

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

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2020.

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

Commission File Number 0000-08092

GT BIOPHARMA, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-1620407
(I.R.S. Employer
Identification Number)

9350 Wilshire Blvd. Suite 203
Beverly Hills, CA 90212
(Address of principal executive offices and zip code)

(800) 304-9888
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of exchange on which registered
N/A	N/A	N/A

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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

As of November 11, 2020, the issuer had 78,268,614 shares of common stock outstanding.

GT Biopharma, Inc. and Subsidiaries
FORM 10-Q
For the Quarter Ended September 30, 2020
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GT BIOPHARMA, INC. AND SUBSIDIARIES
As of September 30, 2020 and December 31, 2019
Consolidated Balance Sheets
(In Thousands, Except Par Value and Share Data)

	June 30, 2020 (unaudited)	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 350	\$ 28
Prepaid expenses	483	246
Total Current Assets	833	274
Deposits	12	12
Operating lease right-to-use asset	72	110
Total Other Assets	84	122
TOTAL ASSETS	\$ 917	\$ 396
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$ 2,171	\$ 1,940
Accrued expenses	1,228	2,379
Accrued interest	4,182	2,029
Operating lease liability	82	120
Line of credit	31	31
Convertible notes	23,000	13,207
Total Current Liabilities	30,694	19,706
Total liabilities	30,694	19,706
Stockholders' Deficit:		
Convertible preferred stock - \$0.01 par value; 15,000,000 shares authorized:		
Series C - 96,230 and 96,230 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	1	1
Series J-1 - 2,353,548 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	24	24
Common stock - \$0.001 par value; 750,000,000 shares authorized; and 77,518,614 and 69,784,699 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	78	70
Additional paid-in capital	550,984	548,096
Accumulated deficit	(580,695)	(567,332)
Noncontrolling interest	(169)	(169)
Total Stockholders' Deficit	(29,777)	(19,310)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 917	\$ 396

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,	
	2020	2019	2020	2019
Operating expenses:				
Research and development	(84)	671	252	1,659
Selling, general and administrative expenses	2,029	3,585	4,321	8,932
Loss on impairment	-	4,599	-	4,599
Total operating expenses	<u>1,945</u>	<u>8,855</u>	<u>4,573</u>	<u>15,190</u>
Loss from operations	<u>(1,945)</u>	<u>(8,855)</u>	<u>(4,573)</u>	<u>(15,190)</u>
Other income (expense):				
Loss on disposal of assets	-	(20,463)	-	(20,494)
Settlement expense	-	-	(2,563)	-
Interest expense	(931)	(560)	(6,227)	(1,493)
Total other income (expense)	<u>(931)</u>	<u>(21,023)</u>	<u>(8,790)</u>	<u>(21,987)</u>
Loss before provision for income taxes	<u>(2,876)</u>	<u>(29,878)</u>	<u>(13,363)</u>	<u>(31,177)</u>
Provision for income tax	-	-	-	-
Net loss	<u>(2,876)</u>	<u>(29,878)</u>	<u>(13,363)</u>	<u>(31,177)</u>
Net loss per common share – basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.51)</u>	<u>\$ (0.18)</u>	<u>\$ (0.69)</u>
Weighted average common shares outstanding – basic and diluted	<u>76,730,076</u>	<u>58,805,997</u>	<u>72,909,738</u>	<u>53,967,298</u>

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

GT Biopharma, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Deficit
(In thousands)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
Balance at January 1, 2020	2,450	\$ 25	69,785	\$ 70	\$ 548,096	\$ (567,332)
Issuance of common stock for convertible notes			3,147	3	626	
Beneficial conversion feature of convertible notes					27	
Issuance of common stock for settlement of litigation			3,500	4	1,909	
Issuance of warrants for compensation					180	
Issuance of common stock for compensation			1,086	1	146	
Net loss						(13,363)
Balance at September 30, 2020	<u>2,450</u>	<u>\$ 25</u>	<u>77,518</u>	<u>\$ 78</u>	<u>\$ 550,984</u>	<u>\$ (580,695)</u>

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
Balance at January 1, 2019	1,260	\$ 13	50,650	\$ 51	\$ 540,160	\$ (528,685)
Issuance of preferred stock	1,190	12			1,128	
Issuance of common stock for convertible notes			2,741	3	1,160	
Beneficial conversion feature of convertible notes					158	
Issuance of common stock for compensation			13,500	13	5,047	
Net loss						(37,177)
Balance at September 30, 2019	<u>2,450</u>	<u>\$ 25</u>	<u>66,891</u>	<u>\$ 67</u>	<u>\$ 547,653</u>	<u>\$ (565,862)</u>

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

GT Biopharma, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2020 and 2019
(in Thousands)

	2020	2019
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (13,363)	\$ (37,177)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	-	10
Stock compensation expense for options and warrants issued to employees and non-employees	327	6,202
Amortization of debt discounts	-	451
Non-cash interest expense	3,970	1,140
Loss on disposal of assets	-	20,494
Impairment of intangible assets	-	4,599
Settlement expense	2,363	-
Changes in operating assets and liabilities:		
Other assets	3	6
Accounts payable and accrued liabilities	1,365	1,101
Net cash used in operating activities	<u>(5,335)</u>	<u>(3,174)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposal of fixed assets	-	200
Net cash used by investing activities	<u>0</u>	<u>200</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	5,657	3,327
Repayment of note payable	-	(100)
Net cash provided by financing activities	<u>5,657</u>	<u>3,227</u>
Minority interest	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>322</u>	<u>253</u>
CASH AND CASH EQUIVALENTS - Beginning of period	28	60
CASH AND CASH EQUIVALENTS - End of period	<u>\$ 350</u>	<u>\$ 313</u>
Supplemental disclosures:		
Interest paid	\$ 69	\$ -
Income taxes paid	\$ -	\$ -
Supplemental disclosures:		
Issuance of common stock upon conversion of convertible notes	\$ 598	\$ 1,150
Issuance of common stock upon conversion of accrued interest	\$ 32	\$ 14

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

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(UNAUDITED)

1. The Company and Summary of Significant Accounting Policies

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.

The Company is a clinical stage biopharmaceutical company focused on the development and commercialization of novel immuno-oncology products based off our proprietary Tri-specific Killer Engager (TriKE™), Tetra-specific Killer Engager (Dual Targeting TriKEDual Targeting TriKE) platforms. The Company's TriKE and Dual Targeting TriKE platforms generate proprietary therapeutics designed to harness and enhance the cancer killing abilities of a patient's own natural killer cells, or NK cells. Once bound to an NK cell, the Company's moieties are designed to enhance the NK cell, and precisely direct it to one or more specifically-targeted proteins expressed on a specific type of cancer cell or virus infected cell, ultimately resulting in the targeted cell's death. TriKEs and Dual Targeting TriKEs are made up of recombinant fusion proteins, can be designed to target any number of tumor antigens on hematologic malignancies, sarcomas or solid tumors and do not require patient-specific customization.

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 goingconcern 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 \$580 million and cash of \$350 thousand as of September 30, 2020. 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. 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.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(UNAUDITED)

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, 2019 filed with the SEC on March 27, 2020. 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 a balance of approximately \$100,000 in excess of this limit at September 30, 2020.

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, 2020 and 2019, respectively.

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.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(UNAUDITED)

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 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 income (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 income (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, convertible notes and debentures (including shares issuable upon conversion of accrued interest or other default amounts with respect to such convertible notes or debentures), stock options and warrants during the period. The weighted average number of potentially dilutive common shares excluded from the calculation of net income (loss) per share totaled in 114,887,906 and 73,520,680 as of September 30, 2020 and 2019, respectively.

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.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(UNAUDITED)

Capitalized cost 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. There were not such liabilities at September 30, 2020.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. There were no such assets or liabilities as of September 30, 2020.

Research and Development

Research and development costs are expensed as incurred and reported as research and development expense. Research and development costs totaled \$0.3 million and \$1.6 million for the nine months ended September 30, 2020 and 2019, respectively.

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.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(UNAUDITED)

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, 2020, the Company has not generated any licensing revenue.

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (“Topic 842”). Topic 842 requires the entity to recognize the assets and liabilities for the rights and obligations created by leased assets. Leases will be classified as either finance or operating, with classification affecting expense recognition in the income statement.

On January 1, 2019, the Company adopted Topic 842 applying the optional transition method, which allows an entity to apply the new standard at the adoption date with a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result of adopting Topic 842, the Company recognized assets and liabilities for the rights and obligations created by operating leases totaling approximately \$174 thousand.

The Company determines if a contract contains a lease at inception based on whether it conveys the right to control the use of an identified asset. Substantially all of the Company’s leases are classified as operating leases. The Company records operating lease right-of-use assets within “Other assets” and lease liabilities are recorded within “current and noncurrent liabilities” in the consolidated balance sheets. Lease expenses are recorded within “General and administrative expenses” in the consolidated statements of operations. Operating lease payments are presented within “Operating cash flows” in the consolidated statements of cash flows.

Operating lease right-of-use assets and lease liabilities are recognized based on the net present value of future minimum lease payments over the lease term starting on the commencement date. The Company generally is not able to determine the rate implicit in its leases and, as such, applies an incremental borrowing rate based on the Company’s cost of borrowing for the relevant terms of each lease. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Lease terms may include an option to extend or terminate a lease if it is reasonably certain that the Company will exercise such options. The Company has elected the practical expedient to not separate lease components from non-lease components, and also has elected not to record a right-of-use asset or lease liability for leases which, at inception, have a term of twelve months or less. Variable lease payments are recognized in the period in which the obligation for those payments is incurred.

2. Debt

Convertible Notes/Debentures

As of September 30, 2020, the Company had approximately \$23 million aggregate principal amount of convertible notes and debentures (collectively, the “Convertible Notes”) outstanding that were issued pursuant to securities purchase agreements (or, in the case of the Settlement Notes (as defined herein), the Settlement Agreement (as defined herein)) entered into with numerous investors.

The Convertible Notes are convertible at any time, at the holder’s option, into shares of the Company’s common stock at an initial conversion price, subject to certain beneficial ownership limitations (which vary between maximum ownership of between 4.99% and 9.99%). The conversion price of the Convertible Notes is also generally subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion price then in effect. The conversion price for each of the Company’s outstanding Convertible Notes is currently \$0.20 per share. In addition, approximately \$5.3 million aggregate principal amount of the Company’s Convertible Notes will be subject to mandatory conversion in connection with the completion of a future financing in the amount of at least \$15 million, subject to the beneficial ownership limitations described above.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(UNAUDITED)

The Convertible Notes generally have terms of six months to one year and mature between August 2, 2019 and January 7, 2021 unless earlier converted or repurchased. The Convertible Notes each accrue interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default with respect to certain of the Convertible Notes. Interest is payable in cash or, with respect to certain of the Convertible Notes, and at the holder's option, in shares of common stock based on the conversion price then in effect.

Pursuant to the terms of the Settlement Notes, the Company is required to make an offer to repurchase, at the holder's option, the Settlement Notes at price in cash equal to 100% of the aggregate principal amount of the Settlement Note plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase following the consummation by the Company of a financing transaction, or a series of transactions, resulting in aggregate gross proceeds to the Company in excess of \$7.5 million. Generally, the Company otherwise does not have the right to prepay any of the Convertible Notes without the prior written consent of the holders of such securities.

The Convertible Notes contain a number of affirmative and negative covenants and customary events of default. As of September 30, 2020, approximately \$13.2 aggregate principal amount of our Convertible Notes were in default. See "*Forbearance Agreements*" below.

The securities purchase agreements and Settlement Agreement, as applicable, also generally contain certain ongoing covenants of the Company, including rights of participation in certain future financing transactions, limitations on future variable rate transactions and "at-the-market" offerings and "most favored nation" provisions giving holders of certain of the Convertible Notes the benefit of any terms or conditions under which the Company agrees to issue or sell any common stock or common stock equivalents that are more favorable to an investor than the terms and conditions granted to such holder under the applicable securities purchase agreement and the transactions contemplated thereby.

The Convertible Notes are senior obligations of the Company. In addition, approximately \$8.9 million aggregate principal amount of the Convertible Notes are secured by a first priority security interest in substantially all of the assets of the Company and its subsidiaries. Convertible Notes are also secured by individual pledges by certain of our current and former officers and directors of our common stock owned by such officer and directors.

For additional information about the Convertible Notes, see Note 4, *Debt* to the Company's audited consolidated financial statements included in the Company's Form 10-K for the year ended December 31, 2019.

Forbearance Agreements

Effective as of June 23, 2020, the Company entered into Standstill and Forbearance Agreements (collectively, the "Forbearance Agreements") with the holders of \$13.2 million aggregate principal amount of the Convertible Notes (the "Default Notes"), which are currently in default. Pursuant to the Forbearance Agreements, the holders of the Default Notes have agreed to forbear from exercising their rights and remedies under the Default Notes (including declaring such Default Notes (together with any default amounts and accrued and unpaid interest) immediately due and payable) until the earlier of (i) the date that the Company completes a future financing in the amount of \$15 million and, in connection therewith, commences listing on NASDAQ (collectively, the "New Financing") or (ii) January 31, 2021 (the "Termination Date"). As a result of the ongoing default, the Default Notes are currently accruing interest at the default rate of 18% per annum and have accrued additional default amounts of approximately \$3.9 million in the aggregate as of September 30, 2020.

The obligations of the holders to forbear from exercising their rights and remedies under the Default Notes pursuant to the Forbearance Agreements will terminate on the earliest of (i) the Termination Date, (ii) the date of any bankruptcy filing by the Company or its subsidiaries, (iii) the date on which the Company defaults on any of the terms and conditions of the Forbearance Agreements or (iv) the date the Forbearance Agreements are otherwise terminated or expire.

GT BIOPHARMA, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(UNAUDITED)

The Forbearance Agreements contain various customary and other representations, warranties and covenants of the Company and the holders of the Default Notes, including an agreement that the Default Notes (together with default amounts and accrued and unpaid interest) will be converted into common stock upon the closing of a New Financing at a conversion price equal to the lesser of (i) the conversion price in effect for the Default Notes on the date of such New Financing or (ii) 75% of the lowest per share price at which common stock is or may be issued in connection with such New Financing, in each case, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). Shares of the Company's preferred stock, which are convertible into the Company's common stock, will be issued in lieu of common stock to the extent that conversion of the Default Notes is prohibited by such beneficial ownership limitations.

Settlement Notes

On June 19, 2020, the Company entered into a settlement agreement (the "Settlement Agreement") with Empery Asset Master Ltd., Empery Tax Efficient, LP and Empery Tax Efficient II, LP (collectively, the "Empery Funds"), Anthony Cataldo and Paul Kessler resolving all remaining disputes between the parties pertaining to certain Convertible Notes and warrants to purchase common stock of the Company (collectively, the "Original Securities") issued by the Company to the Empery Funds in January 2018 pursuant to a securities purchase agreement. In connection with the Settlement Agreement, the Company issued Convertible Notes in an aggregate principal amount of \$450,000 (the "Settlement Notes") to the Empery Funds on June 19, 2020. The Settlement Notes are convertible at any time, at the holder's option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 4.99%).

The Settlement Notes mature on December 19, 2020, unless earlier converted or repurchased. The terms of the Settlement Notes are generally the same as the Company's other Convertible Notes, except that the Company is required to make an offer to repurchase, at the option of each holder, the Settlement Notes at price in cash equal to 100% of the aggregate principal amount of the Settlement Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase following the consummation by the Company of a financing transaction, or a series of transactions, resulting in aggregate gross proceeds to the Company in excess of \$7.5 million.

Fiscal 2019 and Fiscal 2020 Convertible Notes Transactions

On February 4, 2019, the Company entered into a securities purchase agreement with certain purchasers pursuant to which it issued secured Convertible Notes in an aggregate principal amount of \$1,352,224, consisting of gross proceeds of \$1,052,224 and settlement of existing debt of \$300,000, which Convertible Notes were convertible into common stock at an initial conversion price of \$0.60 per share.

On May 22, 2019, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$1,300,000, which Convertible Notes were convertible into the Company's common stock at an initial conversion price of \$0.35 per share.

Between July 31 and August 28, 2019, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$975,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On December 19, 2019, the Company entered into a securities purchase agreement with one purchaser pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$200,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On January 30, 2020, the Company entered into a securities purchase agreement with one purchaser pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$200,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

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Between April 20 and May 7, 2020, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$2,017,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On June 19, 2020, the Company entered into the Settlement Agreement pursuant to which the Company issued the Settlement Notes in an aggregate principal amount of \$450,000, which Settlement Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On July 7, 2020, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$3,190,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

On September 16, 2020, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$250,000, which Convertible Notes are convertible into the Company's common stock at an initial conversion price of \$0.20 per share.

Gemini 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% per annum. There is \$31,000 due on this credit line at September 30, 2020.

3. Stockholders' Equity

Common Stock

Our authorized capital stock consists of 750,000,000 shares of common stock, par value \$0.001 per share, and 15,000,000 shares of preferred stock, par value \$0.01 per share. As of September 30, 2020, 77,518,614 shares of common stock were issued and outstanding.

During the nine months ended September 30, 2020, the Company issued 3,147,486 shares of common stock upon conversion of \$629,497 in principal and interest on Convertible Notes.

On May 1, 2020, the Company issued 1,086,429 shares of common stock for consulting services.

On June 19, 2020, the Company issued 3,500,000 shares of common stock pursuant to the Settlement Agreement.

Preferred Stock

The 96,230 shares of Series C preferred stock, par value \$0.01 per share (the "Series C Preferred Stock"), are convertible into 111 shares of the Company's common stock at the option of the holders at any time. The conversion ratio is based on the average closing bid price of the common stock for the fifteen consecutive trading days ending on the date immediately preceding the date notice of conversion is given, but cannot be less than 0.20 or more than 0.2889 common shares for each share of Series C Preferred Stock. The conversion ratio may be adjusted under certain circumstances such as stock splits or stock dividends. The Company has the right to automatically convert the Series C Preferred Stock into common stock if the Company lists its shares of common stock on the Nasdaq National Market and the average closing bid price of the Company's common stock on the Nasdaq National Market for 15 consecutive trading days exceeds \$3,000.00. Each share of Series C Preferred Stock is entitled to the number of votes equal to 0.26 divided by the average closing bid price of the Company's common stock during the fifteen consecutive trading days immediately prior to the date such shares of Series C Preferred Stock were purchased. In the event of liquidation, the holders of the Series C Preferred Stock shall participate on an equal basis with the holders of the common stock (as if the Series C Preferred Stock had converted into common stock) in any distribution of any of the assets or surplus funds of the Company. The holders of Series C Preferred Stock are entitled to noncumulative dividends if and when declared by the Company's board of directors (the "Board"). No dividends to holders of the Series C Preferred Stock were issued or unpaid through September 30, 2020.

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On September 1, 2017, the Board designated 2,000,000 shares of Series J preferred stock (the "Series J Preferred Stock"). On the same day, the Board issued 1,513,548 shares of Series J Preferred Stock in exchange for the cancellation of certain indebtedness. In the first quarter of 2019, it was discovered that a certificate of designation with respect to the Series J Preferred Stock had never been filed with the Office of the Secretary of State for the State of Delaware. Despite the fact the Company had issued shares of Series J Preferred Stock, the issuance of those shares was not valid and was of no legal effect.

To remedy the situation, on April 4, 2019, the Company filed a certificate of designation with the Office of the Secretary State for the State of Delaware designating a series of preferred stock as the Series J-1 preferred stock, par value \$0.01 per share (the "Series J-1 Preferred Stock"). On April 19, 2019, the Company issued 2,353,548 shares of Series J-1 Preferred Stock. The issuance was in lieu of the Series J Preferred Stock that should have been issued on September 1, 2017, and in settlement for not receiving preferred stock until 20 months after the debt for which the stock was issued was cancelled. The Company reflected an expense in general and administrative costs in the quarter ended September 30, 2019 totaling \$1,140,000.

Shares of the Series J-1 Preferred Stock are convertible at any time, at the option of the holders, into shares of the Company's common stock at an effective conversion price of \$0.20 per share, subject to adjustment for, among other things, stock dividends, stock splits, combinations, reclassifications of our capital stock and mergers or consolidations, and subject to a beneficial ownership limitation which prohibits conversion if such conversion would result in the holder (together with its affiliates) being the beneficial owner of in excess of 9.99% of the Company's common stock. Shares of the Series J-1 Preferred Stock have the same voting rights a shares of the Company's common stock, with the holders of the Series J-1 Preferred Stock entitled to vote on an as-converted-to-common stock basis, subject to the beneficial ownership limitation described above, together with the holders of the Company's common stock on all matters presented to the Company's stockholders. The Series J-1 Preferred Stock are not entitled to any dividends (unless specifically declared by the Board), but will participate on an as-converted-to-common-stock basis in any dividends to the holders of the Company's common stock. In the event of the Company's dissolution, liquidation or winding up, the holders of the Series J-1 Preferred Stock will be on parity with the holders of the Company's common stock and will participate, on a on an as-converted-to-common stock basis, in any distribution to holders of the Company's common stock.

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4. Stock Options and Warrants

Stock Options

The following table summarizes stock option transactions for the nine months ended September 30, 2020:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2019	40	\$ 877.50
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding, September 30, 2020	40	\$ 877.50
Exercisable, September 30, 2020	40	\$ 877.50

Common Stock Warrants

Warrant transactions for the nine months ended September 30, 2020 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2019:	1,813,053	\$ 0.20
Granted	6,500,000	\$ 0.20
Forfeited/canceled	480,352	\$ 0.20
Exercised	-	-
Outstanding at September 30, 2020	7,832,701	\$ 0.20
Exercisable at September 30, 2020	7,832,701	\$ 0.20

Compensation Warrant

On July 28, 2020, the Company issued a warrant to purchase up to an aggregate of 1,000,000 shares of common stock at an exercise price of \$0.20 per share, subject to adjustment in certain circumstances. The warrant expires on July 28, 2025. The warrant was issued as compensation for certain services provided to the Company.

Settlement Warrants

Pursuant to the Settlement Agreement, the Company issued pre-funded warrants to purchase up to an aggregate of 5,500,000 shares of common stock (the "Settlement Warrants") at an exercise price of \$0.20 per share, subject to adjustment in certain circumstances. The Settlement Warrants expire on June 19, 2025. The aggregate exercise price of the Settlement Warrants was deemed to be pre-funded to the Company in conjunction with exchange of previously issued warrants to purchase 480,352 shares of common stock pursuant to the Settlement Agreement. Exercise of the Settlement Warrant is subject to certain additional terms and conditions, including certain beneficial ownership limitations.

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Forbearance Agreements

Pursuant to the Forbearance Agreements, (i) the exercise price of all warrants to purchase common stock held by holders of the Default Notes will be reduced to equal the conversion price of the Default Notes and (ii) the number of shares of common stock underlying such warrants shall be increased so that the total exercise price of all such warrants after the decrease in the exercise price equals the total exercise price of all such warrants prior to the decrease in the exercise price. Further, the expiration date of all such warrants shall be extended for three years following the closing date of any New Financing.

5. Commitments and Contingencies

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, 2020:

Year ending December 31:	
2020	18,000
2021	61,000
Total minimum lease payments	<u>\$ 79,000</u>

Rent expense for the nine months ended September 30, 2020 and 2019 was \$50,000 and \$50,000, respectively.

6. Subsequent Events

Convertible Notes

On November 5, 2020, the Company entered into a securities purchase agreement with certain purchasers pursuant to which the Company issued Convertible Notes in an aggregate principal amount of \$250,000 (the "November 2020 Notes"). The November 2020 Notes are convertible at any time, at the holder's option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%).

The November 2020 Notes mature on May 5, 2021, unless earlier converted or repurchased. The terms of the July 2020 Notes are generally the same as the Company's other Convertible Notes, except that the November 2020 Notes will be subject to mandatory conversion in the event of the completion of a future financing in the amount of at least \$15 million at a conversion price equal to the lesser of (i) the conversion price in effect for the November 2020 Notes on the date of completion of such financing or (ii) 75% of the lowest per share price at which common stock may be issued in connection with any conversion rights associated with the financing, in each case, subject to the beneficial ownership limitations described above. See Note 2, *Debt* under the caption "Convertible Notes/Debentures" for additional information regarding the terms of the Company's Convertible Notes.

Common Stock

In October 2020, the Company issued 750,000 shares of common stock upon conversion of \$150,000 aggregate principal amount of Convertible Notes.

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Theorem Settlement Agreement

On November 9, 2020, the Company, entered into a settlement agreement (the “Theorem Settlement Agreement”) with Adam Kasower (“Kasower”), East Ventures, Inc., A British Virgin Islands company (“East Ventures”), SV Booth Investments III, LLC, a Delaware limited liability company (“SV Booth”) and Theorem Group, LLC, a California limited liability company (“Theorem Group” and, collectively with Kasower, East Ventures and SV Booth, the “Claimants”) resolving all remaining disputes and claims between the parties pertaining to certain securities purchase agreements pursuant to which the Claimants purchased from the Company convertible warrants and preferred stock.

As a result of the Theorem Settlement Agreement, the Company has agreed to issue each Claimant a convertible note in the following amounts (the “Theorem Settlement Notes”):

Theorem Group	\$ 303,726.40
East Venture	\$ 112,788.48
Kasower	\$ 500,078.58
SV Booth	\$ 294,245.54

The Theorem Settlement Agreement also contains certain representations and warranties and covenants, including limitations on future variable rate transactions and “at-the-market offerings.”

Theorem Settlement Notes

The Theorem Settlement Notes are convertible, at the option of the applicable Claimant, at any time into shares of common stock at an initial conversion rate of \$0.20 per share, subject to certain beneficial ownership limitations. The conversion price is also subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion rate then in effect. The Theorem Settlement Notes mature on January 31, 2021, and bear interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default. Interest is payable in cash or, at the holder’s option, in shares of common stock based on the conversion price then in effect. The Company may not prepay the Theorem Settlement Notes without the prior written consent of the applicable Claimant.

The Theorem Settlement Notes contain a number of other affirmative and negative covenants and events of default (including events of default related to certain change of control and other fundamental change transactions). Following an event of default, the Theorem Settlement Notes will become immediately due and payable in cash at a mandatory default amount equal to 130% of the outstanding principal amount of the Theorem Settlement Notes plus all other amounts, costs and expenses due in respect of the Theorem Settlement Notes.

Resignation of Chief Financial Officer

On November 11, 2020, Steven Weldon resigned from the Board and from his office as Chief Financial Officer of the Company, effective immediately. His resignation was the result of general disagreement regarding the Company’s decision making process. Pursuant to Mr. Weldon’s Employment Contract, dated August 11, 2020, Mr. Weldon is only entitled to such stock options, restricted stock awards and other Company stock-based awards granted which have vested as of the date of his resignation. He is not entitled to any other compensation or benefits.

Appointment of New Interim Chief Financial Officer

Anthony Cataldo, Chief Executive Officer and Chairman of the Board, assumed the additional role of Chief Financial Officer on an interim basis, and will be succeeded as Chief Financial Officer on an interim basis by Michael Handelman immediately after the filing of this report.

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Mr. Handelman became a Director of the GooGreen, Inc. in August 2020, and Chairman of the Board of Directors and Secretary in September 2020. He has served as Chief Financial Officer of Clickstream Corporation since October 2015. He served as Chief Financial Officer of Lion Biotechnologies, Inc. from February 2011 until June 2015, and was a member of the Lion Bio Board of Directors from February 2013 until May 2013. Mr. Handelman served as the Chief Financial Officer and as a financial management consultant of Oxis International, Inc., a public company engaged in the research, development and commercialization of nutraceutical products, from August 2009 until October 2011. From November 2004 to July 2009, Mr. Handelman served as Chief Financial Officer and Chief Operating Officer of TechnoConcepts, Inc., formerly a public company engaged in designing, developing, manufacturing and marketing wireless communications semiconductors, or microchips. Prior thereto, Mr. Handelman served from October 2002 to October 2004 as Chief Financial Officer of Interglobal Waste Management, Inc., a manufacturing company, and from July 1996 to July 1999 as Vice President and Chief Financial Officer of Janex International, Inc., a children's toy manufacturer. Mr. Handelman was also the Chief Financial Officer from 1993 to 1996 of the Los Angeles Kings, a National Hockey League franchise. Mr. Handelman is a certified public accountant and holds a degree in accounting from the City University of New York.

Mr. Handelman will receive a monthly consulting fee of \$15,000.00.

Mr. Handelman has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K, has no arrangement or understanding between him and any other person required to be disclosed pursuant to Item 401(b) of Regulation S-K and has no family relationships required to be disclosed pursuant to Item 401(d) of Regulation S-K.

Mr. Handelman has entered into a Consulting Agreement with the Company, effective as of November 13, 2020.

Appointment of New Directors

On November 12, 2020, the Board appointed Bruce Wendel, age 67, and Greg Berk, age 62, as directors of the Company. Following the filing of this Quarterly Report on Form 10-Q, Mr. Cataldo will resign as interim Chief Financial Officer, and Michael Handelman, age 61, will be appointed as the interim Chief Financial Officer in his place.

From April 2018 to May 2019, Mr. Wendel served as the Chief Business Development Officer for Prometic Biotherapeutics, Inc., a pharmaceutical development company. Mr. Wendel also served as Chief Strategic Officer of Hepalink USA, the U.S. subsidiary of Shenzhen Hepalink Pharmaceutical Company from February 2012 to July 2017, and Chief Executive Officer of Scientific Protein Laboratories, LLC from December 2014 to June 2015. He also served as a director of ProMetic Life Sciences Inc. and Vice Chairman and Chief Executive Officer at Abraxis BioScience, LLC, where he oversaw the development and commercialization of Abraxane® and led the negotiations that culminated in the acquisition of the company by Celgene Corporation in 2010. He began his 14 years with Bristol-Myers Squibb as in-house counsel before shifting to global business and corporate development, where he served in business and corporate development roles of increasing responsibility at American Pharmaceutical Partners, IVAX Corporation and Bristol-Myers Squibb. Mr. Wendel earned a juris doctorate degree from Georgetown University Law School, and a B.S. from Cornell University.

Mr. Wendel has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K, has no arrangement or understanding between him and any other person required to be disclosed pursuant to Item 401(b) of Regulation S-K and has no family relationships required to be disclosed pursuant to Item 401(d) of Regulation S-K.

Prior to joining the Company, Dr. Berk has served as a private consultant in the field of drug development and is the Chief Medical Officer of Celularity, a privately owned company. Previously, he served as Chief Medical Officer at Verastem as and President, Chief Medical Officer and Board Member of Sideris Pharmaceuticals. From May 2012 until January 2014, Dr. Berk was Chief Medical Officer of BIND Therapeutics. Prior to this, he was Chief Medical Officer at Intellikine, a privately held biotechnology company focused on the discovery and development of novel PI3 Kinase and mTOR inhibitors. Intellikine was acquired by Takeda/Millennium in January 2012. He also served as Senior Vice President of Global Clinical Development at Abraxis BioScience, where he was responsible for the company's overall clinical strategy, including efforts to expand the indications for their lead clinical program (Abraxane®). Dr. Berk obtained his medical degree from Case Western Reserve University, and completed his internship, residency and fellowship in internal medicine, hematology and medical oncology, at the Weill Medical College of Cornell University and New York Presbyterian Hospital, where he also served as a faculty member from 1989-2004. During this time Dr. Berk served as an investigator on several industry-sponsored and cooperative group oncology clinical trials, including the pivotal trials for Gleevec® and Avastin®.

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Dr. Berk has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K, has no arrangement or understanding between him and any other person required to be disclosed pursuant to Item 401(b) of Regulation S-K and has no family relationships required to be disclosed pursuant to Item 401(d) of Regulation S-K.

Mr. Wendel and Dr. Berk will each receive an annual stipend of \$20,000.00 for director compensation, with Mr. Wendel receiving an additional \$5,000.00 annually for chairing the Nominating Committee and \$5,000.00 annually as a member of the Audit Committee, and Dr. Berk receiving an additional \$5,000.00 annually for chairing the Compensation Committee and \$5,000.00 annually as a member of the Nominating Committee. The Company will also grant stock awards of shares of common stock of the Company equal to 1.25%, in the case of Mr. Wendel, and 1.00%, in the case of Dr. Berk, of the number of fully diluted shares of common stock of the Company, calculated on the fully diluted equity of the Company upon the Company's national exchange financing date.

Mr. Wendel and Dr. Berk have each entered into Board Service Agreements with the Company, effective as of November 11, 2020, which supplement the indemnification provisions of the Company's bylaws and obligate the company to insure them both under the Company's director and officer's insurance policy.

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 this Quarterly Report on Form 10-Q are “forward-looking statements” within the meaning of the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. 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 this report 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,” “may,” “guidance,” “estimate,” “potential,” “outlook,” “target,” “forecast,” “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 “Part I. Item 1A: Risk Factors” and “Part II. 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, 2019. 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 Oxis International, Inc., DDI Pharmaceuticals, Inc. and Diagnostic Data, Inc. together with our subsidiaries.

Overview

We are a clinical stage biopharmaceutical company focused on the development and commercialization of novel immuno-therapeutic products based on our proprietary Tri-specific Killer Engager (TriKE™) and Tetra-specific Killer Engager (Dual Targeting TriKET™) platform technologies. Our TriKE and Dual Targeting TriKE platforms generate proprietary therapeutic candidates that are designed to harness and enhance the immune response of a patient’s endogenous NK cells. Once bound to an NK cell, our platform moieties are designed to enhance the activity of NK cells, with targeted direction to one or more proteins expressed on a specific type of cancer cell or virus infected cell, ultimately resulting in targeted cell death. We have constructed our TriKEs and Dual Targeting TriKEs of recombinant fusion proteins that can be designed to target a wide array of tumor antigen that may be located on hematologic malignancies, sarcomas or solid tumors. Our TriKEs and Dual Targeting TriKEs do not require patient-specific or autologous customization.

We are using our TriKE and Dual Targeting TriKE platforms with the intent to bring to market products that treat a range of hematologic malignancies, sarcomas, solid tumors and selected infectious diseases. Our platforms are scalable, and in addition to our first clinical indication of our TriKE platform in relapsed or refractory acute myelogenous leukemia, we are preparing investigational new drug applications based on a specific TriKE or Dual Targeting TriKE design. We intend to continue to advance into the clinic, on our own or through potential collaborations with larger companies, multiple TriKE or Dual Targeting TriKE product candidates. We believe our TriKEs and Dual Targeting TriKEs may have the ability, if approved for marketing, to be used as monotherapy, be dosed concomitantly with current monoclonal antibody therapeutics, be used in conjunction with more traditional cancer therapy, and potentially overcome certain limitations of current chimeric antigen receptor therapy.

We are also using our TriKE and Dual Targeting TriKE platforms to develop therapeutics for the treatment of infectious diseases such as human immunodeficiency virus (“HIV”) and COVID-19 infection. For example, while the use of anti-retroviral drugs has substantially improved the morbidity and mortality of individuals infected with HIV, these drugs are designed to suppress virus replication and to help modulate progression to AIDS and to limit further transmission of the virus. Despite the use of anti-retroviral drugs, infected individuals retain reservoirs of latent HIV-infected cells that, upon cessation of anti-retroviral drug therapy, can reactivate and reestablish an active HIV infection. Destruction of these latent HIV infected cells is the primary objective of curative therapy. The HIV-TriKE is designed to target HIV while redirecting NK cell killing specifically to actively replicating HIV infected cells. The HIV-TriKE induced NK cell proliferation and demonstrated the ability in vitro to reactivate and kill HIV-infected T-cells. These findings indicate a potential role for the HIV-TriKE in the reactivation and elimination of the latently infected HIV reservoir cells by harnessing the NK cell’s ability to mediate the antibody-directed cellular cytotoxicity.

We have licensed the exclusive rights from the University of Minnesota to the TriKE and Dual Targeting TriKE platforms.

Recent Developments

Manufacturing Agreement

On October 5, 2020, we entered into a GMP manufacturing services agreement (the “MSA”) with Cytovance® Biologics, a USA-based contract development and manufacturing organization and a subsidiary of Hepalink (“Cytovance”), to manufacture three of our TriKE product candidates in accordance with GMP for use in clinical trials. Under the terms of the MSA, Cytovance will be the exclusive GMP manufacturer for three of the Company’s TriKE™ therapeutic product candidates: (1) GTB-C3550, which targets CD33+ hematological cancers; (2) GTB-4550, which targets PD-L1+ solid tumor cancers; and (3) GTB-5050, which targets B7H3+ solid tumor cancers. Cytovance will manufacture TriKE™ in accordance with GMP using Cytovance’s proprietary Keystone® E. coli bacterial or CHO mammalian expression systems. Subject to the completion of certain milestones by Cytovance, GT Biopharma has the option to pay Cytovance up to \$6 million for its manufacturing services in either cash or in shares of the Company’s common stock, valued at the time Cytovance achieves each of several milestones over the next 12-14 months.

Collaboration Agreement

On March 10, 2020, we entered into a research collaboration agreement with Cytovance to provide development services for a TriKE therapeutic for the treatment of the coronavirus infection. Under the terms of the collaboration agreement, the companies will focus on preparing sufficient quantities of our coronavirus TriKE drug product for preclinical evaluation using Cytovance’s E. coli-based *Keystone Expression System*™. Upon successful preclinical evaluation in *in vitro* cell assays of COVID-19 infection and corresponding *in vivo* animal models of COVID-19 infection, we will scale-up production using Cytovance’s GMP microbial manufacturing platform for evaluation of TriKE in humans to treat the coronavirus infection.

Financings

November 2020 Financing

On November 5, 2020, we entered into a securities purchase agreement with two purchasers pursuant to which we issued convertible debentures in an aggregate principal amount of \$250,000 (the “November 2020 Notes”).

The November 2020 Notes are convertible at any time, at the holder’s option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). The conversion price is also subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion rate then in effect. The November 2020 Notes will be subject to mandatory conversion in the event of the completion of a future financing in the amount of at least \$15 million at a conversion price equal to the lesser of (i) the conversion price in effect for the November 2020 Notes on the date of completion of such financing or (ii) 75% of the lowest per share price at which common stock may be issued in connection with any conversion rights associated with the financing, in each case, subject to the beneficial ownership limitations described above.

The November 2020 Notes each have a term of six months and mature on May 5, 2021, unless earlier converted or repurchased. The November 2020 Notes accrue interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default. Interest is payable in cash or, at the holder’s option, in shares of common stock based on the conversion price then in effect. We may not prepay the November 2020 Notes without the prior written consent of the applicable holder.

September 2020 Financing

On September 16, 2020, we entered into a securities purchase agreement with two purchasers pursuant to which we issued convertible debentures in an aggregate principal amount of \$250,000 (the “September 2020 Notes”).

The September 2020 Notes are convertible at any time, at the holder’s option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). The conversion price is also subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion rate then in effect. The September 2020 Notes will be subject to mandatory conversion in the event of the completion of a future financing in the amount of at least \$15 million at a conversion price equal to the lesser of (i) the conversion price in effect for the September 2020 Notes on the date of completion of such financing or (ii) 75% of the lowest per share price at which common stock may be issued in connection with any conversion rights associated with the financing, in each case, subject to the beneficial ownership limitations described above.

The September 2020 Notes each have a term of six months and mature on March 16, 2021, unless earlier converted or repurchased. The September 2020 Notes accrue interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default. Interest is payable in cash or, at the holder’s option, in shares of common stock based on the conversion price then in effect. We may not prepay the September 2020 Notes without the prior written consent of the applicable holder.

July 2020 Financing

On July 7, 2020, we entered into a securities purchase agreement with ten purchasers pursuant to which we issued convertible notes in an aggregate principal amount of approximately \$3.2 million (collectively, the “July 2020 Notes”).

The July 2020 Notes are convertible at any time, at the holder’s option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). The conversion price is also subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion rate then in effect. The July 2020 Notes will be subject to mandatory conversion in the event of the completion of a future financing in the amount of at least \$15 million at a conversion price equal to the lesser of (i) the conversion price in effect for the July 2020 Notes on the date of completion of such financing or (ii) 75% of the lowest per share price at which common stock may be issued in connection with any conversion rights associated with the financing, in each case, subject to the beneficial ownership limitations described above.

The July 2020 Notes each have a term of six months and mature on January 7, 2021, unless earlier converted or repurchased. The July 2020 Notes accrue interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default. Interest is payable in cash or, at the holder’s option, in shares of common stock based on the conversion price then in effect. We may not prepay the July 2020 Notes without the prior written consent of the applicable holder.

May 2020 Financing

Between April 20, 2020 and May 7, 2020, we entered into securities purchase agreements with eight purchasers pursuant to which we issued convertible notes in an aggregate principal amount of approximately \$2.0 million (collectively, the “May 2020 Notes”).

The May 2020 Notes are convertible at any time, at the holder’s option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). The conversion price is also subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion rate then in effect. The May 2020 Notes will be subject to mandatory conversion in the event of the completion of a future financing in the amount of at least \$15 million at a conversion price equal to the lesser of (i) the conversion price in effect for the May 2020 Notes on the date of completion of such financing or (ii) 75% of the lowest per share price at which common stock may be issued in connection with any conversion rights associated with the financing, in each case, subject to the beneficial ownership limitations described above.

The May 2020 Notes each have a term of six months and mature between October 20, 2020 and November 7, 2020, unless earlier converted or repurchased. The May 2020 Notes accrue interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default. Interest is payable in cash or, at the holder's option, in shares of common stock based on the conversion price then in effect. We may not prepay the May 2020 Notes without the prior written consent of the applicable holder.

January 2020 Financing

On January 30, 2020, we entered into a securities purchase agreement with one purchaser pursuant to which we issued convertible notes in an aggregate principal amount of \$0.2 million (the "January 2020 Notes").

The January 2020 Notes are convertible at any time, at the holder's option, into shares of our common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). The conversion price is also subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion rate then in effect.

The January 2020 Notes have a term of eight months and mature on September 30, 2020, unless earlier converted or repurchased. The January 2020 Notes accrue interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default. Interest is payable in cash or, at the holder's option, in shares of common stock based on the conversion price then in effect. We may not prepay the January 2020 Notes without the prior written consent of the holder.

The January 2020 Notes, together with the September 2020 Notes, July 2020 Notes, the May 2020 Notes and the \$0.2 million aggregate principal amount of convertible notes issued in December 2019 (the "December 2019 Notes") pursuant to a securities purchase agreement, dated December 19, 2019, between the Company and one purchaser, are referred to herein as the "Bridge Notes."

For additional information about our convertible notes and debentures, see Note 2 to our unaudited financial statements, *Debt*.

Forbearance Agreements

Effective as of June 23, 2020, we entered into the Forbearance Agreements with the holders of approximately \$13.2 million aggregate principal amount of the Default Notes, which are currently in default. Pursuant to the Forbearance Agreements, the holders of the Default Notes have agreed to forbear from exercising their rights and remedies under the Default Notes (including declaring such Default Notes (together with default amounts and accrued and unpaid interest) immediately due and payable) until the earlier of (i) the date that we complete a New Financing or (ii) January 31, 2020 (the "Termination Date").

Pursuant to the Forbearance Agreement, the holders of the Default Notes have also agreed that the Default Notes (together with default amounts and accrued and unpaid interest) will be converted into common stock upon the closing of a New Financing at a conversion price equal to the lesser of (i) the conversion price in effect for the Default Notes on the date of such New Financing or (ii) 75% of the lowest per share price at which common stock is or may be issued in connection with such New Financing, in each case, subject to certain beneficial ownership limitations (with a maximum ownership limit of 9.99%). Shares of our preferred stock, which are convertible into the Company's common stock, will be issued in lieu of common stock to the extent that conversion of the Default Notes is prohibited by such beneficial ownership limitations.

In addition, to the extent that any holders of the Default Notes also hold warrants to purchase shares of the Company's common stock, the exercise price, number of underlying shares and expiration date of such warrants will also be subject to adjustment upon closing of a New Financing in accordance with the terms of the Forbearance Agreements.

Settlement with Empery Funds

Settlement Agreement

On June 19, 2020, we entered into the Settlement Agreement with the Empery Funds, Anthony Cataldo and Paul Kessler resolving all remaining disputes between the parties pertaining to the Original Securities. See Part II, Item 1. “Legal Proceedings.”

As a result of the Settlement Agreement, the Company paid the Empery Funds cash payments in an aggregate amount of \$0.2 million. In addition, pursuant to the Settlement Agreement, the Company issued to the Empery Funds, solely in exchange for the outstanding Original Securities, (i) an aggregate of 3.5 million shares of common stock, (ii) pre-funded warrants to purchase an aggregate of 5.5 million shares of common stock and (iii) Convertible Notes in an aggregate principal amount of \$0.45 million.

Settlement Notes

The Settlement Notes are convertible at any time, at the holder’s option, into shares of common stock at an initial conversion price of \$0.20 per share, subject to certain beneficial ownership limitations (with a maximum ownership limit of 4.99%). The Settlement Notes mature on December 19, 2020. The terms of the Settlement Notes are generally the same as the Company’s other Convertible Notes, except that the Company is required to make an offer to repurchase, at the holder’s option, the Settlement Notes at price in cash equal to 100% of the aggregate principal amount of the Settlement Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase following the consummation by the Company of a financing transaction, or a series of transactions, resulting in aggregate gross proceeds to the Company in excess of \$7.5 million.

Settlement Warrants

The Settlement Warrants provide for the purchase of up to an aggregate of 5.5 million shares of common stock at an exercise price of \$0.20 per share, subject to adjustment in certain circumstances, and expire on June 19, 2025. Exercise of the warrant is subject to certain additional terms and conditions, including certain beneficial ownership limitations (with a maximum ownership limit of 4.99%).

Results of Operations

Comparison of the Three Months Ended September 30, 2020 and 2019

Research and Development Expenses

During the three months ended September 30, 2020 and 2019, we incurred \$0 and \$.6 thousand of research and development expenses, respectively. Research and development costs decreased less clinical expenses. We anticipate our direct clinical costs will increase in the last quarter of 2020 with the continuation of our Phase I clinical trial of our most advanced TriKe product candidate, GTB-3550.

Selling, general and administrative expenses

During the three months ended September 30, 2020 and 2019, we incurred \$2 million and \$3.6 million of selling, general and administrative expenses, respectively. The decrease in selling, general and administrative expenses is primarily attributable the reduction of payroll and stock compensation expenses.

Loss on impairment

For the three months ended September 30, 2019, the Company recorded an intangible asset impairment charge of \$4.6 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 the sale of certain assets and prioritization for immuno-oncology development candidates.

Interest Expense

Interest expenses were \$0.9 million and \$0.6 million for the three months ended September 30, 2020 and 2019, respectively. The increase is primarily due to the accrual of default interest under the Default Notes.

Comparison of the Nine Months Ended September 30, 2020 and 2019

Research and Development Expenses

During the nine months ended September 30, 2020 and 2019, we incurred \$0.252 million and \$1.7 million of research and development expenses, respectively. Research and development costs decreased due primarily to the reduction of employee, consultant and preclinical expenses. We anticipate our direct clinical costs will increase in the 4th quarter of 2020 upon the continuation of our Phase I clinical trial of our most advanced TriKE product candidate, GTB-3550.

Selling, general and administrative expenses

During the nine months ended September 30, 2020 and 2019, we incurred \$4.3 million and \$8.9 million of selling, general and administrative expenses, respectively. The decrease in selling, general and administrative expenses is primarily attributable the reduction of payroll and stock compensation expenses.

Loss on impairment

For the three months ended September 30, 2019, the Company recorded an intangible asset impairment charge of \$4.6 million related to the portfolio of CNS IPR&D assets, which represents the excess carrying value compared to the fair value. The impairment charge was the result of the sale of certain assets and prioritization for immuno-oncology development candidates.

Interest Expense

Interest expenses were \$6.2 million and \$1.5 million for the nine months ended September 30, 2020 and 2019 respectively. The increase is primarily due to the accrual of default interest under the Default Notes.

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, 2020, the Company raised \$5.7 million through a series of issuances of Convertible Notes. 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 Company is pursuing several alternatives to address this situation, including the raising of additional funding through equity or debt financings. In order to finance existing operations and pay current liabilities over the next 12 months, the Company will need to raise an additional \$18 million of capital.

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 \$580 million and cash of \$350 thousand as of September 30, 2020. 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 nine 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.

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.

Basis of Consolidation

The consolidated financial statements contained in this report include the accounts of GT Biopharma, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated.

Long-Lived Assets

Our long-lived assets include property, plant and equipment, capitalized costs of filing patent applications and goodwill and other assets. We evaluate our long-lived assets for impairment 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. Goodwill and other assets are not amortized.

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, 2020.

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 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 (the “Exchange Act”)), as of September 30, 2020. Based on that evaluation we have concluded that our disclosure controls and procedures were not effective as of September 30, 2020 as a result of material weaknesses in internal control over financial reporting due to (i) inadequate segregation of duties, (ii) risks of executive override and (iii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both U.S. GAAP and SEC regulation, in each case, as described in “Item 9A. Controls and Procedures” in the Company’s Form 10-K for the year ended December 31, 2019.

The Company is taking steps, and intends to take additional steps, to mitigate the issues identified and implement a functional system of internal control over financial reporting. Such measures will include, but not be limited to: hiring of additional employees in our 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 and SEC reporting activities.

Changes in Internal Control over Financial Reporting

Except for the ongoing remediation of the material weaknesses in internal controls over financial reporting noted above, no changes in our internal control over financial reporting were made during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On August 28, 2019, a complaint was filed in the Superior Court of California, County of Los Angeles, West Judicial District, Santa Monica Courthouse, Unlimited Civil Division by Jeffrey Lion and Daniel Vallera. Lion and Vallera are referred to jointly as the “Plaintiffs.” The complaint was filed against the Company and its subsidiary Oxis Biotech, Inc. (either of them or jointly, the “Defendant”). The Plaintiffs allege breach of a license agreement between the Plaintiffs and the Defendant entered into on or about September 3, 2015. Lion alleges breach of a consulting agreement between Lion and the Defendant entered into on or about September 1, 2015. Vallera alleges breach of a consulting agreement between Vallera and the Defendant entered into in or around October, 2018. The complaint seeks actual damages of \$1,670,000, for the fair market value of the number of shares of the Company’s common stock that at the time of judgment represent 15,000,000 shares of such stock as of September 1, 2015, and that the Company issue Lion the number of common shares the Company’s common stock that at the time of judgment represent 15,000,000 such shares as of September 1, 2015.

Item 1A. Risk Factors

Information regarding risk factors appears under “Risk Factors” included in Part I. Item 1A. Risk Factors. of our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes from the risk factors previously disclosed in the above-mentioned periodic report.

Item 2. Unregistered Sales of Securities and Use of Proceeds

The Company made the following issuances of its unregistered equity securities pursuant exemptions contained in Section 4(a)(2) or 3(a)(9) of the Securities Act of 1933, as amended (the “Securities Act”) and/or Rule 506 of Regulation D promulgated thereunder that have not previously been reported:

- During the nine months ended September 30, 2020, the Company issued 3,147,486 shares of common stock upon conversion of \$629,497 in principal and interest on Convertible Notes.
- On May 1, 2020, the Company issued 1,086,429 shares of common stock for consulting services.
- On June 19, 2020, the Company issued 3,500,000 shares of common stock pursuant to the Settlement Agreement.
- On July 28, 2020, the Company issued a warrant to purchase up to an aggregate of 1,000,000 shares of common stock at an exercise price of \$0.20 per share, subject to adjustment in certain circumstances. The warrant was issued as compensation for certain services provided to the Company.

Item 3. Defaults Upon Senior Securities.

As of September 30, 2020, convertible notes totaling approximately \$13.2 million are in default.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

Theorem Settlement Agreement

On November 9, 2020, the Company, entered into a settlement agreement (the “Theorem Settlement Agreement”) with Adam Kasower (“Kasower”), East Ventures, Inc., A British Virgin Islands company (“East Ventures”), SV Booth Investments III, LLC, a Delaware limited liability company (“SV Booth”) and Theorem Group, LLC, a California limited liability company (“Theorem Group” and, collectively with Kasower, East Ventures and SV Booth, the “Claimants”) resolving all remaining disputes and claims between the parties pertaining to certain securities purchase agreements pursuant to which the Claimants purchased from the Company convertible warrants and preferred stock.

As a result of the Settlement Agreement, the Company has agreed to issue each Claimant a convertible note in the following amounts (the “Theorem Settlement Notes”):

Theorem Group	\$ 303,726.40
East Venture	\$ 112,788.48
Kasower	\$ 500,078.58
SV Booth	\$ 294,245.54

The Theorem Settlement Agreement also contains certain representations and warranties and covenants, including limitations on future variable rate transactions and “at-the-market offerings.”

Theorem Settlement Notes

The Theorem Settlement Notes are convertible, at the option of the applicable Claimant, at any time into shares of common stock at an initial conversion rate of \$0.20 per share, subject to certain beneficial ownership limitations. The conversion price is also subject to adjustment due to certain events, including stock dividends, stock splits and in connection with the issuance by the Company of common stock or common stock equivalents at an effective price per share lower than the conversion rate then in effect. The Theorem Settlement Notes mature on January 31, 2021, and bear interest at a rate of 10% per annum, subject to increase to 18% per annum upon and during the occurrence of an event of default. Interest is payable in cash or, at the holder’s option, in shares of common stock based on the conversion price then in effect. The Company may not prepay the Theorem Settlement Notes without the prior written consent of the applicable Claimant.

The Theorem Settlement Notes contain a number of other affirmative and negative covenants and events of default (including events of default related to certain change of control and other fundamental change transactions). Following an event of default, the Theorem Settlement Notes will become immediately due and payable in cash at a mandatory default amount equal to 130% of the outstanding principal amount of the Theorem Settlement Notes plus all other amounts, costs and expenses due in respect of the Theorem Settlement Notes.

Resignation of Chief Financial Officer

On November 11, 2020, Steven Weldon resigned from the Board and from his office as Chief Financial Officer of the Company, effective immediately. His resignation was the result of general disagreement regarding the Company's decision making process. Pursuant to Mr. Weldon's Employment Contract, dated August 11, 2020, Mr. Weldon is only entitled to such stock options, restricted stock awards and other Company stock-based awards granted which have vested as of the date of his resignation. He is not entitled to any other compensation or benefits.

Appointment of New Interim Chief Financial Officer

Anthony Cataldo, Chief Executive Officer and Chairman of the Board, assumed the additional role of Chief Financial Officer on an interim basis, and will be succeeded as Chief Financial Officer on an interim basis by Michael Handelman immediately after the filing of this report.

Mr. Handelman became a Director of the GooGreen, Inc. in August 2020, and Chairman of the Board of Directors and Secretary in September 2020. He has served as Chief Financial Officer of Clickstream Corporation since October 2015. He served as Chief Financial Officer of Lion Biotechnologies, Inc. from February 2011 until June 2015, and was a member of the Lion Bio Board of Directors from February 2013 until May 2013. Mr. Handelman served as the Chief Financial Officer and as a financial management consultant of Oxis International, Inc., a public company engaged in the research, development and commercialization of nutraceutical products, from August 2009 until October 2011. From November 2004 to July 2009, Mr. Handelman served as Chief Financial Officer and Chief Operating Officer of TechnoConcepts, Inc., formerly a public company engaged in designing, developing, manufacturing and marketing wireless communications semiconductors, or microchips. Prior thereto, Mr. Handelman served from October 2002 to October 2004 as Chief Financial Officer of Interglobal Waste Management, Inc., a manufacturing company, and from July 1996 to July 1999 as Vice President and Chief Financial Officer of Janex International, Inc., a children's toy manufacturer. Mr. Handelman was also the Chief Financial Officer from 1993 to 1996 of the Los Angeles Kings, a National Hockey League franchise. Mr. Handelman is a certified public accountant and holds a degree in accounting from the City University of New York.

Mr. Handelman will receive a monthly consulting fee of \$15,000.00.

Mr. Handelman has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K, has no arrangement or understanding between him and any other person required to be disclosed pursuant to Item 401(b) of Regulation S-K and has no family relationships required to be disclosed pursuant to Item 401(d) of Regulation S-K.

Mr. Handelman has entered into a Consulting Agreement with the Company, effective as of November 13, 2020.

Appointment of New Directors

On November 12, 2020, the Board appointed Bruce Wendel, age 67, and Greg Berk, age 62, as directors of the Company. Following the filing of this Quarterly Report on Form 10-Q, Mr. Cataldo will resign as interim Chief Financial Officer, and Michael Handelman, age 61, will be appointed as the interim Chief Financial Officer in his place.

From April 2018 to May 2019, Mr. Wendel served as the Chief Business Development Officer for Prometic Biotherapeutics, Inc., a pharmaceutical development company. Mr. Wendel also served as Chief Strategic Officer of Hepalink USA, the U.S. subsidiary of Shenzhen Hepalink Pharmaceutical Company from February 2012 to July 2017, and Chief Executive Officer of Scientific Protein Laboratories, LLC from December 2014 to June 2015. He also served as a director of ProMetic Life Sciences Inc. and Vice Chairman and Chief Executive Officer at Abraxis BioScience, LLC, where he oversaw the development and commercialization of Abraxane® and led the negotiations that culminated in the acquisition of the company by Celgene Corporation in 2010. He began his 14 years with Bristol-Myers Squibb as in-house counsel before shifting to global business and corporate development, where he served in business and corporate development roles of increasing responsibility at American Pharmaceutical Partners, IVAX Corporation and Bristol-Myers Squibb. Mr. Wendel earned a juris doctorate degree from Georgetown University Law School, and a B.S. from Cornell University.

Mr. Wendel has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K, has no arrangement or understanding between him and any other person required to be disclosed pursuant to Item 401(b) of Regulation S-K and has no family relationships required to be disclosed pursuant to Item 401(d) of Regulation S-K.

Prior to joining the Company, Dr. Berk has served as a private consultant in the field of drug development and is the Chief Medical Officer of Celularity, a privately owned company. Previously, he served as Chief Medical Officer at Verastem as and President, Chief Medical Officer and Board Member of Sideris Pharmaceuticals. From May 2012 until January 2014, Dr. Berk was Chief Medical Officer of BIND Therapeutics. Prior to this, he was Chief Medical Officer at Intellikine, a privately held biotechnology company focused on the discovery and development of novel PI3 Kinase and mTOR inhibitors. Intellikine was acquired by Takeda/Millennium in January 2012. He also served as Senior Vice President of Global Clinical Development at Abraxis BioScience, where he was responsible for the company's overall clinical strategy, including efforts to expand the indications for their lead clinical program (Abraxane®). Dr. Berk obtained his medical degree from Case Western Reserve University, and completed his internship, residency and fellowship in internal medicine, hematology and medical oncology, at the Weill Medical College of Cornell University and New York Presbyterian Hospital, where he also served as a faculty member from 1989-2004. During this time Dr. Berk served as an investigator on several industry-sponsored and cooperative group oncology clinical trials, including the pivotal trials for Gleevec® and Avastin®.

Dr. Berk has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K, has no arrangement or understanding between him and any other person required to be disclosed pursuant to Item 401(b) of Regulation S-K and has no family relationships required to be disclosed pursuant to Item 401(d) of Regulation S-K.

Mr. Wendel and Dr. Berk will each receive an annual stipend of \$20,000.00 for director compensation, with Mr. Wendel receiving an additional \$5,000.00 annually for chairing the Nominating Committee and \$5,000.00 annually as a member of the Audit Committee, and Dr. Berk receiving an additional \$5,000.00 annually for chairing the Compensation Committee and \$5,000.00 annually as a member of the Nominating Committee. The Company will also grant stock awards of shares of common stock of the Company equal to 1.25%, in the case of Mr. Wendel, and 1.00%, in the case of Dr. Berk, of the number of fully diluted shares of common stock of the Company, calculated on the fully diluted equity of the Company upon the Company's national exchange financing date.

Mr. Wendel and Dr. Berk have each entered into Board Service Agreements with the Company, effective as of November 11, 2020, which supplement the indemnification provisions of the Company's bylaws and obligate the company to insure them both under the Company's director and officer's insurance policy.

Item 6. Exhibits

Exhibit	Description	Herewith	Incorporated by Reference			
			Form	Number	SEC File No.	Filing Date
10.4	Securities Purchase Agreement, dated July 7, 2020, among GT Biopharma, Inc. and the purchaser named therein		8-K	10.1	000-08092	07/09/20
10.5	Registration Rights Agreement, dated July 7, 2020, among GT Biopharma, Inc. and the purchaser named therein		8-K	10.2	000-08092	07/09/20
10.6	Form of Convertible Note (related to Securities Purchase Agreement, dated July 7, 2020)		8-K	4.1	000-08092	07/09/20
10.7	Form of Standstill and Forbearance Agreement, dated June 23, 2020, between the Company and certain holders of Convertible Notes		8-K	10.1	000-08092	06/23/20
10.8	Settlement Agreement, dated June 19, 2020, among GT Biopharma, Inc., Empery Asset Master Ltd., Empery Tax Efficient, LP and Empery Tax Efficient II, LP, Anthony Cataldo and Paul Kessler		8-K	10.1	000-08092	06/19/20
10.9	Form of Convertible Note, dated June 19, 2020 (related to Settlement Agreement, dated June 19, 2020)		8-K	10.2	000-08092	06/19/20
10.10	Form of Pre-Funded Warrant to Purchase Common Stock, dated June 19, 2020 (related to Settlement Agreement, dated June 19, 2020)		8-K	10.3	000-08092	06/19/20
10.11	Employment agreement with Anthony Cataldo		10-Q/A	10.11	000-08092	8/18/20
10.12	Employment agreement with Steven Weldon		10-Q/A	10.12	000-08092	08/18/20
10.13	Form of Convertible Note (related to Securities Purchase Agreement, dated July 7, 2020)		8-K	4.1	000-08092	09/22/20
10.14	Securities Purchase Agreement, dated July 7, 2020, among GT Biopharma, Inc. and the purchaser named therein		8-K	10.1	000-08092	09/22/20
10.15	Cytovance Biologics, Inc. Master Services Agreement		8-K	10.1	000-08092	10/06/20
10.16	Form of Standstill and Forbearance Agreement Amendment No. 1, dated October 31, 2020, between the Company and certain holders of Convertible Notes		8-K	10.1	000-08092	11/04/20
10.17	Form of Convertible Note (related to Securities Purchase Agreement, dated November 4, 2020)		8-K	10.1	000-08092	11/09/20

10.18	Securities Purchase Agreement, dated November 4, 2020, among GT Biopharma, Inc. and the purchaser named therein	8-K	10.2	000-08092	11/09/20
10.19	Settlement Agreement, dated as of November 9, 2020, by and among Adam Kasower, East Ventures, Inc., A British Virgin Islands company, SV Booth Investments III, LLC, a Delaware limited liability company and Theorem Group, LLC, a California LLC and GT Biopharma Inc., a Delaware corporation.	X			
10.20	Form of Settlement Note, dated November 9, 2020.	X			
10.21	Steve Weldon Letter of Resignation, dated November 11, 2020	X			
10.22	Board Service Agreement with Bruce Wendel, dated November 11, 2020	X			
10.23	Board Service Agreement with Greg Berk, dated November 11, 2020	X			
10.24	Consultant Agreement with Michael Handelman, dated November 13, 2020	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 Chief Financial Officer).	X			
101.INS	Inline XBRL Instance Document.	X			
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X			

* This certification shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, 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 or the Exchange Act.

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.

GT Biopharma, Inc.

Dated: November 13, 2020

By: /s/ Anthony Cataldo

Anthony Cataldo
Chief Executive Officer, Chief Financial Officer and
Chairman of the Board

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made and entered into by and among Adam Kasower ("Kasower"), East Ventures, Inc., a British Virgin Islands company ("East Ventures"), SV Booth Investments III, LLC, a Delaware limited liability company ("SC Booth") and Theorem Group, LLC, a California limited liability company ("Theorem Group") (collectively, Kasower, East Ventures, SV Booth and Theorem Group are referred to herein as "Claimants"), and GT Biopharma Inc. ("GT Biopharma"). GT Biopharma and Claimants are each referred to as a "Party" and, collectively, as the "Parties."

WHEREAS, from on or about October 1, 2009 and through 2017, Claimants Theorem Group, East Ventures, SV Booth, and Kasower each invested in GT Biopharma and its predecessor, formerly known as Oxis International, Inc., through a Securities Purchase Agreement (the "SPA") pursuant to which Claimants purchased from GT Biopharma convertible warrants and preferred stock (the "Securities");

WHEREAS, Claimants allege that on August 27, 2017, GT Biopharma completed a restructuring of its unregistered debt and equity securities (the "Restructuring"), wherein debtholders of GT Biopharma received one share of GT Biopharma's \$0.001 par value common stock ("Common Stock") for each one dollar and twenty cents (\$1.20) of principal and accrued interest owed to them by GT Biopharma; warrant holders exercised their warrants on a cashless basis into one share of Common Stock for each warrant held; and preferred stock holders exchanged their preferred stock pursuant to a preferred stock exchange agreement;

WHEREAS, Claimants allege that on August 27, 2017, pursuant to the Restructuring, certain holders of securities of GT Biopharma were issued a total of 1,513,548 shares of newly issued GT Biopharma's \$0.001 par value series J preferred stock (the "Series J Preferred"). The Series J Preferred was to convert one to one (1:1) into the Common Stock from time to time as converted by the holders. The Series J was subsequently reported on GT Biopharma's filings with the Securities and Exchange Commission ("SEC");

WHEREAS, Claimants allege that on January 29, 2019 GT Biopharma notified certain investors that it had issued new series J-1 preferred shares (the "Series J-1 Preferred") to replace the unconverted balance of Series J Preferred and that the Series J-1 Preferred was materially different from the Series J Preferred allegedly allowing the holders to receive a most favored nations treatment on conversion based on GT Biopharma's ongoing financing;

WHEREAS, Claimants allege that the subsequent exchange of the Series J Preferred to the Series J-1 Preferred and the additional issuances of Series J-1 Preferred were material breaches of the Restructuring and allegedly causing Claimants substantial damage and harm in the form of dilution;

WHEREAS, a dispute arose between GT Biopharma and Claimants regarding GT Biopharma's obligations under the terms of the SPA and the Securities issued thereunder and GT Biopharma disputes Claimants' allegations;

WHEREAS, on November 26, 2019, Claimants caused their counsel to send a letter to GT Biopharma, alleging, in part, that Claimants had "suffered damages in the aggregate of more than \$5,000,000" (the "Demand Letter") and enclosing a draft complaint (the "Draft Complaint");

WHEREAS, the Parties previously engaged in settlement discussions, including the preparation of preliminary, draft settlement documents, which did not receive approval from, and were expressly rejected by, the GT Biopharma Board;

WHEREAS, the Parties desire to fully settle and resolve all issues, disputes, claims and causes of action that were raised, or that could have been raised, relating in every and any way to the Demand Letter and/or the Draft Complaint, to avoid further expense and inconvenience of litigation, without any admission of liability or wrongdoing on the part of GT Biopharma, its officers, agents or shareholders;

WHEREAS, GT Biopharma denies each and every one of Claimants' allegations of wrongful conduct, and denies that any conduct challenged by Claimants caused any damage whatsoever, and have asserted a number of defenses to Claimants' claims;

WHEREAS, the Parties agree that this Agreement shall not be deemed or construed to be an admission or evidence of any violation of any statute or law or of any liability or wrongdoing by GT Biopharma, its officers, agents or shareholders, or of the truth of any claim or allegation or a waiver of any defenses thereto;

AND WHEREAS, the Parties, each acting on his, her or its own behalf, have approved of the settlement terms described below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, including in return for the promises and covenants undertaken by the Parties herein and the releases given herein, the Parties agree as follows:

1. **Settlement Exchange**: Within five (5) Business Days of the date on which this Agreement is fully executed by the Parties, GT Biopharma shall issue and deliver to each of Claimants a convertible note (the "**Settlement Notes**"), in the form attached hereto as **Exhibit A**, in the following amounts:

TheoremGroup	\$303,726.40
East Venture	\$112,788.48
Kasower	\$500,078.58
SV Booth	\$294,245.54

The date on which the Settlement Notes are delivered to Claimants is hereinafter referred to as the "**Exchange Date**." As used herein, "**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required to remain closed.

2. Releases and Covenant Not to Sue:

a. Claimants' Releases: Claimants on their own behalf, and for and on behalf of their parent companies, subsidiaries, and direct or indirect affiliates, and any and all of their respective present, former, and future general partners, limited partners, officers, directors, shareholders, managers, members, trustees, employees, consultants, attorneys, and other agents in their respective capacities as such, and the heirs, executors, administrators, successors, and assigns of each of them (collectively, the "Claimants' Releasers"), hereby completely and irrevocably releases and forever and finally discharges any and all Claims (as defined below), rights, demands, obligations, causes of action, counterclaims, defenses, rights of setoff, rights of rescission, liens, disputes, damages, liabilities, debts, costs, expenses (including attorneys' fees), payments, capital contributions, fees, bonds, covenants, contracts, agreements, judgments, charges, or losses of any kind or character whatsoever, in law or equity, whether presently known or unknown, asserted or unasserted, fixed or contingent, in contract, tort, or otherwise, that any of the Claimants' Releasers had, presently may have or may have in the future against GT Biopharma, as well as, to the extent applicable, each of their respective parent companies, subsidiaries, direct and indirect affiliates, and any and all of their respective present, former and future officers, directors, shareholders, managers, members, partners, employees, consultants, attorneys, and other agents in their respective capacities as such (collectively, the "GT Biopharma and Individual Released Parties"), arising out of or by reason of any cause, matter, or thing relating or ancillary to the Demand Letter or Draft Complaint. The release shall apply to Claims whether arising under any statute, rule or regulation, or under the law of any country, state, province, territory, or any other jurisdiction, or under principles of contract law, common law, or equity; provided that, and consistent with Section 3(f) of this Agreement, nothing herein shall release Claims arising out of this Agreement or any Settlement Documents (as defined below).

b. GT Biopharma's Releases: GT Biopharma on its own behalf, and for and on behalf of its parent companies, subsidiaries, and direct or indirect affiliates, and any and all of their respective present, former, and future general partners, limited partners, officers, directors, shareholders, managers, members, trustees, employees, consultants, attorneys, and other agents in their respective capacities as such, and the heirs, executors, administrators, successors, and assigns of each of them (collectively, the "GT Biopharma Releasers"), hereby completely and irrevocably releases and forever and finally discharges any and all Claims, rights, demands, obligations, causes of action, counterclaims, defenses, rights of setoff, rights of rescission, liens, disputes, damages, liabilities, debts, costs, expenses (including attorneys' fees), payments, capital contributions, fees, bonds, covenants, contracts, agreements, judgments, charges, or losses of any kind or character whatsoever, in law or equity, whether presently known or unknown, asserted or unasserted, fixed or contingent, in contract, tort, or otherwise, that any of the GT Biopharma Releasers had, presently may have or may have in the future against Claimants, as well as each of Claimants' investment managers, subsidiaries, and direct or indirect affiliates, and any and all of their respective direct or indirect present, former and future officers, directors, shareholders, managers, members, partners, employees, consultants, attorneys, and other agents in their respective capacities as such (collectively, the "Claimants Released Parties"), arising out of or by reason of any cause, matter, or thing relating or ancillary to the Demand Letter or the Draft Complaint. The releases shall apply to Claims whether arising under any statute, rule or regulation, or under the law of any country, state, province, territory, or any other jurisdiction, or under principles of contract law, common law, or equity; provided that, consistent with Section 2(e) of this Agreement, nothing in this release shall release Claims arising out of this Agreement or any Settlement Documents. For the avoidance of doubt, the release in this Section 2(b) shall have the same effect as a dismissal with prejudice.

c. Covenant Not to Sue; Defense: Except as necessary to enforce this Agreement and the Settlement Documents, each Party on its own behalf and on behalf of any other Person purporting to act by, through or on behalf of such Party, hereby covenants, represents, and warrants that it will forever refrain from suing to enforce or to recover, directly or indirectly, under any Claims released by this Agreement, to the extent such releases become effective. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the undertakings contained here. As used herein, "Person" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any government or any department or agency thereof.

d. Unknown Claims: The Parties each acknowledge that he, she or it may discover facts in addition to or different from those that he, she or it now knows or believes to be true with respect to the matters released herein, but that it is the express intention of the Parties, except as necessary to enforce this Agreement and the Settlement Documents, to fully, finally and forever settle and release any and all claims released hereby, known or unknown, suspected or unsuspected, which now exists, heretofore existed, or may hereafter exist, and without regard to the subsequent discovery or existence of such additional or different facts with respect to the matters released hereby. In furtherance of this intention, the Parties each acknowledge that they have been advised of and expressly waive any and all provisions, rights and benefits of California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Parties shall also be deemed expressly to have waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code Section 1542 or that would otherwise limit the releases and waivers contained in this Agreement.

The Parties each acknowledge that the foregoing waiver was separately bargained for and is an integral aspect of the Agreement of which this release is a part.

e. Enforcement of This Agreement: For the avoidance of doubt, notwithstanding the foregoing or any other provisions of this Agreement, the releases and covenants not to sue in this Section 2 shall not apply to any disputes or claims that may arise in the future relating to the enforcement of the terms of this Agreement or the Settlement Documents issued pursuant thereto.

3. No Admission: It is understood and agreed that this Agreement is a compromise and settlement of the Claims released herein, and it shall not be construed as an admission, concession, or indication of the validity of any Claim, defense, liability, obligation, or wrongdoing.

4. Representations and Covenants of GT Biopharma:

a. Authorization; Enforcement; Validity. GT Biopharma has the requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Settlement Notes and each of the other agreements, instruments, certificates or documents entered into by the parties hereto in connection with the transactions contemplated by this Agreement (collectively, the "Settlement Documents") and to issue the Settlement Notes, all in accordance with the terms hereof and thereof. The execution and delivery of this Agreement and the other Settlement Documents by GT Biopharma and the consummation by GT Biopharma of the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Settlement Notes, have been duly authorized by GT Biopharma's Board of Directors, and no further filing, consent, or authorization is required by GT Biopharma, its Board of Directors or its stockholders. This Agreement and the other Settlement Documents are duly executed and delivered (or will be delivered) by GT Biopharma, and constitute (or will constitute) the legal, valid and binding obligations of GT Biopharma, enforceable against GT Biopharma in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

b. Issuance of Securities. In each case subject to the terms of the Settlement Documents, the issuance of the Settlement Notes are duly authorized and, upon issuance in accordance with the terms hereof, shall be validly issued, fully paid and free from all preemptive or similar rights, taxes, liens and charges and other encumbrances with respect to the issue thereof and the shares of Common Stock issuable upon conversion thereof ("Conversion Shares") (when issued) shall be validly issued, fully paid and non-assessable and free from all preemptive or similar rights, taxes, liens, charges and other encumbrances with respect to the issue thereof, with the holder of the Conversion Shares (when issued) being entitled to all rights accorded to a holder of Common Stock. As of the Exchange Date, a number of shares of Common Stock shall have been duly authorized and reserved for issuance which equals or exceeds (the "Required Reserved Amount") the sum of 150% of the maximum number of Conversion Shares of Common Stock issuable pursuant to the terms of the Settlement Note based on the initial Conversion Price (as defined in the Settlement Note) (without taking into account any limitations on the issuance thereof pursuant to the terms of the Settlement Note). As of the date hereof, there are 672,834,264 shares of Common Stock authorized and unissued. So long as Claimants holds the Settlement Note, GT Biopharma shall take use commercially reasonable efforts to at all times have authorized, and reserved for the purpose of issuance, no less than the Required Reserve Amount.

c. No Conflicts. The execution, delivery and performance of the Settlement Documents by GT Biopharma and the consummation by GT Biopharma of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Settlement Notes) will not (i) result in a violation of the restated certificate of incorporation of GT Biopharma or its bylaws or (ii) result in a violation of any law, rule, regulation, order, judgment or decree applicable to GT Biopharma or any of its Subsidiaries, or by which any property or asset of GT Biopharma or any of its Subsidiaries is bound or affected, except, in the case of clauses (iii) above, where such conflict, violation or default would not result, individually or in the aggregate, in a Material Adverse Effect. For purposes of this Agreement, "Material Adverse Effect" means any material adverse effect on the business, properties, assets, liabilities, operations, results of operations or condition (financial or otherwise) of GT Biopharma and its Subsidiaries, taken as a whole, or on the transactions contemplated hereby or on the other Settlement Documents or by the agreements and instruments to be entered into in connection herewith or therewith, or on the authority or ability of GT Biopharma to perform any of its obligations under any of the Settlement Documents.

d. Consents. GT Biopharma is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency or any regulatory or self-regulatory agency or any other Person in order for it to execute, deliver or perform any of its obligations under or contemplated by the Settlement Documents, in each case in accordance with the terms hereof or thereof, other than (i) the filings required pursuant to Section 5(h) of this Agreement, (ii) the notice and/or application(s), if any, required to be delivered pursuant to Section 5(i) of this Agreement, (iii) any filings required to be made under applicable state securities laws and (iii) those already obtained or effected on or prior to the date hereof.

e. FAST Compliance. While any of the Settlement Notes are outstanding, GT Biopharma shall maintain a transfer agent that participates in the DTC Fast Automated Securities Transfer Program.

f. Shell Company Status. GT Biopharma is not, and has never been, an issuer identified in Rule 144(i)(1) of the U.S. Securities Act of 1933, as amended (the "Act").

g. SEC Filings. As of their respective filing dates, GT Biopharma's filings with the United States Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act") since January 1, 2019 (the "SEC Documents"), complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

h. Disclosure of Transactions and Other Material Information. GT Biopharma shall file a current report on Form 8-K reasonably acceptable to Claimants (the "8-K Filing") on or before 8:30 a.m., New York City time, on the first Business Day after this Agreement has been duly executed and delivered, in the form required by the 1934 Act, relating to the transactions contemplated by this Agreement and attaching a form of this Agreement and the form of Settlement Notes (including, without limitation, all schedules and exhibits to such agreements to the extent required by the rules of the SEC) as an exhibit to such filing. From and after the filing of the 8-K Filing with the SEC, Claimants shall not be in possession of any material, nonpublic information received from GT Biopharma, any of its Subsidiaries or any of their respective officers, directors, employees or agents that is not disclosed in the 8-K Filing. In addition, effective upon the filing of the 8-K Filing, GT Biopharma acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between GT Biopharma, any of its Subsidiaries or any of their respective officers, directors, employees or agents, on the one hand, and Claimants or any of their respective affiliates, on the other hand, shall terminate and be of no further force or effect. GT Biopharma shall not, and shall cause each of its Subsidiaries and its and each of their respective officers, directors, employees and agents, not to, provide Claimants with any material, nonpublic information regarding GT Biopharma or any of its Subsidiaries from and after the date hereof without the express prior written consent of Claimants or as otherwise contemplated hereby. GT Biopharma understands and confirms that Claimants will rely on the foregoing representations in effecting transactions in securities of GT Biopharma.

i. Listing. GT Biopharma shall, if applicable, take all steps necessary to promptly secure the listing or quotation of all of (i) Conversion Shares without regard to any limitation on the conversion of the Settlement Note and (ii) any capital stock of GT Biopharma issued or issuable with respect to the Conversion Shares, as applicable, as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise (the "Listed Securities") upon the OTCQB (the "Principal Market") or any other national securities exchange or automated quotation system, if any, upon which the Common Stock is then listed. GT Biopharma shall pay all fees and expenses in connection with satisfying its obligations under this Section 5(i).

j. No Integration Actions. None of GT Biopharma, any of its affiliates or any Person acting on behalf of GT Biopharma or such affiliate will sell, offer for sale or solicit offers to buy in respect of any security (as defined in the 1933 Act) that would be integrated with the issuance of the Settlement Notes in a manner that would require the registration under the 1933 Act of the issuance to Claimants or require shareholder approval under the rules and regulations of the Principal Market, and GT Biopharma will take all action that is appropriate or necessary to assure that its offerings of other securities will not be integrated for purposes of the 1933 Act or the rules and regulations of the Principal Market with the issuance of the Settlement Notes contemplated hereby.

k. Variable Securities. For so long as any of the Settlement Notes remain outstanding, GT Biopharma shall not, in any manner, (i) issue or sell any rights, warrants or options to subscribe for or purchase Common Stock or directly or indirectly convertible into or exchangeable or exercisable for Common Stock at a price which varies with the market price of the Common Stock, including by way of one or more reset(s) to any fixed price, unless the conversion, exchange or exercise price of any such security cannot be less than the then applicable Conversion Price with respect to the Common Stock into which any of the Settlement Notes is convertible (collectively, "Variable Rate Transactions") or (ii) enter into any agreement, or issue any securities pursuant to any agreement, including, without limitation, an equity line of credit, at-the-market offering or similar agreement, whereby GT Biopharma may issue securities at a future determined price.

l. Preservation of Corporate Existence. The Company shall preserve and maintain its corporate existence, rights, privileges and franchises in the jurisdiction of its incorporation, and qualify and remain qualified, as a foreign entity in each jurisdiction in which such qualification is necessary in view of its business or operations and where the failure to qualify or remain qualified might reasonably have a Material Adverse Effect upon the financial condition, business or operations of GT Biopharma, taken as a whole.

m. Indemnification. To the fullest extent permitted by law, GT Biopharma will, and hereby does, indemnify, hold harmless and defend Claimants, the directors, officers, partners, members, employees, agents, representatives of, and each Person, if any, who controls any Investor within the meaning of the 1933 Act or the 1934 Act (each, an "Indemnified Person"), against any losses, Claims, damages, liabilities, judgments, fines, penalties, charges, costs, reasonable attorneys' fees, amounts paid in settlement or expenses, joint or several (collectively, "Claims"), incurred in investigating, preparing or defending any action, Claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("Indemnified Damages"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of, relate to, or are based upon: (a) any misrepresentation or breach of any representation or warranty made by GT Biopharma in the Settlement Documents, (b) any breach of any covenant, agreement or obligation of GT Biopharma contained in the Settlement Documents or (c) any cause of action, suit or claim brought or made against such Indemnified Person by a third party and arising out of, resulting from, or ancillary to the transactions contemplated by the Settlement Documents (unless such action is based upon a breach of such Indemnified Person's representations, warranties or covenants under the Settlement Documents or any agreements or understandings such Indemnified Person may have with any such stockholder or any violations by such Indemnified Person of state or federal securities laws or any conduct by such Indemnified Person which constitutes fraud, gross negligence, willful misconduct or malfeasance). GT Biopharma shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any reasonable and invoiced legal fees or other reasonable and invoiced expenses incurred by them in connection with investigating or defending any such Claim.

5. Representations and Covenants of Claimants:

a. Authorization; Enforcement; Validity. Each of Claimants has the legal capacity and right to execute, deliver, enter into and perform the obligations under this Agreement and each of the other Settlement Documents in accordance with the terms hereof and thereof. This Agreement and the other Settlement Documents are duly executed and delivered by each of Claimants, and constitute the legal, valid and binding obligations of each of Claimants, enforceable against Claimants in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

6. Non Disparagement. Each of Claimants, and GT Biopharma, severally and not jointly, agrees that, from and after the execution of this Agreement, each of them shall not make, publish or communicate, or encourage any other Person to make, publish or communicate, any Disparaging (as defined below) remarks, comments, or statements concerning any other Person that is subject to, or a signatory of, this Agreement. As used herein, "Disparaging" remarks, comments or statements are those that impugn the character, honesty, integrity, morality, or business acumen or abilities in connection with any aspect of the operation of business of, or reflect negatively upon, the individual or entity being disparaged. Each of Claimants, and GT Biopharma, severally and not jointly, further agrees that, from the execution of this Agreement, they shall not encourage any other Person to consider, threaten, or file any action, Claim, suit, inquiry, or proceeding against any Person that is subject to, or a signatory of, this Agreement. This provision shall in no way limit the ability of any party to enforce the Settlement Documents.

7. Confidentiality. The Parties agree that the negotiations that resulted in this Agreement, are confidential and they will not disclose them to any third party except: (i) to their respective attorneys, accountants and insurers; (ii) as required by, or for use in, any court of competent jurisdiction or regulatory body or agency; (iii) as required by any federal, state or municipal rule, regulation or law; (iv) to any tax preparation professional and to the extent necessary to accurately file city, state and federal taxes; and, (v) with respect to Claimants only, to any limited partner, potential investor or any other Person if, in Claimants' own judgment, disclosure is necessary to explain, for any business purpose, the background, circumstances, and/or results of the Demand Letter or the Draft Complaint.

8. Entire Agreement; Amendments. This Agreement and any schedules and exhibits hereto constitute the entire agreement among the Parties as to the settlement and supersede any prior agreements, including but not limited to any preliminary, draft settlement documents, among the Parties with respect to the subject matter of this Agreement. No representations, warranties or inducements have been made or relied upon by any Party concerning this Agreement or its exhibits, other than the representations, warranties and covenants expressly set forth in such documents. This Agreement shall not be modified or amended in any way except in writing executed by or on behalf of each Party to be bound thereby or by their respective successors-in-interest.

9. Voluntary and Informed Assent. Each Party to this Agreement represent and agree that the Party has read and fully understood the provisions of this Agreement, that they are fully competent to enter into and sign this Agreement, and that they are executing this Agreement voluntarily, free of any duress or coercion.

10. Construction. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any Party. This Agreement was prepared jointly by the Parties, and no presumptions or rules of interpretation based upon the identity of the Party preparing or drafting the Agreement, or any part thereof, shall be applicable or invoked.

11. Headings. The section headings contained in each section of this Agreement are intended solely for convenience of reference and shall not limit or expand the express terms of this Agreement or otherwise be used in its construction.

12. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Settlement Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Settlement Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

13. Waiver. The waiver by any Party of any breach of this Agreement by the other shall not be deemed a waiver of that or any other prior or subsequent breach of any provision of this Agreement by any other Party.

14. Severability. If any provision or provisions of this Agreement or the settlement shall be held to contravene or be invalid under any applicable law, such contravention or invalidity shall not invalidate the whole Agreement, but the Agreement shall be construed as not containing the particular provision or provisions held to be illegal, invalid or unenforceable, and the remaining rights and obligations of the Parties shall remain in full force and effect and construed and enforced accordingly so long as this Agreement as so modified continues to express, without material change, the original intentions of the Parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the Parties or the practical realization of the benefits that would otherwise be conferred upon the Parties. The Parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

15. Effect of Cancellation or Termination. If the settlement set forth in this Agreement does not become effective, or is terminated, reversed or vacated by a court of competent jurisdiction for any reason, then, notwithstanding anything herein to the contrary, the settlement set forth in this Agreement shall be null and void and of no further force or effect, and each Party shall be restored to his, her or its respective position as it existed prior to the execution of this Agreement, including for statute of limitations purposes. Neither the existence of this Agreement, the facts of its existence, the terms hereof or any statements or negotiations between the Parties relating hereto shall be admissible in evidence or shall be referred to for any purpose in any subsequent litigation, action or proceeding, except in a proceeding to enforce its terms.

16. Binding Effect. This Agreement binds and inures to the benefit of the Parties and their respective past and present agents, employees, attorneys, representatives, officers, directors, shareholders, successors, assigns, transferees, insurers and sureties, and all of their subsidiaries, parents, predecessors, successors and controlled or affiliated companies.

17. Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement or any other Settlement Documents must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon delivery, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party), (iii) upon delivery, when sent by electronic mail (provided that the sending party does not receive an automated rejection notice); or (iv) one Business Day after deposit with an overnight courier service, in each case properly addressed to the party to receive the same. The addresses, facsimile numbers and e-mail addresses for such communications shall be:

If to GT Biopharma:

GT Biopharma, Inc.
9350 Wilshire Blvd, Suite 203
Beverly Hills, CA 90212
Email: swv@gtbiopharma.com; ajc@gtbiopharma.com

With a copy to (for informational purposes only):

Perrie Weiner
Baker McKenzie
1901 Avenue of the Stars Suite 950
Telephone: (310) 201-4709
Facsimile: (310) 201-4721
E-mail: perrie.weiner@bakermckenzie.com

If to Claimants:

Adam Kasower
25170 Jim Bridger Road

Hidden Hills, CA 91302

East Ventures, Inc.
269 S Beverly Drive, Suite 1079
Beverly Hills, CA 90210

SV Booth Investments III, LLC
1280 5th Ave
New York NY 10029

Theorem Group, LLC
269 S Beverly Drive, Suite 1079
Beverly Hills, CA 90212

With a copy (for informational purposes only) to:

LAW OFFICES OF JACQUES CHEN
Jacques Chen, Esq.
2029 Century Park East, Suite 400
Los Angeles, CA 90067
Telephone: (310) 201-4382
Facsimile: (866) 425-6035
E-mail: jchen028@gmail.com

18. Specific Performance. Each Party hereto acknowledges and agrees, on behalf of itself, herself or himself and its, her or his affiliates, that irreparable harm would occur in the event any of the provisions of this Agreement or any of the other Settlement Documents were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties will be entitled to specific relief hereunder, including, without limitation, an injunction or injunctions to prevent and enjoin breaches of the provisions of this Agreement and/or the other Settlement Documents and to enforce specifically the terms and provisions hereof and thereof, in addition to any other remedy to which they may be entitled at law or in equity.

19. Counterpart Signature Pages: This Agreement may be executed in any number of counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned, all counterparts when taken together shall constitute the entire Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by themselves or their duly authorized representatives on the respective dates set forth below.

Dated: November __, 2020

GT BIOPHARMA, INC.

By: _____
Name: Anthony Cataldo
Title: Chief Executive Officer

Dated: November __, 2020

Adam Kasower

Dated: November __, 2020

THEOREM GROUP, LLC

By: _____
Name:
Title:

Dated: November __, 2020

EAST VENTURES, INC.

By: _____
Name:
Title:

Dated: November __, 2020

SV BOOTH INVESTMENTS III, LLC

By: _____
Name:
Title:

[Signature Page—Settlement Agreement]

EXHIBIT A
FORM OF SETTLEMENT NOTE

[FORM OF SETTLEMENT NOTE]

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO BORROWER. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Original Issue Date: _____, 2020

Principal Amount: \$ _____

Original Conversion Price (subject to adjustment herein): \$0.20

CONVERTIBLE NOTE
DUE January 31, 2021

THIS CONVERTIBLE NOTE is a duly authorized and validly issued Note of **GT BIOPHARMA, INC.**, a Delaware corporation, ("Borrower"), having its principal place of business at 9350 Wilshire Blvd, Suite 203, Beverly Hills, CA 90212, due January 31, 2021 (the "Maturity Date") (this note, the "Note").

FOR VALUE RECEIVED, Borrower promises to pay to **THEOREM GROUP, LLC**, a California limited liability company, or its registered assigns (the "Holder"), with an address at: _____, or shall have paid pursuant to the terms hereunder, the principal sum of _____ AND ___/100ths DOLLARS (\$ _____) on the Maturity Date or such earlier date as this Note is required or permitted to be repaid as provided hereunder, and to pay interest, if any, to the Holder on the aggregate unconverted and then outstanding principal amount of this Note in accordance with the provisions hereof.

This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Settlement Agreement and (b) the following terms shall have the following meanings:

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

“Alternate Consideration” shall have the meaning set forth in Section 5(e).

“Attribution Parties” shall have the meaning set forth in Section 4(e).

“Bankruptcy Event” means any of the following events: (a) Borrower or any Subsidiary thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to Borrower or any Subsidiary thereof, (b) there is commenced against Borrower or any Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) Borrower or any Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) Borrower or any Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) Borrower or any Subsidiary thereof makes a general assignment for the benefit of creditors, (f) Borrower or any Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts (g) Borrower or any Subsidiary thereof admits in writing that it is generally unable to pay its debts as they become due, or (h) Borrower or any Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

“Base Conversion Price” shall have the meaning set forth in Section 5(b).

“Beneficial Ownership Limitation” shall have the meaning set forth in Section 4(e).

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are required by law or other governmental action to close.

“Buy-In” shall have the meaning set forth in Section 4(d)(v).

“Change of Control Transaction” means, other than by means of conversion or exercise of this Note and the securities issued together with this Note, the occurrence after the date hereof of any of (a) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of Borrower, by contract or otherwise) of in excess of 50% of the voting securities of Borrower, (b) Borrower merges into or consolidates with any other Person, or any Person merges into or consolidates with Borrower and, after giving effect to such transaction, the stockholders of Borrower immediately prior to such transaction own less than 50% of the aggregate voting power of Borrower or the successor entity of such transaction, (c) Borrower sells or transfers all or substantially all of its assets to another Person and the stockholders of Borrower immediately prior to such transaction own less than 50% of the aggregate voting power of the acquiring entity immediately after the transaction, (d) a replacement at one time or within a three year period of more than one-half of the members of the Board of Directors which is not approved by a majority of those individuals who are members of the Board of Directors on the Original Issue Date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the date hereof), or (e) the execution by Borrower of an agreement to which Borrower is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

“Common Stock Equivalents” means any securities of Borrower or its subsidiaries which would entitle the holder thereof to acquire at any time Common Stock.

“Conversion” shall have the meaning ascribed to such term in Section 4.

“Conversion Date” shall have the meaning set forth in Section 4(a).

“Conversion Price” shall have the meaning set forth in Section 4(c).

“Conversion Shares” means, collectively, the shares of Common Stock issuable upon Conversion of this Note in accordance with the terms hereof.

“Debentures” means those certain 10% Senior Convertible Debentures of the Borrower issued on August 2, 2018, September 7, 2018, September 24, 2018, December 19, 2019, January 30, 2020, April 20, 2020, May 7, 2020, June 19, 2020, July 7, 2020 and the Senior Convertible Notes issued on February 4, 2019.

“Dilutive Issuance” shall have the meaning set forth in Section 5(b).

“Event of Default” shall have the meaning set forth in Section 8(a).

“Exempt Issuance” means the issuance of (a) shares of Common Stock or options to employees, officers or directors of Borrower or its Subsidiaries pursuant to any equity or option plan duly adopted for such purpose, by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose, (b) the Conversion Shares upon conversion of this Note and/or other securities exercisable or exchangeable for, or convertible into, Common Stock issued and outstanding on the Original Issue Date; provided that such securities and any term thereof have not been amended since the Original Issue Date to increase the number of such securities or to decrease the issue price, exercise price, exchange price or conversion price of such securities (except pursuant to provisions providing for automatic adjustment to such terms upon the occurrence of certain events similar to those set forth in Section 5) and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of Borrower, provided that any such issuance shall only be to a Person (or to the equity holders of a Person) which is, itself or through its Subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of Borrower and shall be intended to provide to Borrower substantial additional benefits in addition to the investment of funds, but shall not include a transaction in which Borrower is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

“Fundamental Transaction” shall have the meaning set forth in Section 5(e).

“GAAP” means United States generally accepted accounting principles applied on a consistent basis during the periods involved.

“Indebtedness” means any liability of the Borrower (a) for borrowed money or under any reimbursement obligation relating to a letter of credit or other similar instruments (other than standby letters of credit or similar instrument issued for the benefit of or surety, performance, completion or payment bonds, earnest money notes or similar purpose undertakings or indemnifications issued by, such Person in the ordinary course of business) or (b) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation) which, as of the date of incurrence thereof is not required to be recorded as a liability in accordance with GAAP.

“Interest Payment Date” shall have the meaning set forth in Section 2(a).

“Liens” means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Mandatory Default Amount” means the sum of (a) the greater of (i) the outstanding principal amount of this Note divided by the Conversion Price on the date the Mandatory Default Amount is either (A) demanded (if demand or notice is required to create an Event of Default) or otherwise due or (B) paid in full, whichever has a lower Conversion Price, multiplied by the VWAP on the date the Mandatory Default Amount is either (x) demanded (if demand or notice is required to create an Event of Default) or otherwise due or (y) paid in full, whichever has a higher VWAP, or (ii) 130% of the outstanding principal amount of this Note and (b) all other amounts, costs, expenses and liquidated damages due in respect of this Note..

“New York Courts” shall have the meaning set forth in Section 9(d).

“Note Register” shall have the meaning set forth in Section 3(c).

“Notice of Conversion” shall have the meaning set forth in Section 4(a).

“Original Issue Date” means the date of the first issuance of this Note, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Note.

“Permitted Indebtedness” means (a) any Indebtedness existing as of the Original Issue Date;; (b) any liabilities for borrowed money or amounts owed not in excess of \$10,000 in the aggregate (other than trade accounts payable incurred in the ordinary course of business); (c) all guaranties, endorsements and other contingent obligations in respect of Indebtedness of others, whether or not the same are or should be reflected in Borrower's consolidated balance sheet (or the notes thereto) not affecting more than \$10,000 in the aggregate, except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; (d) the present value of any lease payments not in excess of \$100,000 due under leases required to be capitalized in accordance with GAAP; (e) any liabilities for borrowed money that are junior to this Note pursuant to an intercreditor agreement, and the holders of which are not granted any security interest; (f) up to \$7,500,000 aggregate principal amount of liability for borrowed money incurred after the Original Issue Date that rank *pari passu* to this Note and the holders of which are not granted any security interest; (g) any other liability for borrowed money incurred on or after the Repurchase Offer Trigger Date; provided that Borrower shall comply (or shall have previously complied) with the requirements of Section 2(g) and (h) any Indebtedness incurred in connection with any refinancing, refunding, renewal, replacement or extension, in whole or in part, of any Indebtedness.

“Permitted Lien” means the individual and collective reference to the following: (a) Liens for taxes, assessments and other governmental charges or levies not yet due or Liens for taxes, assessments and other governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of Borrower) have been established in accordance with GAAP, (b) Liens imposed by law which were incurred in the ordinary course of Borrower's business, such as carriers', warehousemen's and mechanics' Liens, statutory landlords' Liens, and other similar Liens arising in the ordinary course of Borrower's business, and which (x) do not individually or in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of Borrower and its consolidated Subsidiaries or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing for the foreseeable future the forfeiture or sale of the property or asset subject to such Liens, and (c) Liens in connection with Permitted Indebtedness under clauses (a), (b), (c) and (g) thereunder.

“Person” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Settlement Agreement” means that certain Settlement Agreement, dated as of _____, 2020, by and among Borrower, the Holder, Anthony Cataldo and Paul Kessler.

“Share Delivery Date” shall have the meaning set forth in Section 4(d)(ii).

“Subsidiary” means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of shares, stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided, in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a “qualifying share” of the former Person shall be deemed to be outstanding. Unless the context otherwise requires, references herein to a “Subsidiary” refer to a Subsidiary of Borrower.

“Successor Entity” shall have the meaning set forth in Section 5(e).

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB, the OTCQX or the OTC Pink Marketplace (or any successors to any of the foregoing).

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if any of the Nasdaq markets or exchanges is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported on the OTCQX, OTCQB or OTC Pink Marketplace maintained by the OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the volume weighted average price of the Common Stock on the first such facility (or a similar organization or agency succeeding to its functions of reporting prices), or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser, the fees and expenses of which shall be paid by Borrower.

Section 2. Interest and General Provisions.

a) Payment of Interest in Cash or Kind Borrower shall pay interest to the Holder on the aggregate unconverted and then outstanding principal amount of this Note at the rate of 10% per annum, payable on each Conversion Date (as to that principal amount then being converted) and on the Maturity Date (each such date, an “Interest Payment Date”) (if any Interest Payment Date is not a Business Day, then the applicable payment shall be due on the next succeeding Business Day), in cash or, at the Holder’s option in duly authorized, validly issued, fully paid and non-assessable shares of Common Stock based on the Conversion Price then in effect. Borrower may not pay any interest in shares of Common Stock in excess of the Beneficial Ownership Limitation when applicable, unless waived by Holder. Following the occurrence and during the continuance of an Event of Default, then from the first date of such occurrence, the annual interest rate on this Note shall be eighteen percent (18%). Such interest shall be due and payable on the Maturity Date, whether by acceleration or otherwise.

b) Payment Grace Period Except as described in this Note, Borrower shall not have any grace period to pay any monetary amounts due under this Note.

c) Conversion Privileges. The Conversion Rights set forth in Section 4 shall remain in full force and effect immediately from the date hereof and until the Note is paid in full regardless of the occurrence of an Event of Default. This Note shall be payable in full on the Maturity Date, unless previously converted into Common Stock in accordance with Section 4 hereof.

d) Application of Payments. Interest on this Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Payments made in connection with this Note shall be applied first to amounts due hereunder other than principal and interest, thereafter to interest and finally to principal.

e) Pari Passu. Except as otherwise set forth herein, the Borrower shall treat this Note *pari passu* with the Permitted Indebtedness of other 10% Convertible Notes. All payments made, or actions taken on the Permitted Indebtedness of other 10% Convertible Notes shall be made or taken *pari passu* with this Note. Notwithstanding anything to the contrary contained herein or in the Settlement Agreement, it shall not be considered non-*pari passu* for a Holder to elect to receive interest paid in Common Stock or for Borrower to actually pay interest in Common Stock to such electing Holder.

f) Manner and Place of Payment Principal and interest on this Note and other payments in connection with this Note shall be payable at the Holder’s offices as designated above in lawful money of the United States of America in immediately available funds without set-off, deduction or counterclaim. Upon assignment of the interest of Holder in this Note, Borrower shall instead make its payment pursuant to the assignee’s instructions upon receipt of written notice thereof. Except as set forth herein, this Note may not be prepaid without the consent of the Holder.

g) Prepayment. Except as otherwise set forth in this Note, Borrower may not prepay any portion of the principal amount of this Note without the prior written consent of the Holder.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain representations of the original Holder set forth in the Settlement Agreement and may be transferred or exchanged only in compliance with the Settlement Agreement and applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to due presentation for transfer to Borrower of this Note, Borrower and any agent of Borrower may treat the Person in whose name this Note is duly registered on the register of Notes (the “Note Register”) as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither Borrower nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Voluntary Conversion. At any time after the Original Issue Date until this Note is no longer outstanding, this Note, including interest accrued hereon, shall be convertible, in whole or in part, into shares of Common Stock at the option of the Holder, at any time and from time to time (subject to the conversion limitations set forth in Section 4(e) hereof). The Holder shall effect conversions by delivering to Borrower a Notice of Conversion, the form of which is attached hereto as Annex A (each, a “Notice of Conversion”), specifying therein the principal amount of this Note and accrued interest, if any, to be converted and the date on which such conversion shall be effected (such date, the “Conversion Date”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Note to Borrower unless the entire principal amount of this Note has been so converted, in which case the Holder shall deliver the original of this Note to Borrower no later than ten (10) Trading Days after conversion. Conversions hereunder shall have the effect of lowering the outstanding principal amount of this Note in an amount equal to the applicable conversion. The Holder and Borrower shall maintain records showing the principal amount(s) converted and the date of such conversion(s). Borrower may deliver an objection to any Notice of Conversion within one (1) Business Day of delivery of such Notice of Conversion. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. **The Holder, and any assignee by acceptance of this Note, acknowledges and agrees that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof.**

b) Mandatory Conversion. In the event the Borrower is successful in obtaining the Second Raise as defined in Section 5.e), the Holder agrees to convert on the final closing date of the Second Raise (the “Second Raise Closing Date”), all money owed to the Borrower pursuant to this Note, whether in principal, interest or fees, into shares of the Borrower’s Common Stock.

c) Conversion Price. The conversion price for the principal and interest, if any, in connection with voluntary conversions by the Holder shall be **\$0.20** per share of Common Stock, subject to adjustment herein (the “Conversion Price”). The conversion price for a mandatory conversion pursuant to Section 4.b) shall be the lesser of (i) the Conversion Price in effect on the Second Date Closing Date, or (ii) 75% of the lowest per share price at which Common Stock may be issued in connection with any conversion rights associated with the Second Raise.

d) Mechanics of Conversion.

i. Conversion Shares Issuable Upon Conversion of Principal Amount. The number of Conversion Shares issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Note to be converted plus interest, if any, elected by the Holder to be converted by (y) the Conversion Price.

ii. Delivery of Certificate Upon Conversion. In connection with sales of the Conversion Shares, not later than two (2) Trading Days after each Conversion Date (the “Share Delivery Date”), Borrower shall deliver, or cause to be delivered, to the Holder a certificate or certificates representing the Conversion Shares or by crediting the Holder's or its designee's balance account with The Depository Trust Company's Deposit / Withdrawal At Custodian system, which Conversion Shares, if issued on or after the earlier of the one year or six month anniversary, as applicable, of the Original Issue Date in accordance with Rule 144 shall be free of restrictive legends and trading restrictions representing the number of Conversion Shares being acquired upon the conversion of this Note. Borrower shall use its best efforts to deliver any certificate or certificates required to be delivered by Borrower under this Section 4(d) electronically through the Depository Trust Company or another established clearing corporation performing similar functions.

iii. Failure to Deliver Certificates. If, in the case of any Notice of Conversion, such certificate or certificates are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to Borrower at any time on or before its receipt of such certificate or certificates, to rescind such Conversion, in which event Borrower shall promptly return to the Holder any original Note delivered to Borrower and the Holder shall promptly return to Borrower the certificate or certificates issued to such Holder pursuant to the rescinded Conversion Notice.

iv. Obligation Absolute; Partial Liquidated Damages. Borrower's obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to Borrower or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of Borrower to the Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by Borrower of any such action Borrower may have against the Holder. In the event the Holder of this Note shall elect to convert any or all of the outstanding principal amount hereof, Borrower may not refuse conversion based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained, and Borrower posts a surety bond for the benefit of the Holder in the amount of 150% of the outstanding principal amount of this Note, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to the Holder to the extent it obtains judgment. In the absence of such injunction, Borrower shall issue Conversion Shares or, if applicable, cash, upon a properly noticed conversion. If Borrower fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(d)(ii) by the Share Delivery Date, Borrower shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of principal amount being converted, \$10 per Trading Day (increasing to \$20 per Trading Day on the fifth (5th) Trading Day after such liquidated damages being to accrue) for each Trading Day after such Share Delivery Date until such certificates are delivered or Holder rescinds such conversion. Nothing herein shall limit a Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 8 hereof for Borrower's failure to deliver Conversion Shares within the period specified herein and the Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

v. Compensation for Buy-In on Failure to Timely Deliver Conversion Shares Upon Conversion. In addition to any other rights available to the Holder, if Borrower fails for any reason to deliver to the Holder such Conversion Shares by the Share Delivery Date pursuant to Section 4(d)(ii), and if after such Share Delivery Date the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder or Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then Borrower shall (A) pay in cash to the Holder (in addition to any other remedies available to or elected by the Holder) the amount, if any, by which (x) the Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Holder, either reissue (if surrendered) this Note in a principal amount equal to the principal amount of the attempted conversion (in which case such conversion shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued if Borrower had timely complied with its delivery requirements under Section 4(d)(ii). For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of this Note with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, Borrower shall be required to pay the Holder \$1,000. The Holder shall provide Borrower written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of Borrower, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to Borrower's failure to timely deliver Conversion Shares upon conversion of this Note as required pursuant to the terms hereof.

vi. Reservation of Shares Issuable Upon Conversion. Borrower covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of this Note as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder, not less than 150% of the aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 5) upon the conversion of the then outstanding principal amount of this Note and interest which has accrued and would accrue on such principal amount assuming such principal amount was not converted through the Maturity Date. Borrower covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and non-assessable.

vii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, Borrower shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

viii. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares; provided that, Borrower shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holder of this Note so converted and Borrower shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to Borrower the amount of such tax or shall have established to the satisfaction of Borrower that such tax has been paid. Borrower shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion.

e) Holder's Conversion Limitations. Borrower shall not effect any conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Holder (together with the Holder's Affiliates, and any Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation. For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock held by the Holder and its Affiliates and Attribution Parties plus the number of shares of Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted principal amount of this Note beneficially owned by the Holder or any of its Affiliates and Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of Borrower subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 4(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4(e) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which principal amount of this Note is convertible shall be in the sole discretion of the Holder, and the submission of a Notice of Conversion shall be deemed to be the Holder's determination of whether this Note may be converted (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and which principal amount of this Note is convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, the Holder will be deemed to represent to Borrower each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and Borrower shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(e), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) Borrower's most recent periodic or annual report filed with the SEC, as the case may be, (ii) a more recent public announcement by Borrower, or (iii) a more recent written notice by Borrower or Borrower's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, Borrower shall within two (2) Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of Borrower, including this Note, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Note held by the Holder. The Holder may decrease the Beneficial Ownership Limitation at any time upon prior notice to Borrower, and may increase the Beneficial Ownership Limitation provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Note held by the Holder and the Beneficial Ownership Limitation provisions of this Section 4(e) shall continue to apply. Any such increase will not be effective until the 61st day after such notice is delivered to Borrower. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note. The provisions of this Section 4.e) notwithstanding, in the event of a mandatory conversion pursuant to Section 4.b), the mandatory conversion shall be made into shares of Common Stock up to the Beneficial Ownership Limitation amount. The balance of the mandatory conversion shall be made into shares of preferred stock of the Borrower convertible into shares of the Common Stock on a share for share basis.

Section 5. Certain Adjustments.

a) Stock Dividends and Stock Splits. If Borrower, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by Borrower upon conversion of the Notes or any other Permitted Indebtedness that is convertible into Common Stock), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of Borrower, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of Borrower) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. In addition to the reductions of the Conversion Price described in Section 4(c), if, at any time while this Note is outstanding, Borrower or any Subsidiary, as applicable, sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues (or announces any sale, grant or any option to purchase or other disposition), any Common Stock or Common Stock Equivalents entitling any Person to acquire Common Stock at an effective price per share that is lower than the then Conversion Price (such lower price, the "Base Conversion Price" and such issuances, collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive Common Stock at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced to equal the Base Conversion Price, subject to adjustment for reverse and forward stock splits and the like. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustment will be made under this Section 5(b) in respect of an Exempt Issuance. If Borrower enters into a Variable Rate Transaction, despite the prohibition set forth in the Settlement Agreement, Borrower shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion price at which such securities may be converted or exercised. Borrower shall notify the Holder in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 5(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "Dilutive Issuance Notice"). For purposes of clarification, whether or not Borrower provides a Dilutive Issuance Notice pursuant to this Section 5(b), upon the occurrence of any Dilutive Issuance, the Holder is entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether the Holder accurately refers to the Base Conversion Price in the Notice of Conversion.

c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Sections 5(a) and (b) above, if at any time Borrower grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as this Note is outstanding, if Borrower shall declare or make any dividend whether or not permitted, or makes any other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Note, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Note (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

e) Adjustment upon \$15,000,000 Raise. This Note is part of a financing that will be followed by a second financing in the amount of \$15,000,000 (the "Second Raise"). The Second Raise may consist of the sale of Common Stock, the sale of convertible debt, and/or the issuance of warrants. Upon the closing of the Second Raise, the Conversion Price of this Note will automatically be the lesser of: (i) the Conversion Price of this Note pursuant to the terms and conditions of this Note; (ii) the price of the Common Stock sold in the Second Raise discounted by 25%; (iii) the conversion price of debt sold in the Second Raise discounted by 25%; or (iv) the exercise price of warrants issued in connection with the Second Raise discounted by 25%.

f) Fundamental Transaction. If, at any time while this Note is outstanding, (i) Borrower, directly or indirectly, in one or more related transactions effects any merger or consolidation of Borrower with or into another Person, (ii) Borrower, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by Borrower or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) Borrower, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than, for the avoidance of doubt any subdivision, combination or re-classification described in Section 5(a)), (v) Borrower, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 4(e) on the conversion of this Note), the number of shares of Common Stock of the successor or acquiring corporation or of Borrower, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Note is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 4(e) on the conversion of this Note). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one (1) share of Common Stock in such Fundamental Transaction, and Borrower shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. Borrower shall cause any successor entity in a Fundamental Transaction in which Borrower is not the survivor (the "Successor Entity") to assume in writing all of the obligations of Borrower under this Note and the other Settlement Documents in accordance with the provisions of this Section 5(f) pursuant to written agreements in form and substance reasonably satisfactory to the Holder (which approval shall not be unreasonably withheld, delayed or conditioned) prior to such Fundamental Transaction and shall, at the option of the holder of this Note, deliver to the Holder in exchange for this Note a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Note which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Note (without regard to any limitations on the conversion of this Note) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Note immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder (which approval shall not be unreasonably withheld, delayed or conditioned). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the Settlement Agreement referring to the "Borrower" shall refer instead to the Successor Entity), and may exercise every right and power of Borrower and shall assume all of the obligations of Borrower under this Note and the other Settlement Documents with the same effect as if such Successor Entity had been named as Borrower herein.

g) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of Borrower) issued and outstanding.

h) Notice to the Holder.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 5, Borrower shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) Borrower shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) Borrower shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) Borrower shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of Borrower shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which Borrower is a party, any sale or transfer of all or substantially all of the assets of Borrower, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) Borrower shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of Borrower, then, in each case, Borrower shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be delivered to the Holder at its last address as it shall appear upon the Note Register, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding Borrower or any of the Subsidiaries, Borrower shall simultaneously file such notice with the SEC pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to convert this Note during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

i) Reset. Provided the Holder has acquired from the Borrower a Note in the principal amount of not less than \$30,000, then for so long as this Note is outstanding, if from and after the Issue Date of this Note the Holder converts any or all of a Debenture, then with respect to an aggregate amount of such conversions of the Debenture not exceeding the initial Principal Amount of this Note, upon the occurrence of a Dilutive Issuance (as defined in the Debenture), Borrower shall issue to Holder additional shares of Common Stock (the "Additional Shares") for no additional consideration, so that the average price per share of the shares of Common Stock issued and issuable upon the afordescribed conversion of the Debenture when added to the Additional Shares shall be equal to the Base Conversion Price (as defined in the Debenture).

Section 6. Negative Covenants. As long as any portion of this Note remains outstanding, unless the Holder shall have otherwise given prior written consent, Borrower shall not directly or indirectly:

- a) other than Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any Indebtedness for borrowed money of any kind, including, but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;
- b) other than Permitted Liens, enter into, create, incur, assume or suffer to exist any Liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;
- c) amend its charter documents, including, without limitation, its restated certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder; provided, however, except in connection with an increase in the authorized shares by Borrower;
- d) repay, repurchase or offer to repay, repurchase or otherwise acquire any shares of its Common Stock or Common Stock Equivalents other than (i) as to the Conversion Shares or such shares of Common Stock that may be issued upon conversion of Permitted Indebtedness having terms similar to the Notes, in each case, in connection with the payment of cash in lieu of fractional shares or (ii) with respect to Common Stock Equivalents, to the extent permitted by Section 6(e) below;
- e) redeem, defease, repurchase, repay or make any payments in respect of, by the payment of cash or cash equivalents (in whole or in part, whether by way of open market purchases, tender offers, private transactions or otherwise), all or any portion of any Indebtedness (other than Permitted Indebtedness or the Notes, if on a pro-rata basis), whether by way of payment in respect of principal of (or premium, if any) or interest on, such Indebtedness. The foregoing restriction shall also apply to Permitted Indebtedness from and after the occurrence of an Event of Default;
- f) declare or make any dividend or other distribution of its assets or rights to acquire its assets to holders of shares of Common Stock, by way of return of capital or otherwise including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, liquidation, distribution, preferential payments in connection with any securities or debt issuances, corporate rearrangement, scheme of arrangement or other similar transaction;
- g) enter into any transaction with any Affiliate of Borrower which would be required to be disclosed by a company subject to the reporting requirements of Section 12(g) of the Exchange Act in any public filing with the SEC, unless such transaction is made on reasonable commercial terms and expressly approved by either (i) a majority of the disinterested directors of Borrower (even if less than a quorum otherwise required for board approval) or (ii) all of the directors; or
- h) enter into any agreement with respect to any of the foregoing.

Section 7. Events of Default.

- a) “Event of Default” means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

- i. any default in the payment of (A) the principal amount of this Note or (B) interest, liquidated damages and other amounts owing to a Holder of this Note, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise) which default, solely in the case of a default under clause (B) above, is not cured within three (3) Trading Days after Borrower has become aware of such default;
- ii. Borrower shall fail to observe or perform any other material covenant or agreement contained in this Note (other than a breach by Borrower of its obligations to deliver shares of Common Stock to the Holder upon conversion, which breach is addressed in clause (ix) below) which failure is not cured, if possible to cure, within the earlier to occur of (A) five (5) Trading Days after notice of such failure sent by the Holder or by any Other Holder to Borrower and (B) ten (10) Trading Days after Borrower has become aware of such failure;
- iii. a material default or event of default (subject to any grace or cure period provided in the applicable agreement, document or instrument) shall occur under any material agreement, lease, document or instrument to which Borrower or any Subsidiary is obligated (and not covered by clause (vi) below), which would reasonably be expected to have a Material Adverse Effect;
- iv. any material representation or warranty made in this Note, any other Settlement Document or any other report, financial statement or certificate made or delivered to the Holder shall be untrue or incorrect in any material respect as of the date when made or deemed made;
- v. Borrower or any Subsidiary shall be subject to a Bankruptcy Event;
- vi. Borrower or any Subsidiary shall default on any of its obligations under any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness for borrowed money or money due under any long term leasing or factoring arrangement that (a) involves an obligation greater than \$50,000, whether such Indebtedness now exists or shall hereafter be created, and (b) results in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable;
- vii. Borrower shall be a party to any Change of Control Transaction or Fundamental Transaction or disposition of all or in excess of 30% of its assets in one transaction or a series of related transactions (whether or not such sale would constitute a Change of Control Transaction);
- viii. Borrower or any Subsidiary shall be subject to a Bankruptcy Event;
- ix. Borrower shall fail for any reason to deliver Conversion Shares to a Holder prior to the fifth (5th) Trading Day after a Conversion Date pursuant to Section 4(d) or Borrower shall provide at any time notice to the Holder, including by way of public announcement, of Borrower's intention to not honor requests for conversions of any Notes in accordance with the terms hereof;

- x. Borrower shall fail to observe or perform any material covenant or agreement set forth in any other Settlement Document, which breach is not cured within any allowed cure period;
- xi. any monetary judgment, writ or similar final process shall be entered or filed against Borrower, or any of its respective property or other assets for more than \$50,000, and such judgment, writ or similar final process shall remain unvacated, unbonded, unstayed, unsettled, unsatisfied, or unpaid for a period of ninety (90) calendar days;
- xii. any dissolution, liquidation or winding up by Borrower of a substantial portion of its business;
- xiii. cessation of operations by Borrower;
- xiv. the failure by Borrower or any material Subsidiary to maintain any material intellectual property rights, personal, real property, equipment, leases or other assets which are necessary to conduct its business (whether now or in the future) and such breach is not cured with twenty (20) days after written notice to Borrower from the Holder;
- x. the Conversion Shares are no longer listed, quoted or are otherwise delisted from the then principal Trading Market;
- xvi. a Commission or judicial stop trade order or suspension from Borrower's then principal Trading Market;
- xvii. the restatement after the date hereof of any financial statements filed by Borrower with the SEC for any date or period from the Original Issue Date and until this Note is no longer outstanding, if the result of such restatement would, by comparison to the unrestated financial statements, have constituted a Material Adverse Effect. For the avoidance of doubt, any restatement related to new accounting pronouncements shall not constitute a default under this Section;
- xviii. Borrower effectuates a reverse split of its Common Stock without five (5) days prior written notice to the Holder or
- xix. a failure by Borrower to notify Holder of any material event of which Borrower is obligated to notify Holder pursuant to the terms of this Note or any other Transaction Document;
- xx. a default by the Borrower of a material term, covenant, warranty or undertaking of any other agreement to which the Borrower and Holder are parties, or the occurrence of an event of default under any such other agreement to which Borrower and Holder are parties which is not cured after any required notice and/or cure period;
- xxi. any material provision of any Settlement Document shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against Borrower, or the validity or enforceability thereof shall be contested by Borrower, or a proceeding shall be commenced by Borrower or any governmental authority having jurisdiction over Borrower or Holder, seeking to establish the invalidity or unenforceability thereof, or Borrower shall deny in writing that it has any liability or obligation purported to be created under any Settlement Document.

In the event more than one grace, cure or notice period is applicable to an Event of Default, then the shortest grace, cure or notice period shall be applicable thereto.

b) Remedies Upon Event of Default, Fundamental Transaction and Change of Control Transaction If any Event of Default or a Fundamental Transaction or a Change of Control Transaction occurs, the outstanding principal amount of this Note, liquidated damages and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election, immediately due and payable in cash at the Mandatory Default Amount. Commencing on the Maturity Date and also five (5) days after the occurrence of any Event of Default interest on this Note shall accrue at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted under applicable law. Upon the payment in full of the Mandatory Default Amount, the Holder shall promptly surrender this Note to or as directed by Borrower. In connection with such acceleration described herein, the Holder need not provide, and Borrower hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 8(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 8. Miscellaneous.

a) Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, facsimile, or electronic mail, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received), or (b) upon receipt, when sent by electronic mail (provided confirmation of transmission is electronically generated and kept on file by the sending party), or (c) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: (i) if to Borrower, to: GT Biopharma, Inc., 9350 Wilshire Blvd, Suite 203, Beverly Hills, CA 90212, Attn: Chief Executive Officer (with copies emailed to sww@gtbiopharma.com; ajc@gtbiopharma.com), with a copy to (which shall not constitute notice): Perrie Weiner at perrie.weiner@bakermckenzie.com, and (ii) if to the Holder, to: the address and email indicated on the front page of this Note.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of Borrower, which is absolute and unconditional, to pay (A) the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of Borrower. This Note ranks pari passu with all other Notes now or hereafter issued under the terms set forth herein.

c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, Borrower shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to Borrower.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Settlement Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Settlement Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding. **This Note shall be deemed an unconditional obligation of Borrower for the payment of money and, without limitation to any other remedies of Holder, may be enforced against Borrower by summary proceeding pursuant to New York Civil Procedure Law and Rules Section 3213 or any similar rule or statute in the jurisdiction where enforcement is sought. For purposes of such rule or statute, any other document or agreement to which Holder and Borrower are parties or which Borrower delivered to Holder, which may be convenient or necessary to determine Holder's rights hereunder or Borrower's obligations to Holder are deemed a part of this Note, whether or not such other document or agreement was delivered together herewith or was executed apart from this Note.**

e) Waiver. Any waiver by Borrower or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of Borrower or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note on any other occasion. Any waiver by Borrower or the Holder must be in writing.

f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances.

g) Usury. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. Borrower covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive Borrower from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and Borrower (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

h) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

i) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

j) Amendment. This Note may be amended and any provisions hereof may be waived by written consent of Borrower and the Majority in Interest.

k) Facsimile Signature. In the event that Borrower's signature is delivered by facsimile transmission, PDF, electronic signature or other similar electronic means, such signature shall create a valid and binding obligation of Borrower with the same force and effect as if such signature page were an original thereof.

(Signature Pages Follow)

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by an authorized officer as of the Original Issue Date set out above.

GT BIOPHARMA, INC.

By: _____

Name: Anthony Cataldo

Title: Chief Executive Officer

ANNEX A

NOTICE OF CONVERSION

The undersigned hereby elects to convert principal under the Convertible Note due January 31, 2021 of GT Biopharma, Inc., a Delaware corporation (the Borrower), into shares of common stock (the "Common Stock"), of Borrower according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by Borrower in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

By the delivery of this Notice of Conversion the undersigned represents and warrants to Borrower that its ownership of the Common Stock does not exceed the amounts specified under Section 4(e) of this Note, as determined in accordance with Section 13(d) of the Exchange Act.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock.

Conversion calculations:

Date to Effect Conversion: _____

Principal Amount of Note to be Converted: \$ _____

Accrued Interest to be Converted, if any: \$ _____

Conversion Price: \$ _____

Number of shares of Common Stock to be issued: _____

Signature: _____

Name: _____

DWAC Instructions: _____

Broker No: _____

Account No: _____

November 11, 2020

Anthony Cataldo
GT Biopharma Inc.
9350 Wilshire Blvd., Suite 203
Beverly Hills, CA 990212

Mr. Cataldo:

This letter is my notice of resignation as the Chief Financial Officer and Director of GT Biopharma, Inc. effective immediately.

Sincerely,

/s/ Steven Weldon
Steven Weldon, MBA, CPA

BOARD SERVICE AGREEMENT

GT Biopharma, Inc., (“GT” or the “Company”) appoints, as of November 11, 2020, Bruce Wendel (“Director”) to its board of directors for an initial term of two years, and as may be extended under the Company’s bylaws.

1. Commencement Date. November 11, 2020

2. Initial Board Position. Director shall serve as a member of the board of directors of the Company, Chair of the Nominating Committee, and member of the Audit Committee through the term of this agreement. Director will perform all activities as reasonably expected of such position throughout the term of this agreement.

3. Term. The Director’s term shall commence as of the Commencement Date and shall continue for a period of two years.

4. Compensation.

a. Company shall pay the Director for the services of Director, an annual stipend of \$20,000.00 for Director compensation, an additional \$5,000.00 annually for Chairing the Nominating Committee and \$5,000.00 annually as a member of the Audit Committee, due quarterly (fourth quarter payment will be pro-rata reflecting the seven weeks remaining in the quarter after the November 11th start date) and reimbursement of all reasonable expenses for service of his duties. Said fee shall cover all services including attendance at board and telephonic meetings and service as committee chair and/or member. Director shall be paid quarterly on the first day of each quarter. Upon completion of a National Listing and financing, the board will review the current compensation board packages.

b. The Company will grant Director a stock award of shares of common stock of the Company equal to 1.00% of the number of fully diluted shares of common stock of the Company calculated on the fully diluted equity of the company upon the company’s National Exchange financing date. Such stock award will vest in three equal tranches with the first tranche vesting on November 11, 2020 upon joining the board, the second tranche vesting on November 11, 2021 and the final tranche vesting on November 11, 2022. In the event of a change of control transaction, such stock award shall immediately accelerate and vest and the Company shall pay Director the fair value of such shares in cash in exchange therefore.

c. A formal board compensation plan will be put into effect that will specify annual equity grants for board members going forward.

5. Indemnification. The Company agrees to defend, indemnify and hold harmless the Director with respect to any claim made, or action, suit or proceeding instituted, against the Director including the reasonable costs and expenses of defense thereof, that is based upon or arises out of any services performed by the Director under this Agreement to the full extent that Directors of the Company may be indemnified under the bylaws of the Company, except if such claim, action or proceeding arises from the gross negligence of the Director. The Director will be named as insured under Company’s director and officer’s insurance policy.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth above.

GT Biopharma, Inc.,

Signature: _____

Name: Anthony Cataldo, Chairman and Chief Executive Officer

Director: Bruce Wendel

Signature: _____

BOARD SERVICE AGREEMENT

GT Biopharma, Inc., (“GT” or the “Company”) appoints, as of November 11, 2020, Gregory Berk (“Director”) to its board of directors for an initial term of two years, and as may be extended under the Company’s bylaws.

1. Commencement Date. November 11, 2020

2. Initial Board Position. Director shall serve as a member of the board of directors of the Company, Chair of the Compensation Committee, and member of the Nominating Committee through the term of this agreement. Director will perform all activities as reasonably expected of such position throughout the term of this agreement.

3. Term. The Director’s term shall commence as of the Commencement Date and shall continue for a period of two years.

4. Compensation.

a. Company shall pay the Director for the services of Director, an annual stipend of \$20,000.00 for Director compensation, an additional \$5,000.00 annually for Chairing the Compensation Committee and \$5,000.00 annually as a member of the Nominating Committee, due quarterly (fourth quarter payment will be pro-rata reflecting the seven weeks remaining in the quarter after the November 11th start date) and reimbursement of all reasonable expenses for service of his duties. Said fee shall cover all services including attendance at board and telephonic meetings and service as committee chair and/or member. Director shall be paid quarterly on the first day of each quarter. Upon completion of a National Listing and financing, the board will review the current compensation board packages.

b. The Company will grant Director a stock award of shares of common stock of the Company equal to 1.00% of the number of fully diluted shares of common stock of the Company calculated on the fully diluted equity of the company upon the company’s National Exchange financing date. Such stock award will vest in three equal tranches with the first tranche vesting on November 11, 2020 upon joining the board, the second tranche vesting on November 11, 2021 and the final tranche vesting on November 11, 2022. In the event of a change of control transaction, such stock award shall immediately accelerate and vest and the Company shall pay Director the fair value of such shares in cash in exchange therefore.

c. A formal board compensation plan will be put into effect that will specify annual equity grants for board members going forward.

5. Indemnification. The Company agrees to defend, indemnify and hold harmless the Director with respect to any claim made, or action, suit or proceeding instituted, against the Director including the reasonable costs and expenses of defense thereof, that is based upon or arises out of any services performed by the Director under this Agreement to the full extent that Directors of the Company may be indemnified under the bylaws of the Company, except if such claim, action or proceeding arises from the gross negligence of the Director. The Director will be named as insured under Company’s director and officer’s insurance policy.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth above.

GT Biopharma, Inc.,

Signature: _____

Name: Anthony Cataldo, Chairman and Chief Executive Officer

Director: Gregory Berk

Signature: _____

CONSULTANT AGREEMENT

This CONSULTANT AGREEMENT (the "Agreement") is made and entered into as of November 13, 2020, by and among GT Biopharma, Inc. (the "Company") and Michael Handelman ("Consultant," and together with the Company, the "Parties").

WHEREAS, the Company wishes to engage the services of Consultant, and Consultant wishes to perform consulting services for 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:** Consultant shall perform the duties of Chief Financial Officer of the Company on an interim basis. Consultant shall devote the necessary business time, energy and skill to his duties at the Company, and will be permitted to engage in outside consulting and/or employment, provided said services do not materially interfere with Consultant's obligations to the Company under the terms of this Agreement. Consultant agrees to advise the Board of any outside services, and the Board's approval of Consultant's participation in any such outside services shall not be unreasonably withheld or delayed. If the Board does not affirmatively approve of any such outside engagements within thirty (30) days after Consultant informs the Board, the Board's approval shall be deemed to have been given. The services that Consultant shall provide to the Company pursuant to this Agreement shall also include providing advice and consultation on general corporate matters and other projects as may be assigned by the Board on an as needed basis. During the term of this Agreement, Consultant shall have the right to serve on boards of directors of other for-profit or not-for-profit entities, provided such service does not materially adversely affect the performance of Consultant's duties to the Company under this Agreement, and are not in conflict with the interests of the Company.

2. **Term of Agreement:** This Agreement shall remain in effect until terminated by either party on ninety (90) days' prior written notice. Upon the termination of this Agreement for any reason, neither Consultant nor the Company shall have any further obligation or liability under this Agreement to the other, except as set forth below.

3. **Compensation:** Consultant shall be compensated by the Company for his services as follows:

(a) **Base Consulting Fee:** Consultant shall be paid a monthly Base Consulting Fee of \$15,000.00 per month. Consultant's Base Consulting Fee shall be reviewed on at least an annual basis and may be adjusted as appropriate, but in no event shall it be reduced to an amount below Consultant's Base Consulting Fee then in effect. In the event of such an adjustment, that amount shall become Consultant's Base Consulting Fee.

(b) **Discretionary Bonus:** Consultant shall have the opportunity to earn a discretionary bonus in such amount and at such time as determined by the Board.

(c) **Expenses:** The Company shall reimburse Consultant for reasonable travel, lodging, entertainment and meal expenses incurred in connection the performance of services within this Agreement. Consultant shall be entitled to fly Business Class on any flight longer than four (4) hours and receive full reimbursement for such flight from the Company.

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

4. **Effect of Termination of Agreement:** In the event that either party terminates this Agreement, (a) Consultant shall be entitled solely to such compensation earned under Section 3 through the date of termination and (b) Consultant shall, and shall be deemed to have, simultaneously resigned from each position he holds with the Company and any of the Company's affiliated entities.

5. **Dispute Resolution:** In the event of any dispute or claim relating to or arising out of this Agreement (including, but not limited to, any claims of breach of contract, wrongful termination or age, sex, race or other discrimination), Consultant and the Company agree that all such disputes shall be fully addressed and finally resolved by binding arbitration conducted by the American Arbitration Association in New York City, in the State of New York in accordance with its National Employment Dispute Resolution rules. In connection with any such arbitration, the Company shall bear all costs not otherwise borne by a plaintiff in a court proceeding. The Company agrees that any decisions of the Arbitration Panel will be binding and enforceable in any state that the Company conducts the operation of its business.

6. **Attorneys' Fees:** The prevailing party shall be entitled to recover from the losing party its attorneys' fees and costs incurred in any action brought to enforce any right arising out of this Agreement.

7. **Restrictive Covenants:**

(a) **Nondisclosure.** During the term of this Agreement and following termination of this Agreement, Consultant 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 Consultant with respect to the business of the Company (which shall include, but not be limited to, confidential information concerning the Company's financial condition, prospects, technology, customers, suppliers, methods of doing business and promotion of the Company's products and services) shall be deemed a valuable, special and unique asset of the Company that is received by Consultant in confidence and as a fiduciary. For purposes of this Agreement "Confidential Information" means information disclosed to Consultant or known by Consultant as a consequence of or through his employment by the Company (including information conceived, originated, discovered or developed by Consultant) prior to or 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 Consultant, (ii) information which becomes known to the public by publication or otherwise after disclosure to Consultant, (iii) information which Consultant can show by written records was in his possession at the time of disclosure to Consultant, (iv) information which was rightfully received by Consultant from a third party without violating any non-disclosure obligation owed to or in favor of the Company, or (v) information which was developed by or on behalf of Consultant independently of any disclosure hereunder as shown by written records. Nothing herein shall be deemed to restrict Consultant from disclosing Confidential Information to the extent required by law or by any court.

(b) **Non-Competition.** Consultant shall not, while performing services for the Company, engage or participate, directly or indirectly (whether as an officer, director, employee, partner, consultant or otherwise), in any business that manufactures, markets or sells products that directly compete with any product of the Company that is significant to the Company's business based on sales and/or profitability of any such product as of the date of the termination of this Agreement. Nothing herein shall prohibit Consultant from being a passive owner of less than 5% stock of any entity directly engaged in a competing business.

(c) **Property Rights; Assignment of Inventions.** Except as set forth below, with respect to information, inventions and discoveries or any interest in any copyright and/or other property right developed, made or conceived of by Consultant, either alone or with others, while performing services for the Company arising out of such provision of services and pertinent to any field of business or research in which the Company is engaged or (if such is known to or ascertainable by Consultant) is considering engaging, Consultant 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 Consultant'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;

(iv) that Consultant hereby waives and releases any and all rights Consultant may have in and to such information, inventions and discoveries, and hereby assigns to the Company and/or its nominees all of Consultant's right, title and interest in them, and all Consultant's right, title and interest in any patent, patent application, copyright or other property right based thereon. Consultant 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 him 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 Consultant; and

(v) at the request of the Company, and without expense to Consultant, 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 its respective designees such inventions and any and all patent applications and patents relating thereto.

8. General:

(a) **Successors and Assigns:** The provisions of this Agreement shall inure to the benefit of and be binding upon the Company, Consultant and each and all of their respective heirs, legal representatives, successors and assigns. The duties, responsibilities and obligations of Consultant under this Agreement shall be personal and not assignable or delegable by Consultant in any manner whatsoever to any person, corporation, partnership, firm, company, joint venture or other entity. Consultant may not assign, transfer, convey, mortgage, pledge or in any other manner encumber the compensation or other benefits to be received by him 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 Consultant and by an authorized officer of the Company. No waiver by any Party of any breach of, or of compliance with, any condition or provision of this Agreement by the other Party or Parties 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 any Party may be effected by personal delivery, email or by overnight delivery with receipt requested.

Notices to Consultant shall be addressed as follows or to such other address as provided by such Party to the other:

Michael Handelman
E-mail: mhandelmangroup@gmail.com

Mailed notices to the Company shall be addressed as follows:

GT Biopharma, Inc.
Attention: Anthony J. Cataldo, CEO
1825 K Street NW, Suite 510
Washington, D.C. 20006
E-mail: cataldo14@aol.com

(d) **Entire Agreement:** This Agreement constitutes the entire agreement among the Parties regarding the terms and conditions of Consultant's provision of services to the Company. This Agreement supersedes all prior negotiations, representations or agreements among the Parties, whether written or oral concerning Consultant's provision of services to or employment by the Company.

(e) **Independent Contractor Relationship:** Consultant's relationship with the Company is that of an independent contractor, and nothing in this Agreement is intended, or shall be construed, to create any employee relationship. Consultant is solely responsible for, and will file, on a timely basis, all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of services and receipt of compensation under this Agreement. No part of Consultant's compensation will be subject to withholding by the Company for the payment of any social security, federal, state or other employee payroll taxes. The Company will report amounts paid to Consultant by filing Form 1099-MISC with the Internal Revenue Service as required by law and/or make such other reports as deemed necessary or appropriate by the Company under applicable laws.

(f) **Counterparts:** This Agreement may be executed by the Company and Consultant 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 Consultant 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, Consultant 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 Consultant's due performance hereunder.

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

(l) **Board Approval:** The Company warrants to Consultant that the Board 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.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date written below.

CONSULTANT:

Date: November 13, 2020

Michael Handelman

GT BIOPHARMA, INC.:

Date: November 13, 2020

Anthony J. Cataldo, CEO

[Signature Page to M. Handelman Consultant Agreement]

CERTIFICATIONS

I, Anthony Cataldo, 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. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have 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 13, 2020

/s/ Anthony Cataldo

Anthony Cataldo
Chief Executive Officer, Chief Financial Officer, Chairman,
and Director

**CERTIFICATION 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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Anthony Cataldo, Chief Executive Officer and Chief 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 13, 2020

/s/ Anthony Cataldo

Anthony Cataldo
Chief Executive Officer, Chief 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.
