliates may have with any employee, customer, contractor, supplier, representative or distributor.

5.2 No Breach for Activities Deemed Not Competitive. It is further agreed that, in the event that Executive shall cease to be employed by the Company and enter into a business or pursue other activities that, at such time, are not in competition with the Company or any of its Affiliates, Executive shall not be chargeable with a violation of this Section 5 if the Company subsequently enters the same (or a similar) competitive business or activity. In addition, if Executive has no actual knowledge that his actions violate the terms of this Section 5, Executive shall not be deemed to have breached the restrictive covenants contained herein if, promptly after being notified by the Company of such breach, Executive ceases the prohibited actions.

5.3 Severability. The covenants in this Section 5 are severable and separate, and the unenforceability of any specific covenant shall not affect the provisions of any other covenant. If any provision of this Section 5 relating to the time period or geographic area of the restrictive covenants shall be declared by a court of competent jurisdiction to exceed the maximum time period or geographic area, as applicable, that such court deems reasonable and enforceable, such time period or geographic area shall be deemed to be, and thereafter shall become, the maximum time period or largest geographic area that such court deems reasonable and enforceable and this Agreement shall automatically be considered to have been amended and revised to reflect such determination.

5.4 Fair and Reasonable. Executive has carefully read and considered the provisions of this Section 5 and, having done so, agrees that the restrictive covenants in this Section 5 impose a fair and reasonable restraint on Executive and are reasonably required to protect the interests of the Company, its Affiliates and their respective officers, directors, employees and stockholders. It is further agreed that the Company and Executive intend that such covenants be construed and enforced in accordance with the changing activities, business and locations of the Company throughout the term of these covenants.

6. Confidential Information.

6.1 Confidential Information. Executive hereby agrees to hold in strict confidence and not to disclose to any third party, other than employees and agents of the Company or persons retained by the Company to represent its interests, any of the valuable, confidential and proprietary business, financial, technical, economic, sales and/or other types of proprietary business information relating to the Company or any of its Affiliates (including all trade secrets) in whatever form, whether oral, written, or electronic (collectively, the "Confidential Information"), to which Executive has, or is given (or has had or been given), access during the course of his employment with the Company. It is agreed that the Confidential Information is confidential and proprietary to the Company because such Confidential Information encompasses technical know-how, trade secrets, or technical, financial, organizational, sales or other valuable aspects of the business and trade of the Company or its Affiliates, including without limitation, technologies, products, processes, plans, clients, personnel, operations and business activities. This restriction shall not apply to any Confidential Information that (a) becomes known generally to the public through no fault of the Executive, (b) is required by applicable law, legal process, or any order or mandate of a court or other governmental authority to be disclosed, or (c) is reasonably believed by Executive, based upon the advice of legal counsel, to be required to be disclosed in defense of a lawsuit or other legal or administrative action brought against Executive; *provided, however,* that in the case of clause (b) or (c), Executive shall give the Company reasonable advance written notice of the Confidential Information intended to be disclosed and the reasons and circumstances surrounding such disclosure, in order to permit the Company to seek a protective order or other appropriate request for confidential treatment of the applicable Confidential Information.

6.2 Return of Company Property. In the event of termination of Executive's employment with the Company for whatever reason or no reason, (a) Executive agrees not to copy, make known, disclose or use, any of the Confidential Information without the Company's prior written consent, and (b) Executive or Executive's personal representative shall return to the Company (i) all Confidential Information, (ii) all other records, designs, patents, business plans, financial statements, manuals, memoranda, lists, correspondence, reports, records, charts, advertising materials and other data or property delivered to or compiled by Executive by or on behalf of the Company or its respective representatives, vendors or customers that pertain to the business of the Company or any of its Affiliates, whether in paper, electronic or other form, and (iii) all keys, credit cards, vehicles and other property of the Company. Executive shall not retain or cause to be retained any copies of the foregoing. Executive hereby agrees that all of the foregoing shall be and remain the property of the Company and the applicable Affiliates and be subject at all times to their discretion and control.

7. Corporate Opportunities.

7.1 Duty to Notify. During the Term of this Agreement, in the event that Executive shall become aware of any business opportunity related to the business of the Company, Executive shall promptly notify the Board of Directors of such opportunity. Executive shall not appropriate for himself or for any other Person other than the Company (or any Affiliate) any such opportunity unless, as to any particular opportunity, the Board of Directors fails to take appropriate action within thirty (30) days. Executive's duty to notify the Board of Directors and to refrain from appropriating all such opportunities for thirty (30) days shall neither be limited by, nor shall such duty limit, the application of the general laws relating to the fiduciary duties of an agent or employee.

7.2 Failure to Notify. In the event that Executive fails to notify the Board of Directors or so appropriates any such opportunity without the express written consent of the Board of Directors, Executive shall be deemed to have violated the provisions of this Section notwithstanding the following:

(a) The capacity in which Executive shall have acquired such opportunity; or

(b) The probable success in the hands of the Company of such opportunity.

8. No Prior Agreements. Executive hereby represents and warrants to the Company that the execution of this Agreement by Executive, his employment by the Company, and the performance of his duties hereunder will not violate or be a breach of any agreement with a former employer or any other Person. Further, Executive agrees to indemnify and hold harmless the Company and its officers, directors and representatives for any claim, including, but not limited to, reasonable attorneys' fees and expenses of investigation, of any such third party that such third party may now have or may hereafter come to have against the Company or such other persons, based upon or arising out of any non-competition agreement, invention, secrecy or other agreement between Executive and such third party that was in existence as of the effective date of this Agreement. To the extent that Executive had any oral or written employment agreement or understanding with the Company, this Agreement shall automatically supersede such agreement or understanding, and upon execution of this Agreement by Executive and the Company, such prior agreement or understanding automatically shall be deemed to have been terminated and shall be null and void.

9. Representation. Executive acknowledges that he (a) has reviewed this Agreement in its entirety, (b) has had an opportunity to obtain the advice of separate legal counsel prior to executing this Agreement, and (c) fully understands all provisions of this Agreement.

10. Assignment: Binding Effect. Executive understands that he has been selected for employment by the Company on the basis of his personal qualifications, experience and skills. Executive agrees, therefore, that he cannot assign or delegate all or any portion of his performance under this Agreement. This Agreement may not be assigned or transferred by the Company without the prior written consent of Executive. Subject to the preceding two sentences, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns. Notwithstanding the foregoing, if Executive accepts employment with an Affiliate, unless Executive and his new employer agree otherwise in writing, this Agreement shall automatically be deemed to have been assigned to such new employer (which shall thereafter be an additional or substitute beneficiary of the covenants contained herein, as appropriate), with the consent of Executive, such assignment shall be considered a condition of employment by such new employer, and references to the "Company" in this Agreement shall be deemed to refer to such new employer.

11. Complete Agreement; Waiver: Amendment . Executive has no oral representations, understandings or agreements with the Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement is the final, complete and exclusive statement and expression of the agreement between the Company and Executive with respect to the subject matter hereof and thereof, and cannot be varied, contradicted, or supplemented by evidence of any prior or contemporaneous oral or written agreements. This Agreement may not be later modified except by a further writing signed by a duly authorized officer of the Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

12. Notices. All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be given or made by personally delivering the same to or sending the same by prepaid certified or registered mail, return receipt requested, or by reputable overnight courier, or by facsimile machine to the party to which it is directed at the address set out on the signature page to this Agreement, with copies to counsel as indicated, or at such other address as such party shall have specified by written notice to the other party as provided in this Section, and shall be deemed to be given if delivered personally at the time of delivery, or if sent by certified or registered mail as herein provided three (3) days after the same shall have been posted, or if sent by reputable overnight courier upon receipt, or if sent by facsimile machine as soon as the sender receives written or telephonic confirmation that the facsimile was received by the recipient and such facsimile is followed the same day by mailing by prepaid first class mail.

13. Severability: Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid and inoperative. This severability provision shall be in addition to, and not in place of, the provisions of Section 5.3 above. The Sections headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of this Agreement or of any part hereof.

14. Equitable Remedy. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the restrictive covenants set forth in Sections 5 and 6 hereof, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company or Executive at law or in equity, the Company or Executive shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach of the aforementioned restrictive covenants.

15. Arbitration. Any unresolved dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted in accordance with the rules of the American Arbitration Association then in effect. The arbitrators shall not have the authority to add to, detract from, or modify any provision hereof nor to award punitive damages to any injured party. A decision by a majority of the arbitration panel shall be final and binding. Judgment may be entered on the arbitrators' award in any court having jurisdiction. Notwithstanding the foregoing, the Company shall be entitled to seek injunctive or other equitable relief, as contemplated by Section 14 hereof, from any court of competent jurisdiction, without the need to resort to arbitration. Should judicial proceedings be commenced to enforce or carry out this provision or any arbitration award, the prevailing party in such proceedings shall be entitled to reasonable attorneys' fees and costs in addition to other relief.

16. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of California, without regard to its conflict of flaws principles.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which may be executed by less than all of the parties to this Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

18. Signatures. The parties shall be entitled to rely upon and enforce a facsimile of any authorized signatures as if it were the original.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

CV SCIENCES, INC.

By: /s/ Michael Mona, Jr.
Name (print): Michael Mona, Jr.
Its: President and Chief Executive Officer

Address for Notices:

2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

EXECUTIVE:

MICHAEL MONA III

(sign): /s/ Michael Mona III

Address for Notices:

Michael Mona III
2688 South Rainbow Boulevard, Suite B
Las Vegas, NV 89146

Exhibit A

2016 Performance Goals

Consumer Products Division

- Achieve 90% of revenue target
- Launch four new products in Consumer Products division
- Achieve distribution in 850 Natural Product stores

Drug Development Division

- Preclinical plan developed and completed
- Pre IND meeting completed
- IND ready for submission

Corporate Goals

- Begin “up list” process with NYSE-MKT or Nasdaq
- Complete new financing ($5-$10M range) - repay existing $3M debt and provide working capital
- Address Item 9 Controls from 2015 10-K, including implementation of the 2013 version of the 1992 COSO Framework

Exhibit B

Performance Criteria and Percentage Allocation for Option Vesting

- 1,000,000 options the first time the Company completes development of a U.S. Food & Drug Administration ("FDA") current good manufacturing practice grade batch of successfully synthetically formulated CBD for use in drug development activities;

- 1,000,000 options the first time the Company files an investigational new drug application with the FDA in connection with a development program utilizing CBD as the active pharmaceutical ingredient (a "CBD Drug Product");

- 1,000,000 options the first time the Company commences a Phase I clinical trial as authorized by the FDA for a CBD Drug Product; and

- 1,000,000 options the first time the Company commences a Phase II clinical trial as authorized by the FDA for a CBD Drug Product.

Subject to acceleration of vesting as provided in Section 2.3(c) and Section 4.7(b).

Exhibit 10.4

CV SCIENCES, INC.
NON-QUALIFIED STOCK OPTION AGREEMENT

This NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made and entered into as of July 6, 2016, by and between CV Sciences, Inc., a Delaware corporation (the "Company") and Michael Mona, Jr. ("Optionee").

RECITALS

A. The Company granted options to Optionee pursuant to the resolutions of the Board of Directors dated July 6, 2016 ("Grant Date") to provide an incentive to Optionee to focus on the long-term growth of the Company.

B. The parties wish to memorialize the grant and in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the parties agree as follows:

AGREEMENT

1 . Grant of Option. The Company hereby grants to Optionee the right and option (the "Option") to purchase an aggregate of 6,000,000 shares of the common stock of the Company (the "Stock") (such number being subject to adjustment as set forth herein) on the terms and conditions herein set forth. This Option may be exercised in whole or in part and from time to time as hereinafter provided. The Option granted under this Agreement is not intended to be an "incentive stock option" as set forth in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Vesting of Option.

(a) Subject to the provisions set forth in this Agreement, the Option shall vest and become exercisable in accordance with the following schedule:

(i) the first time the Company completes development of a U.S. Food & Drug Administration (“FDA”) current good manufacturing practice grade batch of successfully synthetically formulated CBD for use in drug development activities (25% vesting of the Option); and

(ii) the first time the Company files an investigational new drug application with the FDA in connection with a development program utilizing CBD as the active pharmaceutical ingredient (a “CBD Drug Product”) (25% vesting of the Option);

(iii) the first time the Company commences a Phase I clinical trial as authorized by the FDA for a CBD Drug Product (25% vesting of the Option); and

(iv) the first time the Company commences a Phase II clinical trial as authorized by the FDA for a CBD Drug Product (25% vesting of the Option).

Notwithstanding the foregoing, vesting shall accelerate upon a Disposition Event as defined under the Agreement and Plan of Reorganization dated December 30, 2015 by and among CannaVest Corp., CannaVest Merger Sub, Inc. CannaVest Acquisition LLC, CanX, Inc. and The Starwood Trust, as Shareholder Representative.

(b) Notwithstanding the foregoing, the right to exercise the Option shall accelerate automatically and vest in full (notwithstanding the provisions above) effective as of immediately prior to the consummation of the “Change in Control” (as defined below) unless this Option is to be assumed by the acquiring or successor entity (or parent thereof) or a new option or New Incentives (as defined below) are to be issued in exchange therefor, as provided in subsection (c) below.

(c) The vesting of the Option shall not accelerate if and to the extent that: (i) the Option (including the unvested portion thereof) is to be assumed by the acquiring or successor entity (or parent thereof) or a new option of comparable value is to be issued in exchange therefor pursuant to the terms of the Change in Control transaction, or (ii) the Option (including the unvested portion thereof) is to be replaced by the acquiring or successor entity (or parent thereof) with other incentives of comparable value under a new incentive program ("New Incentives") containing such terms and provisions as the Company's Board of Directors in its discretion may consider equitable. If the Option is assumed, or if a new option of comparable value is issued in exchange therefor, then the Option or the new option shall be appropriately adjusted, concurrently with the Change in Control, to apply to the number and class of securities or other property that the Optionee would have received pursuant to the Change in Control transaction in exchange for the shares issuable upon exercise of the Option had the Option been exercised immediately prior to the Change in Control, and appropriate adjustment also shall be made to the Purchase Price such that the aggregate Purchase Price of this Option or the new option shall remain the same as nearly as practicable.

(d) If the provisions of subsection (c) above apply, then the Option, the new option or the New Incentives shall continue to vest as provided above for the remainder of the term of the Option in accordance with the terms hereof. However, in the event of an Involuntary Termination (as defined below) of Optionee's service with the Company or the acquiring or successor entity (or parent thereof) within twelve (12) months following such Change in Control, then vesting of this Option, the new option or the New Incentives shall accelerate in full automatically effective upon such Involuntary Termination.

(e) "Involuntary Termination" shall mean a termination of service by reason of: (i) Optionee's involuntary dismissal or discharge by the Company, or by the acquiring or successor entity (or parent or any subsidiary thereof employing the Optionee) for reasons other than Misconduct (as defined below), or (ii) Optionee's voluntary resignation following (x) a reduction in Optionee's compensation by more than ten percent (10%), or (y) a relocation of Optionee's principal place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected without Optionee's written consent.

(f) "Misconduct" shall mean (i) the commission of any act of fraud, embezzlement or dishonesty by Optionee which affects the business of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (ii) any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (iii) the refusal or omission by the Optionee to perform any duties required of him if such duties are consistent with duties customary for the position held with the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (iv) any act or omission by the Optionee involving malfeasance or gross negligence in the performance of Optionee's duties to, or material deviation from any of the policies or directives of, the Company or the acquiring or successor entity (or parent or any subsidiary thereof), (v) conduct on the part of Optionee which constitutes the breach of any statutory or common law duty of loyalty to the Company, the acquiring or successor entity (or parent or any subsidiary thereof), or (vi) any illegal act by Optionee which materially and adversely affects the business of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), or any felony committed by Optionee, as evidenced by conviction thereof. The provisions of this paragraph shall not limit the grounds for the dismissal or discharge of Optionee or any other individual in the service of the Company, the acquiring or successor entity (or parent or any subsidiary thereof).

(g) "Change in Control" shall mean:

(i) The direct or indirect sale or transfer, in a single transaction or a series of related transactions, by the stockholders of the Company of voting securities, in which the holders of the outstanding voting securities of the Company immediately prior to such transaction or series of transactions hold, as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing less than twenty percent (20%) of the total combined voting power all outstanding voting securities of the Company or of the acquiring entity immediately after such transaction or series of related transactions;

(ii) A merger or consolidation in which the Company is not the surviving entity, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such merger or consolidation hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the surviving entity (or the parent of the surviving entity) immediately after such merger or consolidation;

(iii) A reverse merger in which the Company is the surviving entity but in which the holders of the outstanding voting securities of the Company immediately prior to such merger hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing less than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the Company or of the acquiring entity immediately after such merger; or

(iv) The sale, transfer or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such transaction(s) receive as a distribution with respect to securities of the Company, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the acquiring entity immediately after such transaction(s).

3 . Purchase Price. The price at which Optionee shall be entitled to purchase the Stock covered by the Option shall be $0.368 per share, which is the closing price of the Company's common stock on the Over The Counter Bulletin Board on July 6, 2016. the Board has determined to be the Fair Market Value (as defined herein) as of the Grant Date, which is the "Fair Market Value in accordance with the requirements set forth in Treasury Regulation Section 1.409A-1(b)(5)(iv)(B) or any successor provision thereof.

4. Term of Option. The Option granted under this Agreement shall expire, unless otherwise exercised, ten (10) years from the Grant Date ("Expiration Date"), subject to earlier termination as provided in paragraph 8 hereof.

5 . Exercise of Option. The Option may be exercised by Optionee as to all or any part of the Stock then vested by delivery to the Company of written notice of exercise in the form attached hereto as Exhibit A ("Exercise Notice") and payment of the purchase price as provided in paragraphs 6 and 7 hereof.

6. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by timely delivery of written notice to the Company or such other person as the Board shall designate, which notice shall be effective on the date received by the Company or such other person ("Effective Date"). The notice shall state Optionee's election to exercise the Option, the number of shares in respect of which an election to exercise has been made, the method of payment elected (see paragraph 7 hereof), the exact name or names in which the shares will be registered and the Social Security number of Optionee. Such notice shall be signed by Optionee and shall be accompanied by payment of the purchase price of such shares. In the event the Option shall be exercised by a person or persons other than Optionee pursuant to paragraph 8 and 14 hereof, such notice shall be signed by such other person or persons and shall be accompanied by proof acceptable to the Company of the legal right of such person or persons to exercise the Option. All shares delivered by the Company upon exercise of the Option shall be fully paid and nonassessable upon delivery. In the event the Stock purchasable pursuant to the exercise of the Option has not been registered under the Securities Act of 1933, as amended, at the time the Option is exercised, the Optionee shall, if requested by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

7 . Method of Payment for Options. Payment for shares purchased upon the exercise of the Option shall be made by Optionee in cash, previously-acquired Stock held for more than six (6) months, promissory note net issuance, property (including broker-assisted arrangements) or other forms of payment permitted by the Board and communicated to Optionee in writing prior to the date Optionee exercises all or any portion of the Option.

8. Termination of Employment or Service.

(a) General. If the Optionee's employment is terminated for any reason other than Cause (as defined below), death or Disability (as defined below), then the Options shall continue to vest notwithstanding the termination of Optionee's employment in accordance with paragraph 2(a), above. If the Company terminates the Optionee's employment or service for Cause, then the Optionee may at any time within ninety (90) days after the effective date of termination of employment or service exercise the vested portion of the Option to the extent that the Optionee was entitled to exercise the Option at the date of termination.

(b) Death or Disability of Optionee. In the event of the death or Disability of Optionee within a period during which the Option, or any part thereof, could have been exercised by Optionee, including ninety (90) days after termination of employment or service (the "Option Period"), the Option shall, as of the date of death or Disability, immediately vest and become exercisable by Optionee or his estate at any time within 90 days after Optionee's death or Disability.

(c) Definition of Disability. "Disability" or "Disabled" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Optionee from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period.

(d) Definition of Cause. "Cause" shall mean:

(i) Optionee shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(ii) Optionee shall have materially breached his Employment Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(iii) Optionee shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(iv) Optionee shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

9 . Nontransferability. The Option granted by this Agreement shall be exercisable only during the term of the Option provided in paragraph 4 hereof and, except as provided in paragraph 8 and 13, only by Optionee during his lifetime and while in the employment or service of the Company. Except set forth in paragraph 8 and as otherwise provided by the Board, this Option shall not be transferable by Optionee or any other person claiming through Optionee, either voluntarily or involuntarily, except by will or the laws of descent and distribution or such other circumstances as the Board deems acceptable.

10. Adjustments in Number of Shares and Option Price. In the event of a stock dividend or in the event the stock shall be changed into or exchanged for a different number or class of shares of stock of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, merger or consolidation, the Board has the authority to substitute for each such remaining share of stock then subject to this Option the number and class of shares of stock into which each outstanding share of stock shall be so exchanged, all without any change in the aggregate purchase price for the shares then subject to the Option. Any substitution made pursuant to this paragraph shall be made in such a manner that is consistent with the requirements of Section 409A of the Internal Revenue Code.

11. Delivery of Shares. No shares shall be delivered upon exercise of the Option until (i) the purchase price shall have been paid in full in the manner herein provided (unless a net issuance strategy is implemented); (ii) applicable taxes required to be withheld have been paid or withheld in full; and (iii) approval of any governmental authority required in connection with the Option, or the issuance of shares thereunder, has been received by the Company.

12. Administration. The Board shall have the sole and complete discretion with respect to all matters reserved to it by this Agreement, and decisions of the Board with respect to this Agreement shall be final and binding upon Optionee and the Company. Notwithstanding any other provision of this Agreement, the Board shall administer this Agreement, and exercise all authority and discretion under this Agreement, to satisfy the requirement of Internal Revenue Code Section 409A or any exemption thereto.

13. Stock Certificates. All stock certificates delivered pursuant to this Agreement are subject to any stop-transfer orders and other restrictions as the Board deems necessary or advisable to comply with federal or state securities laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the stock is listed, quoted, or traded. The Board may place legends on any stock certificate to reference restrictions applicable to the stock.

14. Continuation of Employment or Service. THE OPTIONEE ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SET FORTH HEREIN, THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, AS APPLICABLE, (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT SHALL CONFER UPON THE OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, NOR SHALL IT INTERFERE IN ANY WAY WITH THE OPTIONEE's RIGHT OR THE COMPANY's RIGHT TO TERMINATE OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, WITH OR WITHOUT CAUSE.

15. Obligation to Exercise. Optionee shall have no obligation to exercise any option granted by this Agreement.

16. Governing Law. This Agreement shall be interpreted and administered under the laws of the State of Delaware.

17. Amendments. This Agreement may be amended only by a written agreement executed by the Company and Optionee. In addition, except as otherwise provided in paragraph 10, the terms of this Agreement may not be amended to reduce the exercise price of the Option or to cancel the Option in exchange for cash, other Options with an exercise price that is less than the exercise price of the original Option without stockholder approval.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by its duly authorized representative and Optionee has signed this Agreement as of the date first written above.

CV SCIENCES, INC.

By: /s/ Michael Mona, Jr.
Name: Michael Mona, Jr.
Its: President and Chief Executive Officer

ACCEPTED AND AGREED TO:

/s/ Michael Mona, Jr.
Michael Mona, Jr.

EXHIBIT A

CV SCIENCES, INC.

EXERCISE NOTICE

CV Sciences, Inc.
2688 South Rainbow Boulevard, Suite B
Las Vegas, Nevada 89146
Attention: Secretary

Effective as of today, _____, ___ the undersigned (the "Optionee") hereby elects to exercise the Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of CV Sciences, Inc. (the "Company") under and pursuant to the Non-Qualified Stock Option Award Agreement (the "Option Agreement") dated July 6, 2016.

Representations of the Optionee. The Optionee acknowledges that the Optionee has received, read and understood the Option Agreement and agrees to abide by and be bound by their terms and conditions.

Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in the Option Agreement.

Delivery of Payment. The Optionee herewith delivers to the Company the full Exercise Price for the Shares in the form(s) provided for in the Option Agreement, or, if approved, the Shares shall be delivered pursuant to a net issuance.

Tax Consultation. The Optionee understands that the Optionee may suffer adverse tax consequences as a result of the Optionee's purchase or disposition of the Shares. The Optionee represents that the Optionee has consulted with any tax consultants the Optionee deems advisable in connection with the purchase or disposition of the Shares and that the Optionee is not relying on the Company for any tax advice.

Taxes. The Optionee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations.

Restrictive Legends. The Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon the Optionee and his or her heirs, executors, administrators, successors and assigns.

Headings. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation.

Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by the Optionee or by the Company forthwith to the Board, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Board shall be final and binding on all persons.

Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

Entire Agreement. The Option Agreement is incorporated herein by reference and together with this Exercise Notice constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all prior undertakings and agreements of the Company and the Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and the Optionee.

SUBMITTED BY:	ACCEPTED BY:
	CV SCIENCES, INC.
/s/ Michael Mona Jr.	By: /s/ Michael Mona, Jr.
Michael Mona Jr.	Name: Michael Mona, Jr. Its: President and Chief Executive Officer
Address:	Address:
_____ _____	2688 South Rainbow Boulevard, Suite B Las Vegas, Nevada 89146

EXHIBIT B

CV SCIENCES, INC.

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE:	Michael Mona Jr.
COMPANY:	CV Sciences, Inc.
SECURITY:	Common Stock
AMOUNT:	_____
Date:	_____

In connection with the purchase of the above-listed Securities, the undersigned Optionee represents to the Company the following:

Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

Optionee further understands that in the event all of the applicable requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

Optionee represents that he is a resident of the state of _____.

OPTIONEE:

_____

Name (print): _____

Date: _____

Exhibit 10.5

CV SCIENCES, INC.
NON-QUALIFIED STOCK OPTION AGREEMENT

This NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made and entered into as of July 6, 2016, by and between CV Sciences, Inc., a Delaware corporation (the "Company") and Joseph Dowling ("Optionee").

RECITALS

A. The Company granted options to Optionee pursuant to the resolutions of the Board of Directors dated July 6, 2016 ("Grant Date") to provide an incentive to Optionee to focus on the long-term growth of the Company.

B. The parties wish to memorialize the grant and in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the parties agree as follows:

AGREEMENT

1 . Grant of Option. The Company hereby grants to Optionee the right and option (the "Option") to purchase an aggregate of 1,000,000 shares of the common stock of the Company (the "Stock") (such number being subject to adjustment as set forth herein) on the terms and conditions herein set forth. This Option may be exercised in whole or in part and from time to time as hereinafter provided. The Option granted under this Agreement is not intended to be an "incentive stock option" as set forth in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Vesting of Option.

(a) Subject to the provisions set forth in this Agreement, the Option shall vest and become exercisable in accordance with the following schedule:

(i) the first time the Company completes development of a U.S. Food & Drug Administration (“FDA”) current good manufacturing practice grade batch of successfully synthetically formulated CBD for use in drug development activities (25% vesting of the Option); and

(ii) the first time the Company files an investigational new drug application with the FDA in connection with a development program utilizing CBD as the active pharmaceutical ingredient (a “CBD Drug Product”) (25% vesting of the Option);

(iii) the first time the Company commences a Phase I clinical trial as authorized by the FDA for a CBD Drug Product (25% vesting of the Option); and

(iv) the first time the Company commences a Phase II clinical trial as authorized by the FDA for a CBD Drug Product (25% vesting of the Option).

Notwithstanding the foregoing, vesting shall accelerate upon a Disposition Event as defined under the Agreement and Plan of Reorganization dated December 30, 2015 by and among CannaVest Corp., CannaVest Merger Sub, Inc. CannaVest Acquisition LLC, CanX, Inc. and The Starwood Trust, as Shareholder Representative.

(b) Notwithstanding the foregoing, the right to exercise the Option shall accelerate automatically and vest in full (notwithstanding the provisions above) effective as of immediately prior to the consummation of the “Change in Control” (as defined below) unless this Option is to be assumed by the acquiring or successor entity (or parent thereof) or a new option or New Incentives (as defined below) are to be issued in exchange therefor, as provided in subsection (c) below.

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(c) The vesting of the Option shall not accelerate if and to the extent that: (i) the Option (including the unvested portion thereof) is to be assumed by the acquiring or successor entity (or parent thereof) or a new option of comparable value is to be issued in exchange therefor pursuant to the terms of the Change in Control transaction, or (ii) the Option (including the unvested portion thereof) is to be replaced by the acquiring or successor entity (or parent thereof) with other incentives of comparable value under a new incentive program (“New Incentives”) containing such terms and provisions as the Company’s Board of Directors in its discretion may consider equitable. If the Option is assumed, or if a new option of comparable value is issued in exchange therefor, then the Option or the new option shall be appropriately adjusted, concurrently with the Change in Control, to apply to the number and class of securities or other property that the Optionee would have received pursuant to the Change in Control transaction in exchange for the shares issuable upon exercise of the Option had the Option been exercised immediately prior to the Change in Control, and appropriate adjustment also shall be made to the Purchase Price such that the aggregate Purchase Price of this Option or the new option shall remain the same as nearly as practicable.

(d) If the provisions of subsection (c) above apply, then the Option, the new option or the New Incentives shall continue to vest as provided above for the remainder of the term of the Option in accordance with the terms hereof. However, in the event of an Involuntary Termination (as defined below) of Optionee’s service with the Company or the acquiring or successor entity (or parent thereof) within twelve (12) months following such Change in Control, then vesting of this Option, the new option or the New Incentives shall accelerate in full automatically effective upon such Involuntary Termination.

(e) “Involuntary Termination” shall mean a termination of service by reason of: (i) Optionee’s involuntary dismissal or

discharge by the Company, or by the acquiring or successor entity (or parent or any subsidiary thereof employing the Optionee) for reasons other than Misconduct (as defined below), or (ii) Optionee's voluntary resignation following (x) a reduction in Optionee's compensation by more than ten percent (10%), or (y) a relocation of Optionee's principal place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected without Optionee's written consent.

(f) "Misconduct" shall mean (i) the commission of any act of fraud, embezzlement or dishonesty by Optionee which affects the business of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (ii) any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (iii) the refusal or omission by the Optionee to perform any duties required of him if such duties are consistent with duties customary for the position held with the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (iv) any act or omission by the Optionee involving malfeasance or gross negligence in the performance of Optionee's duties to, or material deviation from any of the policies or directives of, the Company or the acquiring or successor entity (or parent or any subsidiary thereof), (v) conduct on the part of Optionee which constitutes the breach of any statutory or common law duty of loyalty to the Company, the acquiring or successor entity (or parent or any subsidiary thereof), or (vi) any illegal act by Optionee which materially and adversely affects the business of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), or any felony committed by Optionee, as evidenced by conviction thereof. The provisions of this paragraph shall not limit the grounds for the dismissal or discharge of Optionee or any other individual in the service of the Company, the acquiring or successor entity (or parent or any subsidiary thereof).

(g) "Change in Control" shall mean:

(i) The direct or indirect sale or transfer, in a single transaction or a series of related transactions, by the stockholders of the Company of voting securities, in which the holders of the outstanding voting securities of the Company immediately prior to such transaction or series of transactions hold, as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing less than twenty percent (20%) of the total combined voting power all outstanding voting securities of the Company or of the acquiring entity immediately after such transaction or series of related transactions;

(ii) A merger or consolidation in which the Company is not the surviving entity, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such merger or consolidation hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the surviving entity (or the parent of the surviving entity) immediately after such merger or consolidation;

(iii) A reverse merger in which the Company is the surviving entity but in which the holders of the outstanding voting securities of the Company immediately prior to such merger hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing less than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the Company or of the acquiring entity immediately after such merger; or

(iv) The sale, transfer or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such transaction(s) receive as a distribution with respect to securities of the Company, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the acquiring entity immediately after such transaction(s).

3 . Purchase Price. The price at which Optionee shall be entitled to purchase the Stock covered by the Option shall be $0.368 per share, which is the closing price of the Company's common stock on the Over The Counter Bulletin Board on July 6, 2016. the Board has determined to be the Fair Market Value (as defined herein) as of the Grant Date, which is the "Fair Market Value in accordance with the requirements set forth in Treasury Regulation Section 1.409A-1(b)(5)(iv)(B) or any successor provision thereof.

4. Term of Option. The Option granted under this Agreement shall expire, unless otherwise exercised, ten (10) years from the Grant Date ("Expiration Date"), subject to earlier termination as provided in paragraph 8 hereof.

5 . Exercise of Option. The Option may be exercised by Optionee as to all or any part of the Stock then vested by delivery to the Company of written notice of exercise in the form attached hereto as Exhibit A ("Exercise Notice") and payment of the purchase price as provided in paragraphs 6 and 7 hereof.

6. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by timely delivery of written notice to the Company or such other person as the Board shall designate, which notice shall be effective on the date received by the Company or such other person ("Effective Date"). The notice shall state Optionee's election to exercise the Option, the number of shares in respect of which an election to exercise has been made, the method of payment elected (see paragraph 7 hereof), the exact name or names in which the shares will be registered and the Social Security number of Optionee. Such notice shall be signed by Optionee and shall be accompanied by payment of the purchase price of such shares. In the event the Option shall be exercised by a person or persons other than Optionee pursuant to paragraph 8 and 14 hereof, such notice shall be signed by such other person or persons and shall be accompanied by proof acceptable to the Company of the legal right of such person or persons to exercise the Option. All shares delivered by the Company upon exercise of the Option shall be fully paid and nonassessable upon delivery. In the event the Stock purchasable pursuant to the exercise of the Option has not been registered under the Securities Act of 1933, as amended, at the time the Option is exercised, the Optionee shall, if requested by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

7 . Method of Payment for Options. Payment for shares purchased upon the exercise of the Option shall be made by Optionee in cash, previously-acquired Stock held for more than six (6) months, promissory note net issuance, property (including broker-assisted arrangements) or other forms of payment permitted by the Board and communicated to Optionee in writing prior to the date Optionee exercises all or any portion of the Option.

8. Termination of Employment or Service.

(a) General. If the Optionee's employment is terminated for any reason other than Cause (as defined below), death or Disability (as defined below), then the Options shall continue to vest notwithstanding the termination of Optionee's employment in accordance with paragraph 2(a), above. If the Company terminates the Optionee's employment or service for Cause, then the Optionee may at any time within ninety (90) days after the effective date of termination of employment or service exercise the vested portion of the Option to the extent that the Optionee was entitled to exercise the Option at the date of termination.

(b) Death or Disability of Optionee. In the event of the death or Disability of Optionee within a period during which the Option, or any part thereof, could have been exercised by Optionee, including ninety (90) days after termination of employment or service (the "Option Period"), the Option shall, as of the date of death or Disability, immediately vest and become exercisable by Optionee or his estate at any time within 90 days after Optionee's death or Disability.

(c) Definition of Disability. "Disability" or "Disabled" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Optionee from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period.

(d) Definition of Cause. "Cause" shall mean:

(i) Optionee shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(ii) Optionee shall have materially breached his Employment Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(iii) Optionee shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(iv) Optionee shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

9 . Nontransferability. The Option granted by this Agreement shall be exercisable only during the term of the Option provided in paragraph 4 hereof and, except as provided in paragraph 8 and 13, only by Optionee during his lifetime and while in the employment or service of the Company. Except set forth in paragraph 8 and as otherwise provided by the Board, this Option shall not be transferable by Optionee or any other person claiming through Optionee, either voluntarily or involuntarily, except by will or the laws of descent and distribution or such other circumstances as the Board deems acceptable.

10. Adjustments in Number of Shares and Option Price. In the event of a stock dividend or in the event the stock shall be changed into or exchanged for a different number or class of shares of stock of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, merger or consolidation, the Board has the authority to substitute for each such remaining share of stock then subject to this Option the number and class of shares of stock into which each outstanding share of stock shall be so exchanged, all without any change in the aggregate purchase price for the shares then subject to the Option. Any substitution made pursuant to this paragraph shall be made in such a manner that is consistent with the requirements of Section 409A of the Internal Revenue Code.

11. Delivery of Shares. No shares shall be delivered upon exercise of the Option until (i) the purchase price shall have been paid in full in the manner herein provided (unless a net issuance strategy is implemented); (ii) applicable taxes required to be withheld have been paid or withheld in full; and (iii) approval of any governmental authority required in connection with the Option, or the issuance of shares thereunder, has been received by the Company.

12. Administration. The Board shall have the sole and complete discretion with respect to all matters reserved to it by this Agreement, and decisions of the Board with respect to this Agreement shall be final and binding upon Optionee and the Company. Notwithstanding any other provision of this Agreement, the Board shall administer this Agreement, and exercise all authority and discretion under this Agreement, to satisfy the requirement of Internal Revenue Code Section 409A or any exemption thereto.

13. Stock Certificates. All stock certificates delivered pursuant to this Agreement are subject to any stop-transfer orders and other restrictions as the Board deems necessary or advisable to comply with federal or state securities laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the stock is listed, quoted, or traded. The Board may place legends on any stock certificate to reference restrictions applicable to the stock.

14. Continuation of Employment or Service. THE OPTIONEE ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SET FORTH HEREIN, THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, AS APPLICABLE, (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT SHALL CONFER UPON THE OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, NOR SHALL IT INTERFERE IN ANY WAY WITH THE OPTIONEE's RIGHT OR THE COMPANY's RIGHT TO TERMINATE OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, WITH OR WITHOUT CAUSE.

15. Obligation to Exercise. Optionee shall have no obligation to exercise any option granted by this Agreement.

16. Governing Law. This Agreement shall be interpreted and administered under the laws of the State of Delaware.

17. Amendments. This Agreement may be amended only by a written agreement executed by the Company and Optionee. In addition, except as otherwise provided in paragraph 10, the terms of this Agreement may not be amended to reduce the exercise price of the Option or to cancel the Option in exchange for cash, other Options with an exercise price that is less than the exercise price of the original Option without stockholder approval.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by its duly authorized representative and Optionee has signed this Agreement as of the date first written above.

CV SCIENCES, INC.

By: /s/ Michael Mona, Jr.
Name: Michael Mona, Jr.
Its: President and Chief Executive Officer

ACCEPTED AND AGREED TO:
/s/ Joseph Dowling
Joseph Dowling

EXHIBIT A

CV SCIENCES, INC.

EXERCISE NOTICE

CV Sciences, Inc.
2688 South Rainbow Boulevard, Suite B
Las Vegas, Nevada 89146
Attention: Secretary

Effective as of today, _____, ___ the undersigned (the "Optionee") hereby elects to exercise the Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of CV Sciences, Inc. (the "Company") under and pursuant to the Non-Qualified Stock Option Award Agreement (the "Option Agreement") dated July 6, 2016.

Representations of the Optionee. The Optionee acknowledges that the Optionee has received, read and understood the Option Agreement and agrees to abide by and be bound by their terms and conditions.

Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in the Option Agreement.

Delivery of Payment. The Optionee herewith delivers to the Company the full Exercise Price for the Shares in the form(s) provided for in the Option Agreement, or, if approved, the Shares shall be delivered pursuant to a net issuance.

Tax Consultation. The Optionee understands that the Optionee may suffer adverse tax consequences as a result of the Optionee's purchase or disposition of the Shares. The Optionee represents that the Optionee has consulted with any tax consultants the Optionee deems advisable in connection with the purchase or disposition of the Shares and that the Optionee is not relying on the Company for any tax advice.

Taxes. The Optionee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations.

Restrictive Legends. The Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon the Optionee and his or her heirs, executors, administrators, successors and assigns.

Headings. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation.

Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by the Optionee or by the Company forthwith to the Board, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Board shall be final and binding on all persons.

Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

Entire Agreement. The Option Agreement is incorporated herein by reference and together with this Exercise Notice constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all prior undertakings and agreements of the Company and the Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and the Optionee.

SUBMITTED BY:	ACCEPTED BY:
	CV SCIENCES, INC.
/s/ Joseph Dowling Joseph Dowling	By: /s/ Michael Mona, Jr. Name: Michael Mona, Jr. Its: President and Chief Executive Officer
Address:	Address:
_____ _____	2688 South Rainbow Boulevard, Suite B Las Vegas, Nevada 89146

EXHIBIT B

CV SCIENCES, INC.

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE:	Joseph Dowling
COMPANY:	CV Sciences, Inc.
SECURITY:	Common Stock
AMOUNT:	_____
Date:	_____

In connection with the purchase of the above-listed Securities, the undersigned Optionee represents to the Company the following:

Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

Optionee further understands that in the event all of the applicable requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

Optionee represents that he is a resident of the state of _____.

OPTIONEE:

_____

Name (print): _____

Date: _____

Exhibit 10.6

CV SCIENCES, INC.
NON-QUALIFIED STOCK OPTION AGREEMENT

This NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made and entered into as of July 6, 2016, by and between CV Sciences, Inc., a Delaware corporation (the "Company") and Michael Mona III ("Optionee").

RECITALS

A. The Company granted options to Optionee pursuant to the resolutions of the Board of Directors dated July 6, 2016 ("Grant Date") to provide an incentive to Optionee to focus on the long-term growth of the Company.

B. The parties wish to memorialize the grant and in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the parties agree as follows:

AGREEMENT

1 . Grant of Option. The Company hereby grants to Optionee the right and option (the "Option") to purchase an aggregate of 4,000,000 shares of the common stock of the Company (the "Stock") (such number being subject to adjustment as set forth herein) on the terms and conditions herein set forth. This Option may be exercised in whole or in part and from time to time as hereinafter provided. The Option granted under this Agreement is not intended to be an "incentive stock option" as set forth in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. Vesting of Option.

(a) Subject to the provisions set forth in this Agreement, the Option shall vest and become exercisable in accordance with the following schedule:

(i) the first time the Company completes development of a U.S. Food & Drug Administration (“FDA”) current good manufacturing practice grade batch of successfully synthetically formulated CBD for use in drug development activities (25% vesting of the Option); and

(ii) the first time the Company files an investigational new drug application with the FDA in connection with a development program utilizing CBD as the active pharmaceutical ingredient (a “CBD Drug Product”) (25% vesting of the Option);

(iii) the first time the Company commences a Phase I clinical trial as authorized by the FDA for a CBD Drug Product (25% vesting of the Option); and

(iv) the first time the Company commences a Phase II clinical trial as authorized by the FDA for a CBD Drug Product (25% vesting of the Option).

Notwithstanding the foregoing, vesting shall accelerate upon a Disposition Event as defined under the Agreement and Plan of Reorganization dated December 30, 2015 by and among CannaVest Corp., CannaVest Merger Sub, Inc. CannaVest Acquisition LLC, CanX, Inc. and The Starwood Trust, as Shareholder Representative.

(b) Notwithstanding the foregoing, the right to exercise the Option shall accelerate automatically and vest in full (notwithstanding the provisions above) effective as of immediately prior to the consummation of the “Change in Control” (as defined below) unless this Option is to be assumed by the acquiring or successor entity (or parent thereof) or a new option or New Incentives (as defined below) are to be issued in exchange therefor, as provided in subsection (c) below.

(c) The vesting of the Option shall not accelerate if and to the extent that: (i) the Option (including the unvested portion thereof) is to be assumed by the acquiring or successor entity (or parent thereof) or a new option of comparable value is to be issued in exchange therefor pursuant to the terms of the Change in Control transaction, or (ii) the Option (including the unvested portion thereof) is to be replaced by the acquiring or successor entity (or parent thereof) with other incentives of comparable value under a new incentive program ("New Incentives") containing such terms and provisions as the Company's Board of Directors in its discretion may consider equitable. If the Option is assumed, or if a new option of comparable value is issued in exchange therefor, then the Option or the new option shall be appropriately adjusted, concurrently with the Change in Control, to apply to the number and class of securities or other property that the Optionee would have received pursuant to the Change in Control transaction in exchange for the shares issuable upon exercise of the Option had the Option been exercised immediately prior to the Change in Control, and appropriate adjustment also shall be made to the Purchase Price such that the aggregate Purchase Price of this Option or the new option shall remain the same as nearly as practicable.

(d) If the provisions of subsection (c) above apply, then the Option, the new option or the New Incentives shall continue to vest as provided above for the remainder of the term of the Option in accordance with the terms hereof. However, in the event of an Involuntary Termination (as defined below) of Optionee's service with the Company or the acquiring or successor entity (or parent thereof) within twelve (12) months following such Change in Control, then vesting of this Option, the new option or the New Incentives shall accelerate in full automatically effective upon such Involuntary Termination.

(e) "Involuntary Termination" shall mean a termination of service by reason of: (i) Optionee's involuntary dismissal or discharge by the Company, or by the acquiring or successor entity (or parent or any subsidiary thereof employing the Optionee) for reasons other than Misconduct (as defined below), or (ii) Optionee's voluntary resignation following (x) a reduction in Optionee's compensation by more than ten percent (10%), or (y) a relocation of Optionee's principal place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected without Optionee's written consent.

(f) "Misconduct" shall mean (i) the commission of any act of fraud, embezzlement or dishonesty by Optionee which affects the business of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (ii) any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (iii) the refusal or omission by the Optionee to perform any duties required of him if such duties are consistent with duties customary for the position held with the Company, the acquiring or successor entity (or parent or any subsidiary thereof), (iv) any act or omission by the Optionee involving malfeasance or gross negligence in the performance of Optionee's duties to, or material deviation from any of the policies or directives of, the Company or the acquiring or successor entity (or parent or any subsidiary thereof), (v) conduct on the part of Optionee which constitutes the breach of any statutory or common law duty of loyalty to the Company, the acquiring or successor entity (or parent or any subsidiary thereof), or (vi) any illegal act by Optionee which materially and adversely affects the business of the Company, the acquiring or successor entity (or parent or any subsidiary thereof), or any felony committed by Optionee, as evidenced by conviction thereof. The provisions of this paragraph shall not limit the grounds for the dismissal or discharge of Optionee or any other individual in the service of the Company, the acquiring or successor entity (or parent or any subsidiary thereof).

(g) "Change in Control" shall mean:

(i) The direct or indirect sale or transfer, in a single transaction or a series of related transactions, by the stockholders of the Company of voting securities, in which the holders of the outstanding voting securities of the Company immediately prior to such transaction or series of transactions hold, as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing less than twenty percent (20%) of the total combined voting power all outstanding voting securities of the Company or of the acquiring entity immediately after such transaction or series of related transactions;

(ii) A merger or consolidation in which the Company is not the surviving entity, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such merger or consolidation hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the surviving entity (or the parent of the surviving entity) immediately after such merger or consolidation;

(iii) A reverse merger in which the Company is the surviving entity but in which the holders of the outstanding voting securities of the Company immediately prior to such merger hold as a result of holding Company securities prior to such transaction, in the aggregate, securities possessing less than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the Company or of the acquiring entity immediately after such merger; or

(iv) The sale, transfer or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such transaction(s) receive as a distribution with respect to securities of the Company, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the acquiring entity immediately after such transaction(s).

3 . Purchase Price. The price at which Optionee shall be entitled to purchase the Stock covered by the Option shall be $0.368 per share, which is the closing price of the Company's common stock on the Over The Counter Bulletin Board on July 6, 2016. the Board has determined to be the Fair Market Value (as defined herein) as of the Grant Date, which is the "Fair Market Value in accordance with the requirements set forth in Treasury Regulation Section 1.409A-1(b)(5)(iv)(B) or any successor provision thereof.

4. Term of Option. The Option granted under this Agreement shall expire, unless otherwise exercised, ten (10) years from the Grant Date ("Expiration Date"), subject to earlier termination as provided in paragraph 8 hereof.

5 . Exercise of Option. The Option may be exercised by Optionee as to all or any part of the Stock then vested by delivery to the Company of written notice of exercise in the form attached hereto as Exhibit A ("Exercise Notice") and payment of the purchase price as provided in paragraphs 6 and 7 hereof.

6. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by timely delivery of written notice to the Company or such other person as the Board shall designate, which notice shall be effective on the date received by the Company or such other person ("Effective Date"). The notice shall state Optionee's election to exercise the Option, the number of shares in respect of which an election to exercise has been made, the method of payment elected (see paragraph 7 hereof), the exact name or names in which the shares will be registered and the Social Security number of Optionee. Such notice shall be signed by Optionee and shall be accompanied by payment of the purchase price of such shares. In the event the Option shall be exercised by a person or persons other than Optionee pursuant to paragraph 8 and 14 hereof, such notice shall be signed by such other person or persons and shall be accompanied by proof acceptable to the Company of the legal right of such person or persons to exercise the Option. All shares delivered by the Company upon exercise of the Option shall be fully paid and nonassessable upon delivery. In the event the Stock purchasable pursuant to the exercise of the Option has not been registered under the Securities Act of 1933, as amended, at the time the Option is exercised, the Optionee shall, if requested by the Company, concurrently with the exercise of all or any portion of the Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

7 . Method of Payment for Options. Payment for shares purchased upon the exercise of the Option shall be made by Optionee in cash, previously-acquired Stock held for more than six (6) months, promissory note net issuance, property (including broker-assisted arrangements) or other forms of payment permitted by the Board and communicated to Optionee in writing prior to the date Optionee exercises all or any portion of the Option.

8. Termination of Employment or Service.

(a) General. If the Optionee's employment is terminated for any reason other than Cause (as defined below), death or Disability (as defined below), then the Options shall continue to vest notwithstanding the termination of Optionee's employment in accordance with paragraph 2(a), above. If the Company terminates the Optionee's employment or service for Cause, then the Optionee may at any time within ninety (90) days after the effective date of termination of employment or service exercise the vested portion of the Option to the extent that the Optionee was entitled to exercise the Option at the date of termination.

(b) Death or Disability of Optionee. In the event of the death or Disability of Optionee within a period during which the Option, or any part thereof, could have been exercised by Optionee, including ninety (90) days after termination of employment or service (the "Option Period"), the Option shall, as of the date of death or Disability, immediately vest and become exercisable by Optionee or his estate at any time within 90 days after Optionee's death or Disability.

(c) Definition of Disability. "Disability" or "Disabled" shall mean a physical or mental condition, verified by a physician designated by the Company, which prevents Optionee from carrying out one or more of the material aspects of his assigned duties for at least ninety (90) consecutive days, or for a total of ninety (90) days in any six (6) month period.

(d) Definition of Cause. "Cause" shall mean:

(i) Optionee shall have committed an act of fraud, embezzlement or theft with respect to the property or business of the Company, in any such event in such a manner as to cause material loss, damage or injury to the Company;

(ii) Optionee shall have materially breached his Employment Agreement as determined by the Board and such breach shall have continued for a period of twenty (20) days after receipt of written notice from the Board specifying such breach;

(iii) Optionee shall have been grossly negligent in the performance of his duties hereunder, intentionally not performed or mis-performed any of such duties, or refused to abide by or comply with the reasonable and lawful directives of the Board, in each case as reasonably determined by the Board, which action shall have continued for a period of twenty (20) days after receipt of written notice from the Board demanding such action cease or be cured; or

(iv) Optionee shall have been found guilty of, or has plead *nolo contendere* to, the commission of a felony offense or other crime involving moral turpitude.

9 . Nontransferability. The Option granted by this Agreement shall be exercisable only during the term of the Option provided in paragraph 4 hereof and, except as provided in paragraph 8 and 13, only by Optionee during his lifetime and while in the employment or service of the Company. Except set forth in paragraph 8 and as otherwise provided by the Board, this Option shall not be transferable by Optionee or any other person claiming through Optionee, either voluntarily or involuntarily, except by will or the laws of descent and distribution or such other circumstances as the Board deems acceptable.

10. Adjustments in Number of Shares and Option Price. In the event of a stock dividend or in the event the stock shall be changed into or exchanged for a different number or class of shares of stock of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, merger or consolidation, the Board has the authority to substitute for each such remaining share of stock then subject to this Option the number and class of shares of stock into which each outstanding share of stock shall be so exchanged, all without any change in the aggregate purchase price for the shares then subject to the Option. Any substitution made pursuant to this paragraph shall be made in such a manner that is consistent with the requirements of Section 409A of the Internal Revenue Code.

11. Delivery of Shares. No shares shall be delivered upon exercise of the Option until (i) the purchase price shall have been paid in full in the manner herein provided (unless a net issuance strategy is implemented); (ii) applicable taxes required to be withheld have been paid or withheld in full; and (iii) approval of any governmental authority required in connection with the Option, or the issuance of shares thereunder, has been received by the Company.

12. Administration. The Board shall have the sole and complete discretion with respect to all matters reserved to it by this Agreement, and decisions of the Board with respect to this Agreement shall be final and binding upon Optionee and the Company. Notwithstanding any other provision of this Agreement, the Board shall administer this Agreement, and exercise all authority and discretion under this Agreement, to satisfy the requirement of Internal Revenue Code Section 409A or any exemption thereto.

13. Stock Certificates. All stock certificates delivered pursuant to this Agreement are subject to any stop-transfer orders and other restrictions as the Board deems necessary or advisable to comply with federal or state securities laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the stock is listed, quoted, or traded. The Board may place legends on any stock certificate to reference restrictions applicable to the stock.

14. Continuation of Employment or Service. THE OPTIONEE ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SET FORTH HEREIN, THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, AS APPLICABLE, (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT SHALL CONFER UPON THE OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION OF OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, NOR SHALL IT INTERFERE IN ANY WAY WITH THE OPTIONEE's RIGHT OR THE COMPANY's RIGHT TO TERMINATE OPTIONEE's CONTINUOUS SERVICE OR EMPLOYMENT, WITH OR WITHOUT CAUSE.

15. Obligation to Exercise. Optionee shall have no obligation to exercise any option granted by this Agreement.

16. Governing Law. This Agreement shall be interpreted and administered under the laws of the State of Delaware.

17. Amendments. This Agreement may be amended only by a written agreement executed by the Company and Optionee. In addition, except as otherwise provided in paragraph 10, the terms of this Agreement may not be amended to reduce the exercise price of the Option or to cancel the Option in exchange for cash, other Options with an exercise price that is less than the exercise price of the original Option without stockholder approval.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by its duly authorized representative and Optionee has signed this Agreement as of the date first written above.

CV SCIENCES, INC.

By: /s/Michael Mona, Jr.
Name: Michael Mona, Jr.
Its: President and Chief Executive Officer

ACCEPTED AND AGREED TO:

/s/ Michael Mona III
Michael Mona III

EXHIBIT A

CV SCIENCES, INC.

EXERCISE NOTICE

CV Sciences, Inc.
2688 South Rainbow Boulevard, Suite B
Las Vegas, Nevada 89146
Attention: Secretary

Effective as of today, _____, ___ the undersigned (the "Optionee") hereby elects to exercise the Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of CV Sciences, Inc. (the "Company") under and pursuant to the Non-Qualified Stock Option Award Agreement (the "Option Agreement") dated July 6, 2016.

Representations of the Optionee. The Optionee acknowledges that the Optionee has received, read and understood the Option Agreement and agrees to abide by and be bound by their terms and conditions.

Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in the Option Agreement.

Delivery of Payment. The Optionee herewith delivers to the Company the full Exercise Price for the Shares in the form(s) provided for in the Option Agreement, or, if approved, the Shares shall be delivered pursuant to a net issuance.

Tax Consultation. The Optionee understands that the Optionee may suffer adverse tax consequences as a result of the Optionee's purchase or disposition of the Shares. The Optionee represents that the Optionee has consulted with any tax consultants the Optionee deems advisable in connection with the purchase or disposition of the Shares and that the Optionee is not relying on the Company for any tax advice.

Taxes. The Optionee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations.

Restrictive Legends. The Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon the Optionee and his or her heirs, executors, administrators, successors and assigns.

Headings. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation.

Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by the Optionee or by the Company forthwith to the Board, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Board shall be final and binding on all persons.

Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

Entire Agreement. The Option Agreement is incorporated herein by reference and together with this Exercise Notice constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all prior undertakings and agreements of the Company and the Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and the Optionee.

SUBMITTED BY:	ACCEPTED BY:
	CV SCIENCES, INC.
/s/ Michael Mona III	By: /s/ Michael Mona, Jr.
Michael Mona III	Name: Michael Mona, Jr. Its: President and Chief Executive Officer
Address:	Address:
_____ _____	2688 South Rainbow Boulevard, Suite B Las Vegas, Nevada 89146

EXHIBIT B

CV SCIENCES, INC.

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE:	Michael Mona III
COMPANY:	CV Sciences, Inc.
SECURITY:	Common Stock
AMOUNT:	_____
Date:	_____

In connection with the purchase of the above-listed Securities, the undersigned Optionee represents to the Company the following:

Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company.

Optionee further understands that in the event all of the applicable requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

Optionee represents that he is a resident of the state of _____.

OPTIONEE:

_____

Name (print): _____

Date: _____

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Mona, Jr., President and Chief Executive Officer of CV Sciences, Inc. (the "Company") certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2016

By: /s/ Michael J. Mona, Jr.

Michael J. Mona, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15(d)-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph D. Dowling, Chief Financial Officer of CV Sciences, Inc. (the "Company") certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2016

By: /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CV Sciences, Inc. (the "Registrant") on Form 10-Q for the nine months ended September 30, 2016 (the "Report"), I, Michael J. Mona, Jr., President and Chief Executive Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report, as filed with the Securities and Exchange Commission, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 1, 2016

By: /s/ Michael J. Mona, Jr.
Michael J. Mona, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CV Sciences, Inc. (the "Registrant") on Form 10-Q for the nine months ended September 30, 2016 (the "Report"), I, Joseph D. Dowling, Chief Financial Officer of the Registrant, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report, as filed with the Securities and Exchange Commission, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: November 1, 2016

By: /s/ Joseph D. Dowling
Joseph D. Dowling
Chief Financial Officer (Principal Financial Officer)