
U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2018.

☐ For the transition period from to .

Commission File Number 0-8092

GT BIOPHARMA, INC.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-1620407
(I.R.S. employer
identification number)

310 N. Westlake Blvd, Suite 206
Westlake Village, CA 91362
(Address of principal executive offices and zip code)
(800) 304-9888
(Registrant's telephone number, including area code)

100 South Ashley Drive
Suite 600
Tampa, FL 33602
(Former name, former address and former fiscal year, if changed since last report)

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit 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 ☐
Non-accelerated filer ☐
Emerging growth company ☐

Accelerated filer ☐
Smaller reporting company ☒

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

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

At November 14, 2018, the issuer had outstanding the indicated number of shares of common stock: 50,227,978.

GT Biopharma, Inc. and Subsidiaries
FORM 10-Q
For the Quarterly Period Ended September 30, 2018
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Part 1: Financial Information
Item 1. Financial Statements
GT Biopharma, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)
(In thousands, except par value and share data)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,232	\$ 576
Prepaid expenses	15	-
Total Current Assets	<u>1,247</u>	<u>576</u>
Intangible assets	25,263	253,777
Deposits	21	9
Fixed assets, net	5	6
Total Other Assets	<u>25,289</u>	<u>253,792</u>
TOTAL ASSETS	<u>\$ 26,536</u>	<u>\$ 254,368</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 2,251	\$ 2,546
Accrued expenses	344	102
Line of credit	31	31
Convertible debentures, net of discount of \$488	<u>10,597</u>	<u>-</u>
Total Current Liabilities	<u>13,223</u>	<u>2,679</u>
Total liabilities	<u>13,223</u>	<u>2,679</u>
Stockholders' Equity:		
Convertible preferred stock - \$0.001 par value; 15,000,000 shares authorized:		
Series C - 96,230 and 96,230 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	1	1
Series J - 1,163,548 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	1	1
Common stock - \$0.001 par value; 750,000,000 shares authorized; and 50,227,978 and 50,117,977 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	50	50
Additional paid-in capital	537,883	521,305
Accumulated deficit	(524,453)	(269,499)
Noncontrolling interest	<u>(169)</u>	<u>(169)</u>
Total Stockholders' Equity	<u>13,313</u>	<u>251,689</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 26,536</u>	<u>\$ 254,368</u>

The accompanying notes are an integral part of these consolidated financial statements.

GT BIOPHARMA, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating expenses:				
Research and development	1,111	526	7,835	911
Selling, general and administrative expenses	5,035	126,330	10,628	128,768
Loss on impairment	228,514	-	228,514	-
Total operating expenses	234,660	126,856	246,977	129,679
Loss from operations	(234,660)	(126,856)	(246,977)	(129,679)
Other income (expense):				
Interest expense	(1,123)	(3,769)	(7,978)	(8,467)
Total other income (expense)	(1,123)	(3,769)	(7,978)	(8,467)
Loss before provision for income taxes	(235,783)	(130,625)	(254,955)	(138,146)
Provision for income tax	-	-	-	-
Net loss	(235,783)	(130,625)	(254,955)	(138,146)
Net loss per common share – basic and diluted	\$ (4.70)	\$ (8.15)	\$ (5.09)	\$ (24.54)
Weighted average common shares outstanding – basic and diluted	50,154,516	16,027,687	50,130,202	5,628,529

The accompanying condensed notes are an integral part of these consolidated financial statements.

GT Biopharma, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (254,955)	\$ (138,146)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	5	2
Loss on impairment of long-lived assets	228,514	-
Stock compensation expense for options and warrants issued to employees and non-employees	8,191	125,905
Amortization of debt discounts	7,816	4,791
Note Allonge	-	100
Non-cash interest expense	-	2,197
Amortization of loan costs	1,076	-
Changes in operating assets and liabilities:		
Prepaid Expenses	(15)	-
Other assets	(12)	(7)
Accounts payable and accrued liabilities	(53)	1,880
Net cash used in operating activities	<u>(9,433)</u>	<u>(3,278)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	<u>(4)</u>	<u>-</u>
Net cash used in investing activities	<u>(4)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	15,045	5,991
Loan costs	(533)	-
Repayment of note payable	(4,419)	-
Net cash provided by financing activities	<u>10,093</u>	<u>5,991</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	656	2,713
CASH AND CASH EQUIVALENTS - Beginning of period	576	19
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 1,232</u>	<u>\$ 2,732</u>
Non-Cash Investing and Financing Activities:		
Issuance of common stock upon conversion of convertible notes	\$ 220	\$ -
Acquisition of intangibles through issuance of common stock	\$ -	\$ 253,777

The accompanying condensed notes are an integral part of these consolidated financial statements.

GT Biopharma, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

1. Description of Business and Summary of Significant Accounting Policies

The accompanying unaudited consolidated financial statements of GT Biopharma, Inc. and its subsidiaries (the “Company,” “we” or “us”), have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The information included in this quarterly report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s annual report on Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC on March 1, 2018 (the “Annual Report”).

Business

In 1965, the corporate predecessor of GT Biopharma, Diagnostic Data, Inc. was incorporated in the State of California. Diagnostic Data changed its incorporation to the State of Delaware in 1972 and changed its name to DDI Pharmaceuticals, Inc. in 1985. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc. In July 2017, the Company changed its name to GT Biopharma, Inc.

We are a clinical stage biopharmaceutical company focused on the development and commercialization of novel immuno-oncology products based off our proprietary Natural Killer (NK) cell engager (Tri-specific Killer Engager (TriKE) & Tetra-specific Killer Engager (TetraKE)) and bi-specific Antibody Drug Conjugate (bispecific-ADC) technology platforms. Our TriKE and TetraKE platforms generate proprietary moieties designed to harness and enhance the cancer killing abilities of a patient’s own natural killer, or NK, cells. Once bound to a NK cell, our moieties are designed to stimulate the NK cell and precisely direct it to one or more specifically-targeted proteins (tumor antigens) expressed on a specific type of cancer, ultimately resulting in the cancer cell’s death. TriKEs and TetraKEs are made up of recombinant fusion proteins, can be designed to target tumor antigens on hematologic malignancies, sarcomas or solid tumors and do not require patient-specific customization. They are designed to be dosed in an outpatient setting and are expected to have reasonably low cost of goods. Our bispecific-ADC platform can generate product candidates that are ligand-directed single-chain fusion proteins that simultaneously target two tumor antigens. We believe our bispecific-ADC moieties represents the next generation of ADCs.

Also, in connection with the acquisition of Georgetown Translational Pharmaceuticals on September 1, 2017, we acquired a portfolio of IPR&D CNS assets consisting of innovative reformulations and/or repurposing of existing therapies. These CNS assets address disease states such as chronic neuropathic pain, myasthenia gravis and motion sickness.

Going Concern

The Company’s current operations have focused on business planning, raising capital, establishing an intellectual property portfolio, hiring, and conducting preclinical studies and clinical trials. The Company does not have any product candidates approved for sale and has not generated any revenue from product sales. The Company has sustained operating losses since inception and expects such losses to continue over the foreseeable future.

The financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments that might be necessary should the Company be unable to continue in existence.

The Company has incurred substantial losses and negative cash flows from operations since its inception and has an accumulated deficit of \$524.5 million and cash of \$1.2 million as of September 30, 2018. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its products currently in development. Substantial additional financing will be needed by the Company to fund its operations and to commercially develop its product candidates. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

Management is currently evaluating different strategies to obtain the required funding for future operations. These strategies may include but are not limited to: public offerings of equity and/or debt securities, payments from potential strategic research and development, and licensing and/or marketing arrangements with pharmaceutical companies. Management has also implemented cost saving efforts, including reduction in executive salaries and reduced travel. Management believes that these ongoing and planned financing endeavors, if successful, will provide adequate financial resources to continue as a going concern for at least the next six months from the date the financial statements are issued. However, there can be no assurance in this regard. If the Company is unable to secure adequate additional funding, its business, operating results, financial condition and cash flows may be materially and adversely affected.

Use of Estimates

The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Basis of Consolidation and Comprehensive Income

The accompanying consolidated financial statements include the accounts of GT Biopharma, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated. The Company's financial statements are prepared using the accrual method of accounting.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and disclosures required by U.S. GAAP for complete consolidated financial statements have been condensed or omitted herein. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2017. The unaudited interim condensed consolidated financial information presented herein reflects all normal adjustments that are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the periods presented. The Company is responsible for the unaudited interim consolidated financial statements included in this report. The results of operations of any interim period are not necessarily indicative of the results for the full year.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Company's cash and cash equivalents, marketable securities and accounts receivable are monitored for exposure to concentrations of credit risk. The Company maintains substantially all of its cash balances in a limited number of financial institutions. The balances are each insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company had \$982,000 of balances in excess of this limit at September 30, 2018.

Stock Based Compensation to Employees

The Company accounts for its stock-based compensation for employees in accordance with Accounting Standards Codification ("ASC") 718. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees over the related vesting period.

The Company granted no stock options during the nine months ended September 30, 2018 and 2017, respectively.

Critical Accounting Policies

We consider the following accounting policies to be critical given they involve estimates and judgments made by management and are important for our investors' understanding of our operating results and financial condition.

Long-Lived Assets

Our long-lived assets include property, plant and equipment, capitalized costs of filing patent applications and other indefinite lived intangible assets. We evaluate our long-lived assets for impairment, other than indefinite lived intangible assets, in accordance with ASC 360, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Estimates of future cash flows and timing of events for evaluating long-lived assets for impairment are based upon management's judgment. If any of our intangible or long-lived assets are considered to be impaired, the amount of impairment to be recognized is the excess of the carrying amount of the assets over its fair value.

Applicable long-lived assets are amortized or depreciated over the shorter of their estimated useful lives, the estimated period that the assets will generate revenue, or the statutory or contractual term in the case of patents. Estimates of useful lives and periods of expected revenue generation are reviewed periodically for appropriateness and are based upon management's judgment.

Impairment of Long-Lived Assets

The Company's long-lived assets currently consist of indefinite lived intangible assets associated with IPR&D ("In-Process Research & Development") projects and related capitalized patents acquired in the acquisition of Georgetown Translational Pharmaceuticals, Inc. as described in Note 2 below. Intangible assets associated with IPR&D projects are not amortized until approval by the Food and Drug Administration (FDA) is obtained in a major market subject to certain specified conditions and management judgment. The useful life of an amortizing asset generally is determined by identifying the period in which substantially all of the cash flows are expected to be generated.

The Company evaluates indefinite lived intangible assets for impairment at least annually and whenever impairment indicators are present in accordance with ASC 350. When necessary, the Company records an impairment loss for the amount by which the fair value is less than the carrying value of these assets. The fair value of intangible assets other than goodwill is typically determined using the “relief from royalty method”, specifically the discounted cash flow method utilizing Level 3 fair value inputs. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of competitive, legal and/or regulatory forces on the projections and the impact of technological risk associated with IPR&D assets, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

The Company performs impairment testing for all other long-lived assets whenever impairment indicators are present. When necessary, the Company calculates the undiscounted value of the projected cash flows associated with the asset, or asset group, and compares this estimated amount to the carrying amount. If the carrying amount is found to be greater, we record an impairment loss for the excess of book value over fair value.

Income Taxes

The Company accounts for income taxes using the asset and liability approach, whereby deferred income tax assets and liabilities are recognized for the estimated future tax effects, based on current enacted tax laws, of temporary differences between financial and tax reporting for current and prior periods. Deferred tax assets are reduced, if necessary, by a valuation allowance if the corresponding future tax benefits may not be realized.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding stock options and warrants during the period.

The computation of basic and diluted net loss per share for the nine months ended September 30, 2018 and 2017 excludes the common stock equivalents of the following potentially dilutive securities because their inclusion would be anti-dilutive:

	September 30,	
	2018	2017
Exercise of common stock warrants	1,813,053	-
Conversion of preferred stock into common stock	1,163,659	1,513,659
Exercise of common stock options	1,246	1,246
	<u>2,977,958</u>	<u>1,514,905</u>

Patents

Acquired patents are capitalized at their acquisition cost or fair value. The legal costs, patent registration fees and models and drawings required for filing patent applications are capitalized if they relate to commercially viable technologies. Commercially viable technologies are those technologies that are projected to generate future positive cash flows in the near term. Legal costs associated with patent applications that are not determined to be commercially viable are expensed as incurred. All research and development costs incurred in developing the patentable idea are expensed as incurred. Legal fees from the costs incurred in successful defense to the extent of an evident increase in the value of the patents are capitalized.

Capitalized costs for pending patents are amortized on a straight-line basis over the remaining twenty-year legal life of each patent after the costs have been incurred. Once each patent is issued, capitalized costs are amortized on a straight-line basis over the shorter of the patent's remaining statutory life, estimated economic life or ten years.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which are 3 to 10 years for machinery and equipment and the shorter of the lease term or estimated economic life for leasehold improvements.

Fair Value

The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's Level 1 assets include cash equivalents, primarily institutional money market funds, whose carrying value represents fair value because of their short-term maturities of the investments held by these funds.

- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair value is determined using the Black-Scholes valuation model based on observable market inputs, such as share price data and a discount rate consistent with that of a government-issued security of a similar maturity.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Research and Development

Research and development costs are expensed as incurred and reported as research and development expense. Research and development costs totaled \$7.8 million and \$0.9 million for the nine months ended September 30, 2018 and 2017, respectively. Research and development costs for the nine months ended September 30, 2018 included non-cash compensation of \$6.5 million.

Revenue Recognition

License Revenue

License arrangements may consist of non-refundable upfront license fees, exclusive licensed rights to patented or patent pending technology, and various performance or sales milestones and future product royalty payments. Some of these arrangements are multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by us, and require no consequential continuing involvement on our part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered. We defer recognition of non-refundable upfront fees if we have continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of our performance under the other elements of the arrangement. In addition, if we have continuing involvement through research and development services that are required because our know-how and expertise related to the technology is proprietary to us, or can only be performed by us, then such up-front fees are deferred and recognized over the period of continuing involvement.

Payments related to substantive, performance-based milestones in a research and development arrangement are recognized as revenue upon the achievement of the milestones as specified in the underlying agreements when they represent the culmination of the earnings process. As of September 30, 2018, the Company has not generated any licensing revenue.

2. Intangibles

On September 1, 2017, the Company entered into an Agreement and Plan of Merger whereby it acquired 100% of the issued and outstanding capital stock of Georgetown Translational Pharmaceuticals, Inc. (GTP). In exchange for the ownership of GTP, the Company issued a total of 16,927,878 shares of its common stock, having a share price of \$15.00 on the date of the transaction, to the three prior owners of GTP which represented 33% of the issued and outstanding capital stock of the Company on a fully diluted basis. \$253.8 million of the value of shares issued was allocated to intangible assets consisting of a portfolio of three CNS development candidates, which are classified as IPR&D.

For the three and nine months ended September 30, 2018, the Company recorded an intangible asset impairment charge of \$228.5 million related to the portfolio of CNS IPR&D assets within Operating Expenses, which represents the excess carrying value compared to fair value. The impairment charge was the result of both internal and external factors. In the 3rd quarter of 2018, the Company experienced changes in key senior management, led by the appointment of a new CEO with extensive experience in oncology drug development. These changes resulted in the prioritization of immuno-oncology development candidates relative to CNS development candidates. In conjunction with these strategic changes, limited internal resources have delayed the development of the CNS IPR&D assets. The limited resources, changes in senior leadership, and favorable market conditions for immuno-oncology development candidates have resulted in the Company choosing to focus on development of its immuno-oncology portfolio. In light of this shift in market strategy, the Company performed a commercial assessment and a valuation of the CNS IPR&D assets, both to assess fair value and support potential future licensing efforts. The valuation indicated an excess carrying value over the fair value of these assets, resulting in the impairment charge noted above.

The fair value of the CNS IPR&D assets was determined using the discounted cash flow method which utilized significant estimates and assumptions surrounding the amount and timing of the projected net cash flows, which includes the probability of commercialization, the assumption that the assets would be out-licensed to third-parties for continued development for upfront licensing fees and downstream royalty payments based on net sales, and expected impact of competitive, legal and/or regulatory forces on the projections, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

3. Debt

Convertible Notes

On January 22, 2018, the Company entered into a Securities Purchase Agreement (“SPA”) with fourteen accredited investors (individually, a “Buyer” and collectively, the “Buyers”) pursuant to which the Company agreed to issue to the Buyers senior convertible notes in an aggregate principal amount of \$7,760,510 (the “Notes”), which Notes shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”) at a price of \$4.58 per share, and five-year warrants to purchase the Company’s Common Stock representing the right to acquire an aggregate of approximately 1,694,440 shares of Common Stock (the “Warrants”).

Pursuant to the terms of SPA the Notes were subject to an original issue discount of 10% resulting in proceeds to the Company of \$7,055,000 from the transaction.

Upon the purchase of the Notes, the Buyers received Warrants to purchase 1,694,440 shares of Common Stock. Such Warrants are exercisable for (5) years from the date the shares underlying the Warrants are freely saleable. The initial Exercise Price is \$4.58. According to the terms of the warrant agreement, the Warrants are subject to certain adjustments depending upon the price and structure of a subsequent financing, including a qualified financing with gross proceeds of at least \$20 million, as defined in the agreements.

The issuance of the Notes and Warrants were made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”) for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act.

Contemporaneously with the execution and delivery of the SPA, the Company and the Buyers executed and delivered a Registration Rights Agreement (the “Registration Rights Agreement”) pursuant to which the Company has agreed to provide certain registration rights with respect to the Registrable Securities under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws.

Senior Convertible Debentures

On August 2, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company issued to the Purchasers one year 10% Senior Convertible Debentures in an aggregate principal amount of \$5,140,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share. The Company used a portion of these proceeds to repay \$4.4 million of the notes issued on January 22, 2018. Additionally, the remaining \$3.3 million of the notes issued on January 22, 2018 were converted into the Debentures at the same terms discussed above.

On September 7, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company has issued to the Purchasers one year 10% Senior Convertible Debentures in an aggregate principal amount of \$2,050,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share.

On September 24, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company has issued to the Purchasers one year 10% Senior Convertible Debentures in an aggregate principal amount of \$800,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share.

The issuance of the Senior Convertible Debentures was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), for the offer and sale of securities not involving a public offering and Regulation D promulgated under the Securities Act.

Financing Agreement

On November 8, 2010, the Company entered into a financing arrangement with Gemini Pharmaceuticals, Inc., a product development and manufacturing partner of the Company, pursuant to which Gemini Pharmaceuticals made a \$250,000 strategic equity investment in the Company and agreed to make a \$750,000 purchase order line of credit facility available to the Company. The outstanding principal of all Advances under the Line of Credit will bear interest at the rate of interest of prime plus 2 percent per annum. There is \$31,000 due on this credit line at September 30, 2018.

4. Stockholders' Equity

Common Stock

During the quarter ended September 30, 2018, the Company issued 110,000 shares of common stock upon conversion of \$220,000 of senior convertible notes.

Preferred Stock

On September 1, 2017, the Company authorized 2,000,000 shares of Series J Preferred Stock. Shares of Series J Preferred Stock will have the same voting rights as shares of common stock with each share of Series J Preferred Stock entitled to one vote at a meeting of the shareholders of the Corporation. Shares of Series J Preferred Stock will not be entitled to receive any dividends, unless and until specifically declared by our board of directors. The holders of the Series J Preferred Stock will participate, on an as-if-converted-to-common stock basis, in any dividends to the holders of common stock. Each share of the Series J Preferred Stock is convertible into one share of our common stock at any time at the option of the holder.

On September 1, 2017 the Company issued a total of 908,502 shares of Series J Preferred Stock in exchange for the conversion and cancellation of debt in the total amount of \$1,090,000.

On September 1, 2017 the Company issued 5,046 shares of Series J Preferred Stock upon the exercise of warrants on a cashless basis.

On September 1, 2017 the Company also issued 600,000 shares of Series J Preferred Stock to one entity as payment for \$720,000 of consulting services provided to the Company.

In December 2017, the Company converted 350,000 Series J shares of preferred stock into 350,000 shares of common stock.

5. Stock Options and Warrants

Stock Options

The following table summarizes stock option transactions for the nine months ended September 30, 2018:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2017	1,246	\$ 1,428.00
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding, September 30, 2018	1,246	\$ 1,428.00
Exercisable, September 30, 2018	1,246	\$ 1,428.00

Common Stock Warrants

Warrant transactions for the nine months ended September 30, 2018 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2017:	-	\$ -
Granted	1,813,053	4.58
Forfeited	-	-
Exercised	-	-
Outstanding at September 30, 2018	1,813,053	\$ 4.58
Exercisable at September 30, 2018	1,813,053	\$ 4.58

6. Commitments and Contingencies

Leases

On September 1, 2017, the Company entered into a three-year lease agreement for its office in Washington, D.C. In addition to minimum rent, certain leases require payment of real estate taxes, insurance, common area maintenance charges and other executory costs. The Company recognizes rent expense under such arrangements on a straight-line basis over the effective term of each lease. This lease was terminated as of June 30, 2018.

Rent expense for the nine months ended September 30, 2018 and 2017 was \$52,000 and \$9,000, respectively.

Employment Agreements

On February 14, 2018, the Company entered into the First Amendment to the Employment Agreement with Dr. Clarence-Smith, amending the Employment Agreement, dated September 1, 2017, between the Company and Dr. Clarence-Smith. Under the First Amendment, Dr. Clarence-Smith's title was revised to reflect her new position and included an annual salary of \$500,000, paid in equal monthly installments. All other terms of her original Employment Agreement remain unchanged. In October 2018, Dr. Clarence-Smith resigned from her position with the Company. In connection with this resignation, the Company entered into a separation agreement which superseded the Employment Agreement.

On February 14, 2018, the Company entered into a Consultant Agreement with Mr. Cataldo. The term of the Consultant Agreement lasts until August 31, 2020 and is terminable at will and is subject to automatic extension for successive one-year periods. Mr. Cataldo will be paid \$41,667 per month during the term of the Consultant Agreement and will be entitled to participate in the Company's bonus plans. Refer to footnote 8 – Subsequent Events.

If any of our executive officers' employment with us is terminated involuntarily, or any executive resigns with good reason as a result of a change in control, the executive will receive (i) all compensation and benefits earned through the date of termination of employment; (ii) a lump-sum payment equal to the greater of (a) the bonus paid or payable to the executive for the year immediately prior to the year in which the change in control occurred and (b) the target bonus under the performance bonus plan in effect immediately prior to the year in which the change in control occurs; (iii) a lump-sum payment equivalent to the remaining base salary (as it was in effect immediately prior to the change in control) due to the executive from the date of involuntary termination to the end of the term of the employment agreement or one half of the executive's base salary then in effect, whichever is the greater; and (iv) reimbursement for the cost of medical, life, disability insurance coverage at a level equivalent to that provided by us for a period expiring upon the earlier of (a) one year or (b) the time the executive begins alternative employment where said insurance coverage is available and offered to the executive.

7. Change of Accounting Method

Adoption of ASU 2017-11

In connection with the securities purchase agreements and debt transactions during the year ended December 31, 2017, the Company issued warrants, to purchase common stock with a five-year term. Upon issuance of the warrants, the Company evaluated the note agreement to determine if the agreement contained any embedded components that would qualify the agreement as a derivative. The Company identified certain put features embedded in the warrants that potentially could result in a net cash settlement in the event of a fundamental transaction, requiring the Company to classify the warrants as a derivative liability. The Company changed its method of accounting for the debt and warrants through the early adoption of ASU 2017-11 on January 1, 2018 on a retrospective basis. Accordingly, the Company recorded the warrant derivative and conversion option derivative liabilities to additional paid in capital upon issuance.

The following table provides a summary of the derivative liability activity as a result of the adoption of ASU 2017-11 (in thousands, except per share data):

Consolidated Balance Sheet December 31, 2017			
	Previously Reported	Revisions	Revised Report
Additional Paid-in Capital	\$ 519,702	\$ 1,603	\$ 521,305
Accumulated Deficit	\$ (267,896)	\$ (1,603)	\$ (269,499)

Consolidated Statement of Operations For the Three Months Ended September 30, 2017			
	Previously Reported	Revisions	Revised Report
Change in Warrant Liability	\$ (1,451)	\$ 1,451	\$ -
Earnings Per Share	\$ (8.24)	\$ 0.09	\$ (8.15)

Consolidated Statement of Operations For the Nine Months Ended September 30, 2017			
	Previously Reported	Revisions	Revised Report
Change in Warrant Liability	\$ 925	\$ (925)	\$ -
Earnings Per Share	\$ (24.38)	\$ (0.16)	\$ (24.54)

8. Subsequent Events

Leases

On October 1, 2018, the Company entered into a three-year lease agreement for its office in Westlake Village, CA. In addition to minimum rent, certain leases require payment of real estate taxes, insurance, common area maintenance charges and other executory costs. The Company recognizes rent expense under such arrangements on a straight-line basis over the effective term of each lease.

The following table summarizes the Company's future minimum lease commitments as of September 30, 2018 (in thousands):

Year ending December 31:

2018	\$	11
2019		69
2020		71
2021		61
Total minimum lease payments	\$	<u>212</u>

Employment and Consulting Agreements

On October 18, 2018, the Company entered into a Consultant Agreement with Anthony Cataldo. The term of the Consultant Agreement shall remain in effect until September 30, 2019. This Agreement supersedes the Consultant Agreement dated February 14, 2018 and will pay Mr. Cataldo \$25,000 per month during the term of the Agreement.

On October 19, 2018, the Company entered into an Executive Employment Agreement with Dr. Urbanski, reflecting his current position as Chief Executive Officer of the Company. Under the terms of this agreement, Dr. Urbanski's annual salary is essentially unchanged from his previous positions. Dr. Urbanski is also entitled to participate in the Company's bonus plans. Under the Executive Employment Agreement, the Company has agreed that upon shareholder approval of a Stock Option Plan, it will recommend to the Board that the Company grant Dr. Urbanski a Non-Qualified stock option to purchase 2,971,102 shares of the Company's common stock having an exercise equal to the fair market value of the shares on the date of the Agreement. The stock option grant would vest according to the following schedule: (i) 1,250,000 fully vested shares upon signing of the agreement, (ii) 1,250,000 shares on January 1, 2019, and (iii) 471,102 shares on January 1, 2020.

Departure of Directors or Certain Officers

On November 12, 2018, Mr. Cataldo announced his intention to resign from the Board of Directors of the Company effective November 13, 2018. The resignation did not involve any dispute with the Company.

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

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in the Form 10-Q are forward-looking statements about what may happen in the future. Forward-looking statements include statements regarding our current beliefs, goals, and expectations about matters such as our expected financial position and operating results, our business strategy, and our financing plans. The forward-looking statements in the Form 10-Q are not based on historical facts, but rather reflect the current expectations of our management concerning future results and events. The forward-looking statements generally can be identified by the use of terms such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements. We cannot guarantee that our forward-looking statements will turn out to be correct or that our beliefs and goals will not change. Our actual results could be very different from and worse than our expectations for various reasons. You should review carefully all information, including the discussion of risk factors under "Item 1A: Risk Factors" and "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Form 10-K for the year ended December 31, 2017. Any forward-looking statements in the Form 10-Q are made only as of the date hereof and, except as may be required by law, we do not have any obligation to publicly update any forward-looking statements contained in this Form 10-Q to reflect subsequent events or circumstances.

Throughout this Quarterly Report on Form 10-Q, the terms "GTBP," "we," "us," "our," "the company" and "our company" refer to GT Biopharma, Inc., a Delaware corporation formerly known as Oxix International, Inc., DDI Pharmaceuticals, Inc. and Diagnostic Data, Inc. together with our subsidiaries.

Overview

We are a clinical stage biopharmaceutical company predominantly focused on the development and commercialization of immuno-oncology products based off our proprietary Tri-specific Killer Engager (TriKE), Tetra-specific Killer Engager (TetraKE) and bi-specific Antibody Drug Conjugate (ADC) technology platforms. Our TriKE and TetraKE platforms generate proprietary moieties designed to harness and enhance the cancer killing abilities of a patient's own natural killer, or NK, cells. Once bound to a NK cell, our moieties are designed to enhance the NK cell and precisely direct it to one or more specifically-targeted proteins (tumor antigens) expressed on a specific type of cancer, ultimately resulting in the cancer cell's death. TriKEs and TetraKEs are made up of recombinant fusion proteins, can be designed to target certain tumor antigens on hematologic malignancies, sarcomas or solid tumors and do not require patient-specific customization. They are designed to be dosed in an outpatient setting and are expected to have reasonably low cost of goods. Our ADC platform can generate product candidates that are bi-specific, ligand-directed single-chain fusion proteins that, we believe, represent the next generation of ADCs.

Our most advanced bi-specific ADC, which targets CD19+ and/or CD22+ hematological malignancies, is in the Phase 2 component of a Phase 1/2 Non-Hodgkins Lymphoma (NHL)/Acute Lymphocytic Leukemia (ALL) trial which is an open-label, investigator-led study. Subject to the availability of drug supply, we expect to be in a position to begin a First-in-Class, Phase 1 trial in CD33+ hematologic malignancies for our most advanced TriKE product candidate in the first half of 2019. We are initially targeting certain hematologic malignancies as we believe our product candidates may have certain advantages over existing and other in-development products. We are also focused on developing TetraKE product candidates designed to target the larger solid tumor population and are working towards beginning clinical trials in 2019.

Our TriKE product candidates are single-chain, tri-specific scFv recombinant fusion proteins composed of the variable regions of the heavy and light chains (or heavy chain only) of anti-CD16 antibodies, wild-type or a modified form of IL-15 and the variable regions of the heavy and light chains of an antibody designed to precisely target a specific tumor antigen. We utilize the NK stimulating cytokine human IL-15 as a crosslinker between the two scFvs which is designed to provide a self-sustaining signal leading to the proliferation and activation of NK cells thus enhancing their ability to kill cancer cells mediated by antibody-dependent cell-mediated cytotoxicity (ADCC). Our second TriKE product candidate, GTB-C3550 (OXS-C3550), is a next-generation version of GTB-3550 (OXS-3550) containing a modified CD16 component.

Our TetraKE product candidates are single-chain fusion proteins composed of human single-domain anti-CD16 antibody, wild-type IL-15 and the variable regions of the heavy and light chains of two antibodies that are designed to target two specific tumor antigens expressed on specific types of cancer cells. An example of a TetraKE product candidate is GTB-1615 (OXS-1615) which is designed to target EpCAM and CD133 positive solid tumors. EpCAM is found on many solid tumor cells of epithelial origin and CD133 is a marker for cancer stem cells. OXS-1615 is designed to enable a patient's NK cells to kill not only the heterogeneous population of cancer cells found in many solid tumors but also kill the cancer stem cells that can be responsible for recurrences.

Our TriKEs and TetraKEs are designed to act by binding to a patient's NK cells and a specific tumor antigen enabling an immune synapse between the now IL-15-enhanced NK cell and the targeted cancer cell. The formation of an immune synapse can induce NK cell activation which can lead to the death of the cancer cell. We believe the self-sustaining signal caused by our IL-15 cross-linker may enable prolonged and enhanced proliferation and activation of NK cells similar to the increased proliferation of T-cells caused by 41BB-L or CD28 intracellular domains in CAR-T therapy but without the need to enhance the patient's NK cells ex vivo.

We are using our TriKE and TetraKE platforms with the intent to bring to market immuno-oncology products that can treat a range of hematologic malignancies, sarcoma and solid tumors. The platforms are scalable, and we are putting processes in place to be able to produce IND-ready moieties in a timely manner after a specific TriKE or TetraKE conceptual design. After conducting market and competitive research, specific moieties can then be advanced into the clinic on our own or through potential collaborations with larger companies. We are also evaluating, in conjunction with our Scientific Advisory Board, additional moieties designed to target different tumor antigens. We believe our TriKEs and TetraKEs may have the ability, if approved for marketing, to be used on a stand-alone basis, augment the current monoclonal antibody therapeutics, be used in conjunction with more traditional cancer therapy and potentially overcome certain limitations of current chimeric antigen receptor, or CAR-T, therapy.

GTB-3550 (OXS-3550) is our first TriKE product candidate. The GTB-3550 IND will focus on acute myelogenous leukemia (“AML”), the most common form of adult leukemia with 21,000 new cases expected in 2018 alone (American Cancer Society) as well as myelodysplastic syndrome (“MDS”) and severe mastocytosis. AML patients typically receive frontline therapy, usually chemotherapy, including cytarabine and an anthracycline, a therapy that has not changed in over 40 years. About half will have relapses and require alternative therapies. In addition, MDS incidence rates have dramatically increased in the population of the United States from 3.3 per 100,000 individuals from 2001-2004 to 70 per 100,000 annually, MDS is especially prevalent in elderly patients that have a median age of 76 years at diagnosis. The survival of patients with MDS is poor due to decreased eligibility, as a result of advanced age, for allogeneic hematopoietic cell transplantation (Allo-HSCT), the only curative MDS treatment (Cogle CR. Incidence and Burden of the Myelodysplastic Syndromes. *Curr Hematol Malig Rep.* 2015; 10(3):272-281). We believe that GTB-3550 could serve as a relatively safe, cost-effective, and easy-to-use therapy for resistant/relapsing AML and MDS and could also be combined with chemotherapy as frontline therapy thus targeting the larger patient population.

The IND for GTB-3550 was filed in June 2017 by the University of Minnesota. FDA requested that additional preclinical toxicology be conducted prior to initiating clinical trials. The FDA also requested some additional information and clarifications on the manufacturing (CMC) and clinical packages. The requested additional information and clarifications were completed and incorporated by us into the IND in eCTD format. We filed the IND amendment in June 2018 and announced on November 1, 2018 that we had received notification from the FDA that the IND was open and the Company was authorized to initiate a first-in-human Phase 1 study with GTB-3550 in AML, MDS and severe mastocytosis. Subject to the availability of drug supply, we expect to be in a position to begin the Phase 1 clinical trial in the first half of 2019.

We also believe our bi-specific, ligand-directed single-chain fusion proteins are examples of the next generation of ADCs. We believe GTB-1550 (OXS-1550) has certain properties that could result in competitive advantages over recently approved ADC products targeting leukemias and lymphomas and/or have utility in other niche populations. In a Phase 1 trial, of nine patients that achieved adequate blood levels, in two heavily pretreated patients a continuous partial remission (PR) and complete remission (CR) were observed. One of these patients, who had failed multiple previous treatment regimens, has been in remission since early 2015.

GTB-1550 is currently being evaluated in a Phase 2 component of an investigator-led Phase 1/2 clinical trial in relapsed/refractory NHL/ALL patients. We recently assembled a Bi-Specific ADC Advisory Board to work with us to assess and interpret the GTB-1550 pre-clinical and clinical data, including an interim review of the Phase 1/2 study. Eighteen patients have been enrolled to date, including 12 NHL and six ALL patients. At the time of the interim review, 13 patients met the evaluation criteria, including nine NHL and four ALL patients. More than 50% of patients (seven of 13) exhibited a clinical benefit, defined as stable disease, partial remission or complete remission at Day 29. Of the seven patients, one demonstrated a complete remission (CR), one demonstrated a partial remission (PR) and five demonstrated stable disease (SD).

The efficacy signal was more prominent in ALL patients with 75% (three of four) exhibiting clinical benefit including one CR, one PR and one SD. In the NHL population, four of nine patients exhibited SD. Adverse events were mostly grade 1 and 2 and reversible. One patient had a grade 4 low platelet count, two patients had a grade 3 increase in liver function tests, or LFTs, and one patient had a grade 3 capillary leak.

The Company currently expects final data for this trial to be available in the first quarter of 2019.

Our initial and ongoing work is being conducted in collaboration with the Masonic Cancer Center at the University of Minnesota under research agreements led by Dr. Jeffrey Miller, the Deputy Director and Dr. Daniel Vallera, Director, Section of Molecular Cancer Therapeutics. Through these research agreements we have access to a range of capabilities and resources such as construct design and functional testing, early single-chain fusion protein GMP production, scientific and clinical expertise and experience including early phase human testing. Dr. Miller is a recognized leader in the field of NK cell and IL-15 biology and their therapeutic potential. We have exclusive rights to the TriKE and TetraKE platforms and are generating additional intellectual property around specific moieties.

Also, in connection with the acquisition of Georgetown Translational Pharmaceuticals on September 1, 2017, we acquired a portfolio of IPR&D CNS assets consisting of innovative reformulations and/or repurposing of existing therapies. These CNS assets address disease states such as chronic neuropathic pain, myasthenia gravis and motion sickness.

In January 2018, we completed a study in healthy volunteers for GTP-004, our product candidate for the treatment for the symptoms of myasthenia gravis. We also announced the initiation of an investigator led study in healthy volunteers for GTP-011, for the prevention of motion sickness.

Recent Developments

Financing

On August 2, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company has issued to the Purchasers 10% Senior Convertible Debentures in an aggregate principal amount of \$5,140,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share. The Company used a portion of these proceeds to repay \$4.4 million of the notes issued on January 22, 2018. Additionally, the remaining \$3.3 million of the notes issued on January 22, 2018 were converted into the Debentures at the same terms discussed above.

On September 7, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company has issued to the Purchasers one year 10% Senior Convertible Debentures in an aggregate principal amount of \$2,050,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share.

On September 24, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company has issued to the Purchasers one year 10% Senior Convertible Debentures in an aggregate principal amount of \$800,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share.

The issuance of the Senior Convertible Debentures was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), for the offer and sale of securities not involving a public offering and Regulation D promulgated under the Securities Act.

Impairment of long-lived assets

In the 3rd quarter of 2018, the Company experienced changes in key senior management, led by the appointment of a CEO with extensive experience in oncology drug development. These changes resulted in the prioritization of immuno-oncology development candidates relative to the CNS development candidates acquired from Georgetown Translational Pharmaceuticals. In conjunction with these strategic changes, limited internal resources have delayed the development of the CNS IPR&D assets. The limited resources, changes in senior leadership, and favorable market conditions for immuno-oncology development candidates have resulted in the Company choosing to focus on development of its immuno-oncology portfolio. We are assessing our options to realize value from the CNS IPR&D assets. In light of this shift in market strategy, the Company performed a commercial assessment and a valuation of the CNS IPR&D assets, both to assess fair value and support potential future licensing efforts. Based on the results of the independent valuation, the Company recorded an intangible asset impairment charge of \$228.5 million during the third quarter of 2018, which represents the excess carrying value compared to fair value of the CNS IPR&D assets.

Results of Operations

Comparison of the Three Months Ended September 30, 2018 and 2017

Research and Development Expenses

During the three months ended September 30, 2018 and 2017, we incurred \$1.1 million and \$0.5 million of research and development expenses, respectively. 2018 research and development costs increased due primarily to the addition of new employees, combined with increased consultant costs, and higher preclinical and clinical expenses and include non-cash compensation of \$0.7 million. We anticipate our direct clinical costs to increase in the fourth quarter of 2018 as we work to be in position to begin a Phase 1 clinical trial of our most advanced TriKe product candidate, GTB-3550, in the first half of 2019, subject to the availability of drug supply.

Selling, general and administrative expenses

During the three months ended September 30, 2018 and 2017, we incurred \$5.0 million and \$126.3 million of selling, general and administrative expenses. Selling, general and administrative expenses for the three months ended September 30, 2017 were driven by stock compensation related to the acquisition of Georgetown Translational Pharmaceuticals on September 1, 2017. Stock compensation expenses totaled \$2.2 million and \$123.8 million for the three months ended September 30, 2018 and 2017, respectively. We anticipate selling, general and administrative expenses, excluding stock compensation, to range between \$1 and \$2 million in the coming quarters.

Loss on impairment

For the three months ended September 30, 2018, the Company recorded an intangible asset impairment charge of \$228.5 million related to the portfolio of CNS IPR&D assets, which represents the excess carrying value compared to fair value. The impairment charge was the result of both internal and external factors. In the 3rd quarter of 2018, the Company experienced changes in key senior management, led by the appointment of a CEO with extensive experience in oncology drug development. These changes resulted in the prioritization for immuno-oncology development candidates relative to the CNS development candidates acquired from Georgetown Translational Pharmaceuticals. In conjunction with these strategic changes, limited internal resources have delayed the development of the CNS IPR&D assets. The limited resources, changes in senior leadership, and favorable market conditions for immuno-oncology development candidates have resulted in the Company choosing to focus on development of its immuno-oncology portfolio. We are assessing our options to realize value from the CNS IPR&D assets. In light of this shift in market strategy, the Company performed a commercial assessment and a valuation of the CNS IPR&D assets, both to assess fair value and support potential future licensing efforts. Based on the results of the independent valuation, the Company recorded the impairment charge noted above.

Interest Expense

Interest expense was \$1.1 million and \$3.8 million for the three months ended September 30, 2018 and 2017 respectively. The decrease is due to a reduction in non-cash amortization of debt issuance costs associated with convertible debentures and demand notes payable from 2017 that have since been converted and/or repaid.

Comparison of the Nine Months Ended September 30, 2018 and 2017

Research and Development Expenses

During the nine months ended September 30, 2018 and 2017, we incurred \$7.8 million and \$0.9 million of research and development expenses, respectively. 2018 research and development costs increased due primarily to the addition of new employees, increased consultant costs, and higher preclinical and clinical expenses and include non-cash compensation of \$6.5 million. We anticipate our direct clinical costs to increase in the fourth quarter of 2018 as we work to be in position to begin a Phase 1 clinical trial of our most advanced TriKe product candidate, GTB-3550, in the first half of 2019, subject to the availability of drug supply.

Selling, general and administrative expenses

During the nine months ended September 30, 2018 and 2017, we incurred \$10.6 million and \$128.8 million of selling, general and administrative expenses. Selling, general and administrative expenses for the nine months ended September 30, 2017 were driven by stock compensation related to the acquisition of Georgetown Translational Pharmaceuticals on September 1, 2017. Stock compensation expenses totaled \$8.2 million and \$125.9 million for the nine months ended September 30, 2018 and 2017, respectively. We anticipate selling, general and administrative expenses, excluding stock compensation, to range between \$1 and \$2 million in the coming quarters.

Loss on impairment

For the nine months ended September 30, 2018, the Company recorded an intangible asset impairment charge of \$228.5 million related to the portfolio of CNS IPR&D assets, which represents the excess carrying value compared to fair value. The impairment charge was the result of both internal and external factors. In the 3rd quarter of 2018, the Company experienced changes in key senior management, led by the appointment of a CEO with extensive experience in oncology drug development. These changes resulted in the prioritization for immuno-oncology development candidates relative to the CNS development candidates acquired from Georgetown Translational Pharmaceuticals. In conjunction with these strategic changes, limited internal resources have delayed the development of the CNS IPR&D assets. The limited resources, changes in senior leadership, and favorable market conditions for immuno-oncology development candidates have resulted in the Company choosing to focus on development of its immuno-oncology portfolio. We are assessing our options to realize value from the CNS IPR&D assets. In light of this shift in market strategy, the Company performed a commercial assessment and a valuation of the CNS IPR&D assets, both to assess fair value and support potential future licensing efforts. Based on the results of the independent valuation, the Company recorded the impairment charge noted above.

Interest Expense

Interest expense was \$8.0 million and \$8.5 million for the nine months ended September 30, 2018 and 2017 respectively. Interest expense is driven by amortization of the original issue discount and the value of warrants issued in connection with financings in 2018 and 2017.

Liquidity and Capital Resources

The Company's current operations have focused on business planning, raising capital, establishing an intellectual property portfolio, hiring, and conducting preclinical studies and clinical trials. The Company does not have any product candidates approved for sale and has not generated any revenue from product sales. The Company has sustained operating losses since inception and expects such losses to continue over the foreseeable future. During the nine months ended September 30, 2018, the Company raised \$15 million through a series of issuances of convertible debentures in January, August, and September. \$4.4 million of the proceeds raised in August were used to repay a portion of the January convertible debentures. The remaining proceeds were used primarily to aid in raising capital, establishing an intellectual property portfolio, and to ensure continued progression of the Company's development programs. We anticipate that cash utilized for selling, general, and administrative expenses will range between \$1 and \$2 million in the coming quarters, while research and development expenses will vary depending on clinical activities.

The financial statements of the Company have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments that might be necessary should the Company be unable to continue in existence.

The Company has incurred substantial losses and negative cash flows from operations since its inception and has an accumulated deficit of \$524.5 million and cash of \$1.2 million as of September 30, 2018. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales or revenue from out-licensing of its products currently in development. Substantial additional financing will be needed by the Company to fund its operations and to commercially develop its product candidates. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management is currently evaluating different strategies to obtain the required funding for future operations. These strategies may include but are not limited to: public offerings of equity and/or debt securities, payments from potential strategic research and development, licensing and/or marketing arrangements with pharmaceutical companies. Management has also implemented cost saving efforts, including reduction in executive salaries and reduced travel. Management believes that these ongoing and planned financing endeavors, if successful, will provide adequate financial resources to continue as a going concern for at least the next six months from the date the financial statements are issued; however, there can be no assurance in this regard. If the Company is unable to secure adequate additional funding, its business, operating results, financial condition and cash flows may be materially and adversely affected.

Long-Lived Assets

The Company evaluates indefinite lived intangible assets for impairment at least annually and whenever impairment indicators are present in accordance with ASC 350. When necessary, The Company records an impairment loss for the amount by which the fair value is less than the carrying value of these assets. The fair value of intangible assets other than goodwill is typically determined using the "relief from royalty method", specifically the discounted cash flow method utilizing Level 3 fair value inputs. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of competitive, legal and/or regulatory forces on the projections and the impact of technological risk associated with IPR&D assets, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

Examples of events or circumstances that may be indicative of impairment include:

- A significant adverse change in legal factors or in the business climate that could affect the value of the asset. For example, a successful challenge of our patent rights would likely result in generic competition earlier than expected.
- A significant adverse change in the extent or manner in which an asset is used. For example, restrictions imposed by the FDA or other regulatory authorities could affect our ability to manufacture or sell a product.
- A projection or forecast that indicates losses or reduced profits associated with an asset. This could result from the introduction of a competitor's product that results in a significant loss of market share or the inability to achieve the previously projected revenue growth, as well as the lack of acceptance of a product by patients, physicians and payers. For IPR&D projects, this could result from, among other things, a change in outlook based on clinical trial data, a delay in the projected launch date or additional expenditures to commercialize the product.

While all intangible assets other than goodwill can face events and circumstances that can lead to impairment, in general, intangible assets other than goodwill that are most at risk of impairment include IPR&D assets (approximately \$253.7 million as of December 31, 2017) and newly acquired or recently impaired indefinite-lived brand assets. IPR&D assets are high-risk assets, as R&D is an inherently risky activity. Newly acquired and recently impaired indefinite-lived assets are more vulnerable to impairment as the assets are recorded at fair value and are then subsequently measured at the lower of fair value or carrying value at the end of each reporting period. As such, immediately after acquisition or impairment, even small declines in the outlook for these assets can negatively impact our ability to recover the carrying value and can result in an impairment charge.

Indefinite-lived intangible assets associated with IPR&D projects are not amortized until approval is obtained in a major market subject to certain specified conditions and management judgment. The useful life of an amortizing asset generally is determined by identifying the period in which substantially all of the cash flows are expected to be generated.

For the three and nine months ended September 30, 2018, the Company recorded an intangible asset impairment charge of \$228.5 million related to its portfolio of CNS IPR&D assets within Operating Expenses, which represents the excess carrying value compared to fair value. The impairment charge was the result of both internal and external factors. In the 3rd quarter of 2018, the Company experienced changes in key senior management, led by the appointment of a new CEO with extensive experience in oncology drug development. These changes resulted in the prioritization of immuno-oncology development candidates relative to CNS development candidates. In conjunction with these strategic changes, limited internal resources have delayed the development of the CNS IPR&D assets. The limited resources, changes in senior leadership, and favorable market conditions for immuno-oncology development candidates have resulted in the Company choosing to focus on development of its immuno-oncology portfolio. In light of this shift in market strategy, the Company performed a commercial assessment and a valuation of the CNS IPR&D assets, both to assess fair value and support potential future licensing efforts. The valuation indicated an excess carrying value over the fair value of these assets, resulting in the impairment charge noted above.

The fair value of the CNS IPR&D assets was determined using the discounted cash flow method which utilized significant estimates and assumptions surrounding the amount and timing of the projected net cash flows, which includes the probability of commercialization, the assumption that the assets would be out-licensed to third-parties for continued development for upfront licensing fees and downstream royalty payments based on net sales, and expected impact of competitive, legal and/or regulatory forces on the projections, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

Certain Expenses and Liabilities

On an ongoing basis, management evaluates its estimates related to certain expenses and accrued liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Inflation

We believe that inflation has not had a material adverse impact on our business or operating results during the periods presented.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements as of September 30, 2018.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

This company qualifies as a smaller reporting company, as defined in 17 C.F.R. §229.10(f) (1) and is not required to provide information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer evaluated the effectiveness of our “disclosure controls and procedures” (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the United States Securities Exchange Act of 1934, as amended), as of September 30, 2018. Based on that evaluation we have concluded that because a material weakness in the Company’s internal control over financial reporting existed as of September 30, 2018, that our disclosure controls and procedures were not effective as of the end of the period covered by this Quarterly Report on Form 10-Q. The material weakness in the Company’s internal control over financial reporting and the Company’s remediation efforts are described below.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, a company’s principal executive and principal financial officers and effected by a company’s board of directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’s assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of September 30, 2018, management of the company conducted an assessment of the effectiveness of the company’s internal control over financial reporting. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. In the course of the assessment, material weaknesses were identified in the company’s internal control over financial reporting.

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

Management determined that fundamental elements of an effective control environment were missing or inadequate as of September 30, 2018. The most significant issues identified were: 1) lack of segregation of duties due to very small staff and significant reliance on outside consultants, and 2) risks of executive override also due to lack of established policies, and small employee staff. Based on the material weaknesses identified above, management has concluded that internal control over financial reporting was not effective as of September 30, 2018. As the company's operations increase, the company intends to take measures to mitigate the issues identified and implement a functional system of internal controls over financial reporting. Such measures will include, but not be limited to hiring of additional employees in its finance and accounting department; preparation of risk-control matrices to identify key risks and develop and document policies to mitigate those risks; and identification and documentation of standard operating procedures for key financial activities.

Changes in Internal Control over Financial Reporting

On October 11, 2018, the Company's Chief Financial Officer, Steven Weldon, resigned from his position with the Company. The September 30, 2018 10-Q has been prepared under the direction of the Company's Chief Executive Officer, Raymond Urbanski, who has acted as the Company's Principal Financial Officer during this time period. We do not believe the change noted above will materially affect, or is reasonable likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On February 15, 2017, MultiCell Immunotherapeutics, or MultiCell, filed an arbitration proceeding against us with the American Health Lawyers Association, Claim #3821. MultiCell is seeking \$207,783 plus interest and costs of arbitration pursuant to alleged contract rights against us under a research agreement between MultiCell and us. Following a hearing held September 1, 2017, the arbitrator awarded MultiCell the payment amount of \$207,783 plus interest in the amount of \$34,699. On September 8, 2018, an agreement was reached between the Company and Multicell whereby the Company paid Multicell \$100,000 in cash and agreed to issue 75,000 shares of Common Stock in full settlement of this matter.

Item 1A. Risk Factors

Not applicable to smaller reporting companies

Item 2. Unregistered Sales of Securities and Use of Proceeds

In January 22, 2018, the Company entered into a Securities Purchase Agreement (“SPA”) with the fourteen accredited investors (individually, a “Buyer” and collectively, the “Buyers”) pursuant to which the Company has agreed to issue to the Buyers senior convertible notes in an aggregate principal amount of \$7,760,510 (the “Notes”), which Notes shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”) at a price of \$4.58 per share, and five-year warrants to purchase the Company’s Common Stock representing the right to acquire an aggregate of approximately 1,694,440 shares of Common Stock (the “Warrants”).

Pursuant to the terms of SPA the Notes were subject to an original issue discount of 10% resulting in proceeds to the Company of \$7,055,000 from the transaction.

Upon the purchase of the Notes, the Buyers received Warrants to purchase 1,694,440 shares of Common Stock. Such Warrants are exercisable for (5) years from the date the shares underlying the Warrants are freely saleable. The initial Exercise Price is \$4.58. According to the terms of the warrant agreement, the notes are subject to certain adjustments depending upon the price and structure of a subsequent financing, including a qualified financing with gross proceeds of at least \$20 million, as defined in the agreements.

The issuance of the Notes and Warrants were made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”) for the offer and sale of securities not involving a public offering, and Regulation D promulgated under the Securities Act.

Contemporaneously with the execution and delivery of the SPA, the Company and the Buyers executed and delivered a Registration Rights Agreement (the “Registration Rights Agreement”) pursuant to which the Company has agreed to provide certain registration rights with respect to the Registrable Securities under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws.

On August 2, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company has issued to the Purchasers 10% Senior Convertible Debentures in an aggregate principal amount of \$5,140,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share. The Company used a portion of these proceeds to repay \$4.4 million of the notes issued on January 22, 2018. Additionally, the remaining \$3.3 million of the notes issued on January 22, 2018 were converted into the Debentures at the same terms discussed above.

On September 7, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company has issued to the Purchasers one year 10% Senior Convertible Debentures in an aggregate principal amount of \$2,050,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share.

On September 24, 2018, GT Biopharma, Inc. (the “Company”) entered into a Securities Purchase Agreement with the purchasers identified on the signature pages thereto (individually, a “Purchaser,” and collectively, the “Purchasers”) pursuant to which the Company has issued to the Purchasers one year 10% Senior Convertible Debentures in an aggregate principal amount of \$800,000 (the “Debentures”), which Debentures shall be convertible into the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a price of \$2 per share.

The issuance of the Senior Convertible Debentures was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), for the offer and sale of securities not involving a public offering and Regulation D promulgated under the Securities Act.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

On November 12, 2018, Mr. Cataldo announced his intention to resign from the Board of Directors of the Company effective November 13, 2018. The resignation did not involve any dispute with the Company.

Item 6. Exhibits

Exhibits	Description	Herewith	Form	SEC File No.	Filing Date
3.1	Certificate of Amendment to the Certificate of Incorporation of the Registrant, effective as of July 19, 2017.		8-K	000-08092	03/15/18
10.1	Securities Purchase Agreement by and among the Company and the Buyers, dated January 22, 2018.		8-K	000-08092	01/23/18
10.2	Form of Registration Rights Agreement by and among the Company and the Buyers, dated January 22, 2018.		8-K	000-08092	01/23/18
10.3	Form of Note.		8-K	000-08092	01/23/18
10.4	Form of Warrant.		8-K	000-08092	01/23/18
10.5	Executive Employment Agreement, dated as of February 15, 2018, between the Company and Cross.		8-K	000-08092	02/21/18
10.6	First Amendment to the Employment Agreement, dated as of February 14, 2018, between the Company and Dr. Clarence-Smith.		8-K	000-08092	02/21/18
10.7	Consultant Agreement, dated as of February 14, 2018, between the Company and Mr. Cataldo.		8-K	000-08092	02/21/18
10.8	Form of 10% Senior Convertible Debenture		8-K	000-08092	08/03/18
10.9	Security Purchase Agreement		8-K	000-08092	08/03/18
10.10	Form of 10% Senior Convertible Debenture		8-K	000-08092	09/07/18
10.11	Security Purchase Agreement		8-K	000-08092	09/07/18
10.12	Form of 10% Senior Convertible Debenture		8-K	000-08092	09/24/18
10.13	Security Purchase Agreement		8-K	000-08092	09/24/18
10.14	Separation Agreement between the Company and Dr. Clarence-Smith		8-K	000-08092	10/12/18
10.15	Resignation of Steven Weldon		8-K	000-08092	10/16/18
10.16	Stock Pledge Agreement		10-Q	000-08092	08/14/18
10.17	Executive Employment Agreement with Dr. Urbanski	X			
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.	X			
32.1 *	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer and Principal Financial Officer).	X			
101.INS	XBRL Instance Document.				
101.SCH	XBRL Taxonomy Extension Schema Document.				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				

* This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Act of 1934, or otherwise subject to the liability of that Section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

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.

Dated: November 14, 2018

GT Biopharma, Inc.

By: /s/ Dr. Raymond Urbanski

Dr. Raymond Urbanski

Chief Executive Officer, and Chairman of the Board *(on behalf of the registrant and as the registrant's principal financial officer)*

EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into by and among GT Biopharma, Inc. (the Company) and Raymond W. Urbanski ("Executive") as of October 19, 2018, (the "Effective Date").

WHEREAS, the Company desires to employ Executive, and Executive wishes to be employed by the Company in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, IT IS MUTUALLY AGREED AS FOLLOWS:

1. **Position and Duties:** Executive shall be employed by the Company in the position of Chief Executive Officer. Executive shall have the duties and responsibilities consistent with the position of Chief Executive Officer and such other lawful duties and responsibilities reasonably assigned by the Company's Board of Directors. Executive shall provide his services hereunder from his home in Calabasas, California and the newly leased office space in Westlake Village California. Executive understands and agrees that Executive will faithfully devote Executive's best efforts and substantially all of his time during normal business hours to advance the interests of the Company. Executive will abide by all reasonable lawful written policies duly adopted by the Company, as well as all applicable federal, state and local laws, regulations or ordinances. Executive will act in a manner that Executive reasonably believes to be in the best interest of the Company at all times. Executive further understands and agrees that Executive has a fiduciary duty of loyalty to the Company to the extent provided by applicable law and that Executive will take no action which materially harms the business, business interests, or reputation of the Company.

2. **Compensation:** Executive shall be compensated by the Company for his services to the Company as follows:

(a) **Base Salary:** As Chief Executive Officer and Chairman of the Board of Directors, Executive shall be paid a Base Salary of \$425,000 per year ("Base Salary"), payable in biweekly installments. The monthly cash payment will be subject to applicable withholding, in accordance with the Company's normal payroll procedures. Executive's Base Salary and other compensation shall be reviewed on at least an annual basis and may be increased as appropriate. In the event of such an adjustment to the Base Salary, that amount shall thereafter become Executive's "Base Salary" for the purposes of this Agreement.

(b) **Benefits:** Executive shall have the right, on the same basis as other senior executives of the Company, to participate in and to receive benefits under any of either Company's employee benefit plans, medical insurance, and other insurance plans, as such plans may be modified from time to time, and provided that in no event shall Executive receive less than four (4) weeks of paid

vacation per annum, six (6) additional paid sick days per annum, and five (5) additional paid personal days per annum.

(c) **Performance Bonus:** Executive shall have the opportunity to earn an annual performance bonus in accordance with the Company's Performance Bonus Plan then in effect with a target amount of 50% of his Base Salary ("Target Bonus"); if the Company does not have a Performance Bonus Plan in effect at any given time during the term of this Agreement, then the Company's Compensation Committee or Board of Directors shall have discretion as to determining the annual bonus compensation for Executive. Annual bonuses will be based on calendar years. Bonus will be awarded as a combination of cash, stock options and/or restricted stock depending upon market and company conditions as determined by the Compensation committee in consultation with the Executive.

(d) **General Stock Grant:** Executive (or an entity controlled by Executive) shall be granted a Non-Qualified stock option to purchase shares of the Company's common stock in the amount equal to shares 2,971,102 having an option price equal to the fair market value of the shares on the effective date of this Agreement. These stock options are in addition to the 1,528,898 shares granted under a previously Agreement. Subject to the Executive's continued employment with the Company or any affiliate of the Company on each such vesting date, such options shall vest on the following schedule: (i) 1,250,000 fully vested shares upon signing of this agreement; (ii) 1,250,000 fully vested shares on January 1, 2019; and (iii) 471,102 fully vested shares on January 1, 2020. Notwithstanding the foregoing, all Company equity (including stock granted hereunder and stock options, as applicable) shall be fully vested on the date of a Change in Control (as defined below), Executive's resignation for Good Reason, or the Company's termination of Executive's employment without Cause, whichever occurs first.

(e) **Expenses:** Company shall reimburse Executive for travel, lodging, entertainment and meal expenses incurred in connection with the performance of services for the Company, including, but not limited to, traveling from his home to Company offices.

(f) **Travel:** Executive shall travel as reasonably necessary from time to time to satisfy his performance and responsibilities under this Agreement.

(g) **Attorneys' Fees:** The Company will reimburse Executive for the attorneys' fees incurred in preparing this Agreement and negotiations related thereto, up to \$5,000.

4. Effect of Termination of Employment:

(a) **Termination for Cause; Resignation without Good Reason:** In the event of the Company's termination of Executive's employment for Cause or Executive's resignation without Good Reason, Executive shall be entitled to:

(i) the compensation or benefits from the Company earned under Section 2 through the date of his termination, paid on the next scheduled payroll date;

(ii) reimbursement of all business expenses for which Executive is entitled to be reimbursed pursuant to Company policy, but for which he has not yet been reimbursed;

(iii) the right to continue health care benefits under COBRA, at Executive's cost, to the extent required and available by law; and,

(iv) in the case of each stock option, restricted stock award or other Company stock-based award granted to Executive, the extent to which such awards are vested through the date of his termination or as otherwise agreed by the Parties.

In the event that the Company intends to terminate Executive's employment for Cause, the Company shall first provide written notice to Executive of that fact with specificity no fewer than 30 days after the conduct or circumstances giving rise to such intention to termination his employment for Cause. Thereafter, Executive shall have 30 days to cure any such conduct or circumstances. Failure to timely provide written notice that the Company contends that the termination is for Cause shall constitute a waiver of any contention that the termination was for Cause, and the termination shall be irrebuttable presumed to be a termination without Cause.

(b) **Termination Without Cause or Resignation for Good Reason:** In the event of the Company's termination of Executive's employment without Cause or Executive's resignation with Good Reason, Executive shall be entitled to:

(i) the compensation or benefits from the Company earned under Section 2 through the date of his termination, paid on the next scheduled payroll date;

(ii) Payment of his salary for one year after the Termination Without Cause or Resignation for Good Reason. Salary will be paid through normal payroll distribution. (ex. If normal payroll distribution is twice monthly the Executive will receive 24 payments in a one-year period).

(iii) Any bonus objectives met before termination will be paid as a lump sum when the Board approves bonus payouts for the year he terminates. Also, at the Board's discretion, the executive may be eligible for prorated bonus payout for goals instituted by the Executive but not completed until after the Termination. In addition, then any unvested Equity Incentive Awards that have a duration vesting condition as defined in the Award Agreement shall immediately vest to the extent such unvested Equity Incentive Awards would have vested

in the 12 months from the date of termination; or if Executive is entitled to Change in Control Benefits pursuant to Section 5(b), then any unvested Equity Incentive Awards that have a duration vesting condition as defined in the Award Agreement shall immediately vest and any unvested Equity Incentive Awards with a performance condition shall immediately vest and may be exercised only to the extent the performance targets have been achieved or would be achieved by such acquisition, merger or sale in accordance with the terms of the Plan and the Award Agreement. If any provision of this Agreement conflicts with a provision of the Award Agreement and/or the Plan, the provision more favorable to the Executive shall govern.

(iv) reimbursement for the cost of medical, life, and disability insurance coverage for Executive and his eligible dependents at a level equivalent to that provided by the Company for a period expiring upon the earlier of: (a) one year from the effective date of Executive's employment termination date; or (b) the time Executive begins alternative employment wherein said insurance coverage is available, offered to Executive, and substantially similar to the Company's coverage levels. It shall be the obligation of Executive to inform the Company that new employment with adequate alternative insurance coverage has been obtained.

(c.) **Termination on Death.** If Executive dies, this Agreement and Executive's employment shall terminate automatically. If Executive has or develops a disability that affects Executive's ability to work, Company shall explore options with Executive to determine whether Executive is able to perform the essential functions of the job with or without reasonable accommodation. In the event of any dispute as to whether Employee is disabled for purposes of this Section H(2)(c), such dispute shall be resolved by an independent physician competent to assess the condition at issue selected by Company and performing such assessment at Company's expense. Upon termination of this Agreement due to Executive's death or disability, Company shall provide Executive (or Executive's estate, as applicable) with all of Executive's compensation and benefits that had fully accrued or fully vested as of the date this Agreement terminated. No other compensation or benefits of any nature shall accrue, vest or continue after the effective date the Agreement is terminated, except as provided under paragraph d. immediately below.

(d) **Tax Reimbursement.** If a payment (including this tax reimbursement payment) by the Company due to a Change In Control (as defined by Section 5(b)) is determined to be an "excess parachute payment" within the meaning of Internal Revenue Code ("Code") §280 and/or §4999, and Treasury Regs. §1.280G-1, and an excise tax is imposed thereon under Code §4999, the Company shall immediately reimburse Executive for the amount of such excise tax together with any additional income tax or excise tax attributable to the reimbursement of any excise taxes, as well as any income taxes on the income tax on the excise tax reimbursement, etc., so that Executive is not out of pocket any excise tax expense nor any income tax expense on such excise tax reimbursement.

(e) **Resignation from Positions:** In the event that Executive's employment with the Company is terminated or Executive resigns for any reason, on the effective date of the termination Executive shall simultaneously resign from each position he holds on the Board and/or the Board of Directors of any of the Company's affiliated entities and any position Executive holds as an officer of the Company or any of the Company's affiliated entities.

5. **Certain Definitions:** For the purpose of this Agreement, the following capitalized terms shall have the meanings set forth below:

(a) **"Cause"** shall mean any of the following occurring on or after the date of this Agreement:

(i) Executive's theft, dishonesty, or breach of fiduciary duty for personal profit that directly results in a material adverse effect on either Company's reputation or business;

(ii) Executive's willful violation of any material law, rule, or regulation (for avoidance of doubt, not including traffic violations, misdemeanors or non-felonious offenses), in each case that involves moral turpitude and directly results in a material adverse effect on either Company's reputation or business;

(iii) any intentional material breach by Executive of the Company's Code of Professional Conduct in existence as of the Effective Date and has a material adverse effect on either Company's reputation or business; or

(iv) any material breach by Executive of this Agreement, which breach, if curable, is not cured within thirty (30) days following written notice of such breach (stating the purported breach with specificity) from the applicable Company.

(b) **"Change in Control"** shall mean the occurrence of any of the following events:

(i) The acquisition by any person of beneficial ownership of fifty percent (50%) or more of the outstanding shares of the Company's voting securities; or

(ii) the Company is the non-surviving party in a merger; or

(iii) the Company sells all or substantially all of its assets; provided, however, that no "Change in Control" shall be deemed to have occurred merely as the result of a refinancing by the Company or as a result of the Company's insolvency or the appointment of a conservator; or

(iv) the Board of the Company, in its sole and absolute discretion, determines that there has been a sufficient change in the share ownership or ownership of the voting power of the Company's voting securities to constitute a change of effective ownership or control of the Company.

(c) "**Good Reason**" shall mean Executive's resignation for any of the following conditions without Executive's written consent:

(i) a decrease in Executive's Base Salary, a decrease in Executive's Target Bonus (as a multiple of Executive's Base Salary) under the Performance Bonus Plan, or a decrease in employee benefits, in each case other than as part of a proportional or otherwise substantially similar decrease applicable to all executive officers

(ii) a change in Executive's title, authority, or responsibilities;

(iii) any requirement that Executive change his primary work location to a location more than 50 miles away from the Company's office location in Westlake Village, California;

(iv) any material breach by the Company of any provision of this Agreement, which breach is not cured within thirty (30) days following written notice of such breach from Executive;

(v) a material diminution in the budget or other resources over which Executive retains authority; or

(vi) any failure of the Company to obtain the assumption of this Agreement by any of the Company's successors or assigns by purchase, merger, consolidation, sale of assets or otherwise.

The effective date of any resignation from employment by the Executive for Good Reason shall be the date of notification to the Company of such resignation from employment by the Executive.

The effective date of any resignation from employment by the Executive Good Reason shall be the effective date stipulated in such notice by the Executive.

6. Dispute Resolution: Executive and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this letter agreement, or Executive's employment, or the termination of such employment, including but not limited to all statutory claims, will be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, and to the fullest extent permitted by law, by final, binding and confidential arbitration by a single arbitrator conducted in San Francisco, California, by Judicial Arbitration and Mediation Services Inc. ("JAMS") under the then applicable JAMS rules. By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. This paragraph shall not apply to an action or claim brought in court pursuant to the California Private Attorneys General Act of 2004, as amended. The Company acknowledges that Executive will have the right to be represented by legal counsel at any arbitration proceeding. Questions of

whether a claim is subject to arbitration under this agreement) shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award; and (c) be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

7. Restrictive Covenants:

(a) **Nondisclosure.** Except as provided in Section 8(m) below, during the term of this Agreement and following termination of the Executive's employment with the Company, except within the scope of Executive's job, Executive shall not divulge, communicate, use to the detriment of the Company or for the benefit of any other person or persons, or misuse in any way, any Confidential Information (as hereinafter defined) pertaining to the business of the Company. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Company (which shall include, but not be limited to, confidential information concerning each Company's financial condition, prospects, technology, customers, suppliers, methods of doing business and promotion of each Company's products and services) shall be deemed a valuable, special and unique asset of each Company that is received by the Executive in confidence and as a fiduciary. For purposes of this Agreement "Confidential Information" means information disclosed to the Executive or known by the Executive as a consequence of or through his employment by each Company (including information conceived, originated, discovered or developed by the Executive) after the date hereof and not generally known or in the public domain, about the Company or its business. Notwithstanding the foregoing, none of the following information shall be treated as Confidential Information: (i) information which is known to the public at the time of disclosure to Executive, (ii) information which becomes known to the public by publication or otherwise after disclosure to Executive, (iii) information which Executive can show by written records was in his possession at the time of disclosure to Executive, (iv) information about which Executive was aware prior to the date of this Agreement, (v) information which was rightfully received by Executive from a third party without violating any non-disclosure obligation owed to or in favor of the Company, or (vi) information which was developed by or on behalf of Executive independently of any disclosure hereunder as shown by written records. Nothing herein shall be deemed to restrict the Executive from disclosing Confidential Information to the extent required by law or by any court.

(b) **Property Rights; Assignment of Inventions.** Subject to the provisions of Schedule A, with respect to information, inventions and discoveries or any interest in any copyright and/or other property right developed, made or conceived of by Executive (collectively, "Inventions"), either alone or with others, during his employment by each Company arising out of such

employment and pertinent to any field of business or research in which, during such employment, each Company is engaged or (if such is known to or ascertainable by Executive) is considering engaging, Executive hereby agrees:

(i) that all such information, inventions and discoveries or any interest in any copyright and/or other property right, whether or not patented or patentable, shall be and remain the exclusive property of the Company;

(ii) to disclose promptly to an authorized representative of the Company all such information, inventions and discoveries or any copyright and/or other property right and all information in Executive's possession as to possible applications and uses thereof;

(iii) not to file any patent application relating to any such invention or discovery except with the prior written consent of an authorized officer of the Company (other than Executive);

(iv) that Executive hereby waives and releases any and all rights Executive may have in and to such information, inventions and discoveries, and hereby assigns to Executive and/or its nominees all of Executive's right, title and interest in them, and all Executive's right, title and interest in any patent, patent application, copyright or other property right based thereon. Executive hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as his agent and attorney-in-fact to act for his and on his behalf and in his stead to execute and file any document and to do all other lawfully permitted acts to further the prosecution, issuance and enforcement of any such patent, patent application, copyright or other property right with the same force and effect as if executed and delivered by Executive; and

(v) at the request of the Company, and without expense to Executive, to execute such documents and perform such other acts as the Company deems necessary or appropriate, for the Company to obtain patents on such inventions in a jurisdiction or jurisdictions designated by the Company, and to assign to the Company or their respective designees such inventions and any and all patent applications and patents relating thereto.

Notwithstanding anything to the contrary above, the Parties agree that this Agreement will not be deemed to require assignment of any Invention that is covered under California Labor Code section 2870(a) provided that that nothing herein shall forbid or restrict the right of the Company to provide for full title to certain patents and Inventions to be in the United States, as required by contracts between the Company and the United States or any of its agencies.

8. General:

(a) **Successors and Assigns:** The provisions of this Agreement shall inure to the benefit of and be binding upon the Company, Executive and each and all of their respective heirs, legal representatives, successors and assigns. The duties, responsibilities and obligations of Executive

under this Agreement shall be personal and not assignable or delegable by Executive in any manner whatsoever to any person, corporation, partnership, firm, company, joint venture or other entity. Executive may not assign, transfer, convey, mortgage, pledge or in any other manner encumber the compensation or other benefits to be received by his or any rights which he may have pursuant to the terms and provisions of this Agreement.

(b) **Amendments; Waivers:** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Notices:** Any notices to be given pursuant to this Agreement by either party may be effected by personal delivery or by overnight delivery with receipt requested. Mailed notices shall be addressed to the parties at the addresses stated below, but each party may change its or his/her address by written notice to the other in accordance with this subsection (c). Mailed notices to Executive shall be addressed as follows:

Raymond W Urbanski
26950 Alsace Drive
Calabasas, CA 91302
E-mail: rwu@gtbiopharma.com

Mailed notices to the Company shall be addressed as follows:

GT Biopharma, Inc.
310 N. Westlake Blvd, Suite 206
Westlake Village, CA 91362

(d) **Entire Agreement:** This Agreement constitutes the entire employment agreement among Executive and the Company regarding the terms and conditions of his employment, with the exception of (a) the agreement described in Section 7 and (b) any stock option, restricted stock or other Company stock-based award agreements among Executive and the Company to the extent not modified by this Agreement. This Agreement (including the other documents referenced in the previous sentence) supersedes all prior negotiations, representations or agreements among Executive and the Company, whether written or oral, concerning Executive's employment by the Company.

(e) **Withholding Taxes:** All payments made under this Agreement shall be subject to reduction to reflect taxes required to be withheld by law.

(f) **Counterparts:** This Agreement may be executed by the Company and Executive in counterparts, each of which shall be deemed an original and which together shall constitute one instrument.

(g) **Headings:** Each and all of the headings contained in this Agreement are for reference purposes only and shall not in any manner whatsoever affect the construction or interpretation of this Agreement or be deemed a part of this Agreement for any purpose whatsoever.

(h) **Savings Provision:** To the extent that any provision of this Agreement or any paragraph, term, provision, sentence, phrase, clause or word of this Agreement shall be found to be illegal or unenforceable for any reason, such paragraph, term, provision, sentence, phrase, clause or word shall be modified or deleted in such a manner as to make this Agreement, as so modified, legal and enforceable under applicable laws. The remainder of this Agreement shall continue in full force and effect.

(i) **Construction:** The language of this Agreement and of each and every paragraph, term and provision of this Agreement shall, in all cases, for any and all purposes, and in any and all circumstances whatsoever be construed as a whole, according to its fair meaning, not strictly for or against Executive or the Company, and with no regard whatsoever to the identity or status of any person or persons who drafted all or any portion of this Agreement.

(j) **Further Assurances:** From time to time, at the Company's request and without further consideration, Executive shall execute and deliver such additional documents and take all such further action as reasonably requested by the Company to be necessary or desirable to make effective, in the most expeditious manner possible, the terms of this Agreement and to provide adequate assurance of Executive's due performance hereunder.

(k) **Governing Law:** Executive and the Company agree that this Agreement shall be interpreted in accordance with and governed by the laws of the State of California.

(l) **Board Approval:** The Company warrants to Executive that the Board of Directors of the Company has ratified and approved this Agreement, and that the Company will cause the appropriate disclosure filing to be made with the Securities and Exchange Commission in a timely manner.

(m) **Protected Activity Not Prohibited.** Executive understands that nothing in this Agreement limits or prohibits him from filing a charge or complaint with, or otherwise communicating or cooperating with or participating in any investigation or proceeding that may be conducted by, any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("Government Agencies"), including disclosing documents or other information as permitted by law, without giving notice to, or receiving authorization from, the Company, discussing the terms

and conditions of his employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act. Notwithstanding, in making any such disclosures or communications, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company Confidential Information to any parties other than the Government Agencies.

9. 409A:

Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Agreement that constitute "deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Code") and the regulations and other guidance thereunder and any state law of similar effect (collectively, "Section 409A") shall not commence in connection with your termination of employment unless and until you have also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h) ("Separation From Service")), unless the Company reasonably determines that such amounts may be provided to you without causing you to incur the additional 20% tax under Section 409A. It is intended that each installment of severance pay provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that severance payments set forth in this Agreement satisfy, to the greatest extent possible, the exceptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4) and 1.409A-1(b)(9). If the Company (or, if applicable, the successor entity thereto) determines that any payments or benefits constitute "deferred compensation" under Section 409A and you are, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the payments and benefits shall be delayed until the earlier to occur of: (a) the date that is six months and one day after your Separation From Service, or (b) the date of your death (such applicable date, the "Specified Employee Initial Payment Date"). On the Specified Employee Initial Payment Date, the Company (or the successor entity thereto, as applicable) shall (i) pay to you a lump sum amount equal to the sum of the payments and benefits that you would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of such amounts had not been so delayed pursuant to this Section and (ii) commence paying the balance of the payments and benefits in accordance with the applicable payment schedules set forth in this Agreement. All reimbursements provided under this Agreement shall be subject to the following requirements: (i) the amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year, (ii) all reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred, and (iii) the right

to reimbursement or in-kind benefits is not subject to liquidation or exchange for any other benefit. It is intended that all payments and benefits under this Agreement shall either comply with or be exempt from the requirements of Section 409A, and any ambiguity contained herein shall be interpreted in such manner so as to avoid adverse personal tax consequences under Section 409A.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year written below.

EXECUTIVE:

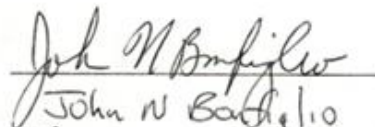
Date: 19 Oct 2018



Raymond W Urbanski M.D., Ph.D.

GT BIOPHARMA, INC.

Date: 19 OCT 2018



John N Battaglia
BOARD member GT BioPharma

Attachment 1
California Labor Code Provisions

2870. (a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

2871. No employer shall require a provision made void and unenforceable by Section 2870 as a condition of employment or continued employment. Nothing in this article shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for disclosure, provided that any such disclosures be received in confidence, of all of the employee's inventions made solely or jointly with others during the term of his or her employment, a review process by the employer to determine such issues as may arise, and for full title to certain patents and inventions to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

2872. If an employment agreement entered into after January 1, 1980, contains a provision requiring the employee to assign or offer to assign any of his or her rights in any invention to his or her employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Section 2870. In any suit or action arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER

I, Raymond Urbanski, certify that:

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

Date: November 14, 2018

/s/ Raymond Urbanski

Raymond Urbanski
Chief Executive Officer, Principal Financial
Officer, Chairman, and Director

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND 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 on Form 10-Q of GT Biopharma, Inc. (the “**Company**”), for the quarterly period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “**Report**”), I, Raymond Urbanski, Chief Executive Officer and Principal Financial Officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify, to my knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 15 U.S.C. 78m(a) or 780(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2018

/s/ Raymond Urbanski

Raymond Urbanski
Chief Executive Officer, Principal Financial
Officer, Chairman, and Director

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