

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

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): December 6, 2021

QSAM BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-55148
(Commission File
Number)

20-1602779
(IRS Employer
Identification Number)

9442 Capital of Texas Hwy N, Plaza 1, Suite 500
(Address of principal executive offices)

78759
(Zip Code)

Registrant's telephone number, including area code

(512) 343-4558

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement

On December 31, 2020, QSAM Biosciences, Inc. (the "Company") reported on Form 8-K an amendment to its Certificate of Incorporation authorizing the issuance of up to 8,500 shares of Series E-1 Preferred Stock (the "E-1 Stock") and issuance of 7,650 shares of E-1 Stock to certain officers, directors and key personnel of the Company. The Company issued the remaining 850 shares of E-1 Stock to a newly appointed independent director in February 2021. The E-1 Stock contains certain rights and priorities over the Company's common stockholders, such as the right to receive in the aggregate and on a first priority non-dilutable basis 20% of the value of the ultimate sale, licensing or commercialization of the Company's radiopharmaceutical technology. In light of the progress the Company has made during the last year in advancing its radiopharmaceutical technology into clinical trials and the additional equity funding that management anticipates will be required to continue to advance this technology through possible commercialization, the Company's Board of Directors (the "Board") determined that such rights and priorities may complicate the Company's future fund raising efforts, and as a result, create unintended impediments to ultimately maximizing the potential value of the Company's assets for all shareholders. After significant analysis and discussion, the Board approved a plan to exchange the E-1 Stock for common stock and to retire all the shares of E-1 Stock.

On December 6, 2021, the Company entered into an Exchange Agreement and Plan of Reorganization (the "Exchange Agreement") with all E-1 Stock holders pursuant to which all shares of series E-1 Stock were exchanged into an aggregate of 28,839,428 shares of common stock of the Company. The value of the E-1 Stock was determined to be approximately \$8.65 million, and was based upon a valuation report provided to the Board by an independent third party expert, and approved for fairness by the independent chairman of the Compensation Committee. The common stock was valued at \$0.30 per share based on a 30-day weighted average closing price calculation, and was issued proportionately to each holder based on their individual holdings of E-1 Stock. All shares of common stock issued to the shareholders are subject to the same vesting schedules as was originally provided in each shareholder's E-1 Stock issuance agreement, meaning that such shares are forfeitable if certain conditions of employment are not met by the holders, and as further described in the Exchange Agreement. As of the current date, approximately 7.2 million of these common shares are subject to such forfeiture provisions.

The foregoing description of the Exchange Agreement is qualified in its entirety by reference to the agreement attached hereto as Exhibit 10.1.

Item 3.02 Unregistered Sale of Equity Securities

The disclosure in Item 1.01 above is incorporated by reference in its entirety.

The common stock issued in exchange for the E-1 Stock was not registered under the Securities Act of 1933, as amended, but was issued in reliance on an exemption from registration set forth in Section 4(a)(2) of the Securities Act.

Item 3.03 Material Modification to Rights of Security Holders

The disclosure in Item 1.01 above is incorporated by reference in its entirety.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Amended and Restated Employment Agreements

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On December 6, 2021, the Company and each named executive officer listed below entered into an amended and restated employment agreement, which became effective on the same day. The material terms of the employment agreement for each of C. Richard Piazza, Douglas R. Baum, and Christopher Nelson are as follows:

- Each agreement provides for an employment term of three years, with extensions available at the mutual agreement of the parties.
- Each agreement provides for an increase in base salary to what the Board determined was market rates; provided however, each named executive will continue to receive a reduced salary equal to approximately one-quarter to one-third the stated base salary until the Company completes its next significant equity round of funding.
- Each officer is entitled to receive regular company benefits, including salary increases, participation in management incentive plans involving cash or stock bonuses, vacations, sick leave and PTO. Included in such bonus plan, each officer is entitled to receive a transaction bonus in the event of the sale or sublicense of Company's assets or if the Company or its subsidiary is acquired during the term of the executive's employment, equal to 1.75% of the consideration received by the Company in the case of Messers. Piazza and Baum, and 0.5% in the case of Mr. Nelson.
- If the named executive officers are terminated for cause, as that phrase is defined in the agreements, or they leave the employment of the Company on their own volition, such officers shall receive salary and benefits that have accrued up to the date of termination.
- If the named executive officers are terminated without cause or following a "material change", as that term is defined in the agreements, such officers will receive salary through the date of termination plus a pro-rated portion of bonus that would be earned during the full year when the termination became effective (or a lump sum of 50% of the full target bonus), all stock options shall vest immediately, and base salary and healthcare benefits will continue for 24 months, except that Mr. Nelson will receive salary and healthcare benefits for 18 months.

The foregoing description of each of the agreements is qualified in its entirety by reference to the amended and restated employment agreements attached hereto as Exhibits 10.2, 10.3, and 10.4.

Forward-Looking Statements

This Current Report on Form 8-K hereto contains "forward-looking statements". Forward-looking statements can generally be identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "project," "potential," "seek," "should," "think," "will," "would" and similar expressions, or they may use future dates. These forward-looking statements are subject to assumptions, risks and uncertainties that may change at any time, and readers are therefore cautioned that actual results could differ materially from those expressed in any forward-looking statements. Factors that could cause actual results to differ include, among other things: risks and uncertainties associated with market conditions and our ability to raise capital, our lack of an operating history, obtaining Federal Drug Administration ("FDA") or other regulatory approvals or clearances for our technology, implementing and achieving successful outcomes for clinical trials of our products, any failure to comply with rigorous FDA and other government regulations, availability of nuclear reactors to manufacture our products, transportation, handling, and disposal of radioactive drugs, changes in regulations of the Nuclear Regulatory Commission (NRC) or the Environmental Protection Agency (EPA) or similar state regulatory agencies, and other risks and uncertainties discussed in the Company's filings with the SEC, including the "Risk Factors" sections of the Company's Annual Report on Form 10-K for the year ended December 31, 2020. The Company undertakes no obligation to update any forward-looking statements as a result of new information, future developments or otherwise, except as expressly required by law. All forward-looking statements in this document are qualified in their entirety by this cautionary statement.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Exchange Agreement and Plan of Reorganization dated December 6, 2021
10.2	Amended and restated employment agreement dated December 6, 2021 with C. Richard Piazza
10.3	Amended and restated employment agreement dated December 6, 2021 with Douglas R. Baum
10.4	Amended and restated employment agreement dated December 6, 2021 with Christopher Nelson
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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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 hereunto duly authorized.

By: /s/ Christopher Nelson

Christopher Nelson
General Counsel

Date: December 10, 2021

EXCHANGE AGREEMENT AND PLAN OF REORGANIZATION

THIS EXCHANGE AGREEMENT AND PLAN OF REORGANIZATION (this “**Agreement**”) is adopted and agreed to this 6th day of December, 2021, (the “**Effective Date**”), by and among QSAM Biosciences, Inc. (“**QSAM**” the “**Corporation**”), and the shareholders whose names appear on the signature page and Exhibit A hereof (each a “**Shareholder**” and collectively, the “**Shareholders**”).

BACKGROUND

A. The Shareholders constitute all of the holders of the Corporation’s Series E-1 Preferred Stock (the “**E-1 Shares**”).

B. The Board of Directors (the “**Board**”) of the Corporation, including the independent Compensation Committee of the Board, deem it advisable and in the best interests of the Corporation based on a variety of factors that the E-1 shares be exchanged for such number of shares of the Corporation’s Common Stock (“**Common Stock**”) described in this Agreement and as set forth on Exhibit A.

C. The Board of the Corporation has received a formal report from a third party expert in the field of securities valuations to provide the Board with an analysis of the current value of all of the E-1 Shares as of November 26, 2021 (the “**Valuation Report**”). The Valuation Report supports a value for all of the E-1 Shares of \$8,651,829, which the Corporation’s Compensation Committee deems to be fair and reasonable and the Board has approved.

D. The value of a share of the Corporation’s Common Stock using a 30-day weighted average pricing model ending as of the last trading day prior to the Board’s approval, and other considerations, was calculated to be \$0.30 (the “**Share Price**”), which the Compensation Committee deems to be fair and reasonable and the Board has approved.

E. Based on the value supported by the Valuation Report and the Share Price, the Compensation Committee recommended and the Board approved as of November 30, 2021, that all of the E-1 Shares be exchanged for an equivalent value of Common Stock representing 28,839,430 shares (the “**Exchange Shares**”).

F. At the Effective Time, the Shareholders will exchange all of their E-1 Shares to the Corporation and will receive in exchange therefor the Exchange Shares proportionally based on their individual holdings of E-1 Shares such that, immediately following the Effective Time, the Shareholders will own the number of shares of Common Stock set forth on Exhibit A. (the “**Exchange**”).

G. The parties intend this Agreement and the transactions contemplated by this Agreement to qualify as an E Reorganization for federal income tax purposes pursuant to Section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended (the “**Code**”) and that this Agreement shall constitute a “plan of reorganization” within the meaning of Treasury Regulation Section 1.368-2(g).

NOW THEREFORE, in consideration of the mutual agreements set forth herein, and subject to the terms and provisions set forth below, the parties hereto agree as follows:

1. **The Reorganization and Exchange.** At the Effective Time, the Shareholders shall exchange all of their E-1 Shares to the Corporation and shall receive in exchange therefor the number of shares of Common Stock set forth on Exhibit A, representing the Exchange Shares. Upon such Exchange, all E-1 Shares shall be retired and shall not be reissued. All shares of Common Stock shall be issued to the Shareholders subject to the same vesting schedules as provided in each Shareholder’s E-1 Shares Issuance Agreement, and as further defined in Exhibit A.

2. **Effective Time.** This Agreement shall be effective (the “**Effective Time**”) immediately upon the effectiveness of this Agreement being entered into by and among the Corporation and the Shareholders effecting the Exchange of the E-1 Shares and the issuance of Exchange Shares in consideration therefor.

3. **Representations and Warranties of the Corporation**

3.1 **Organization and Qualification.** The Corporation is an entity duly organized and validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authorization to own its properties and to carry on its business as now being conducted. The Corporation is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not reasonably be expected to have a Material Adverse Effect. As used in this Agreement, “**Material Adverse Effect**” means a material adverse effect on (i) the business, properties, financial condition, results of operations, of the Corporation or (ii) the authority or ability of the Corporation to perform its obligations under this Agreement (, the “**Exchange Transaction Documents**”).

3.2 **Authorization; Enforcement; Validity.** The Corporation has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and the other Exchange Transaction Document and to issue the Common Stock. The execution and delivery of this Agreement and the other Exchange Transaction Documents by the Corporation and the consummation by the Corporation of the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Common Stock, have been duly authorized by the Corporation’s Board of Directors and no further filing, consent, or authorization is required by the Corporation, its Board of Directors or its shareholders. Each Exchange Transaction Document has been duly executed and delivered by the Corporation, and constitutes the legal, valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with its 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.

3.3 **Issuance of Securities.** The issuances of the Common Stock are duly authorized and, upon issuance in accordance with the terms of this Agreement, shall be validly issued and free from all taxes, liens and charges with respect to the issue thereof.

3.4 **No Conflicts.** The execution, delivery and performance of this Agreement and the other Exchange Transaction Document by the Corporation and the consummation by the Corporation of the transactions contemplated hereby and thereby including, without limitation, the issuance of the Common Stock will not (i) result in a violation of the Certificate of Incorporation or Bylaws of the Corporation, any memorandum of association, certificate of incorporation, certificate of formation, any certificate of designations or other constituent documents of the Corporation or any of its subsidiaries, any capital stock of the Corporation or any of its subsidiaries or the articles of association or bylaws of the Corporation or any of its subsidiaries or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) in any respect under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Corporation or any of its subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and applicable laws of the State of Delaware) and any other state laws) applicable to the Corporation or any of its subsidiaries or by which any property or asset of the Corporation or any of its subsidiaries is bound or affected.

3.5 Consents. The Corporation 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 any of the Exchange Transaction Documents in accordance with the terms hereof. All consents, authorizations, orders, filings and registrations which the Corporation is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the Effective Date.

3.6 Compliance With Laws. In connection with the transaction contemplated by the Exchange Transaction Documents, the Corporation has not violated any law or any governmental regulation or requirement which violation has had or would reasonably be expected to have a Material Adverse Effect, and the Corporation has not received written notice of any such violation.

4. Representations and Warranties of the Shareholders. Each Shareholder severally, not jointly hereby represents, warrants and covenants that:

4.1 Organization; Authorization; Enforcement. This Agreement has been duly and validly authorized, executed and delivered by each Shareholder and shall constitute the legal, valid and binding obligations of the Shareholders enforceable against the Shareholders in accordance with its terms, except as such enforceability may be limited by general principles of equity or to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

4.2 No Conflicts. The execution, delivery and performance by the Shareholders of this Agreement and the consummation by the Shareholders of the transactions contemplated hereby will not conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, or instrument to which a Shareholder is a party, or result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to a Shareholder, except in the case of clauses above, for such conflicts, defaults, rights or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Investor to perform its obligations hereunder.

4.3 Title. Each Shareholder is the beneficial owner and sole legal owner of, and has good and valid title to the E-1 Shares, free and clear of any mortgage, lien, pledge, charge, security interest, encumbrance, title retention agreement, option, equity or other adverse claim thereto other than encumbrances under federal or state securities laws ("Claims"). The Shareholder has not, in whole or in part, (i) assigned, transferred, hypothecated, pledged or otherwise disposed of the Series E-1 Shares or (ii) given any person any transfer order, power of attorney or other authority of any nature whatsoever with respect to the E-1 Series.

4.4 Status. Each Shareholder is an "accredited investor" as defined under the Securities Act of 1933.

4.5 Lock-Up Agreement. In connection with a public offering and up-listing to NASDAQ or NYSE of the Company's securities, the Shareholders hereby agree not to offer, pledge, sell, contract to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company however and whenever acquired (other than those included in the registration) without the prior written consent of the Company and the managing underwriters for such offering for such period of time (not to exceed 270 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's public offering. In addition, upon request of the Company or the underwriters managing a public offering of the Company's securities (other than the initial public offering), Participant hereby agrees to be bound by similar restrictions, and to sign a similar agreement, in connection with no more than one additional registration statement filed within 12 months after the closing date of the initial public offering, provided that the duration of the lock-up period with respect to such additional registration shall not exceed 90 days from the effective date of such additional registration statement. Notwithstanding the foregoing, if during the last 17 days of the restricted period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or prior to the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, then, upon the request of the managing underwriter, to the extent required by any FINRA rules, the restrictions imposed by this Section 4.5 shall continue to apply until the end of the third trading day following the expiration of the 15-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. In no event will the restricted period extend beyond 216 days after the effective date of the registration statement. In order to enforce the restriction set forth above, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Section 4.5.

If the underwriters release or waive any of the foregoing restrictions in connection with a transfer of shares of Common Stock, the underwriters shall notify the Company at least three business days before the effective date of any such release or waiver. Further, the Company will announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the underwriters shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (x) the release or waiver is effected solely to permit a transfer not for consideration and (y) the transferee has agreed in writing to be bound by the same terms of the lock-up provisions applicable in general to the extent, and for the duration, that such lock-up provision remain in effect at the time of the transfer.

5. Miscellaneous

5.1 Amendment; Waiver. No amendment or modification of the terms or conditions of this Agreement shall be valid unless in writing and signed by all the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

5.2 Further Assurances. Each party to this Agreement agrees to perform any further acts and execute and deliver any further documents that may be necessary to carry out the provisions of this Agreement, including to make effective or more effective the Reorganization and the intended tax consequences associated therewith.

5.3 Governing Law. The interpretation and construction of this Agreement, and all matters relating hereto, will be governed by the laws of the State of Delaware applicable to contracts made and to be performed entirely within the State of Delaware without giving effect to any conflict of law provisions thereof.

5.4 Counterpart Execution/PDF Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile, .pdf signatures, or other means of electronically imaging a signature to this Agreement shall be deemed and treated as original signatures.

5.5 Binding Effect/Assignment. This Agreement shall bind the parties and their respective successors and assigns. Neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned or delegated by a party (whether by operation of law or otherwise) without the prior written consent of the other parties.

5.6 Third-Party Beneficiaries. None of the provisions of this Agreement shall be for the benefit of or enforceable by any party that is not a party to this Agreement.

5.7 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

5.8 Administrator Authority. Unless an independent committee is constituted by the Board of Directors, the Board of Directors will have the power to interpret this Agreement and to adopt such rules for the administration, interpretation and application as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares have vested). All actions taken and all interpretations and determinations made by the Board of Directors or independent committee, as the case may be, in good faith will be final and binding upon Shareholder, the Company and all other interested persons. No member of the Board of Directors or independent committee, as the case may be, will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

5.9 Survival. To representations and warranties of the Corporation and the Shareholders contained herein shall survive the Effective Time.

6. Plan of Reorganization. The parties intend that this Agreement be treated as a "plan of reorganization" within the meaning of Section 1.368-2(g) of the Treasury Regulations promulgated under Section 368 of the Code. In furtherance thereof, the Reorganization is intended to be treated and effected in accordance with the terms of Section 368(a)(1)(F) of the Code and consistent with applicable Revenue Rulings, and the terms and provisions of this Agreement shall be interpreted and applied consistent therewith.

7. Qualified Small Business Stock. As of and immediately following the date of the Agreement, (i) the Company is an eligible corporation as defined in Section 1202(e)(4) of the Code; (ii) the Company will not have made any purchases of its own stock during the one-year period preceding the Closing having an aggregate value exceeding 5% of the aggregate value of all its stock as of the beginning of such period; (iii) the Company's aggregate gross assets, as defined by Code Section 1202(d)(2), have never exceeded and, after taking into account the proceeds from the sale of the prior financing, will not exceed \$50 million, taking into account the assets of any corporations required to be aggregated with the Company in accordance with Code Section 1202(d)(3); (iv) the Company will be a qualified small business within the meaning of Section 1202(d) of the Code; and (v) the Company will be in compliance with the active business requirement of Section 1202(e) of the Code.

[Signatures follow]

IN WITNESS WHEREOF, the parties have executed and delivered, or caused their respective duly authorized representatives to execute and deliver, this Agreement as of the Effective Time.

CORPORATION:

QSAM BIOSCIENCES, INC.

By: /s/ Joel Mayersohn

Name: Joel Mayersohn

Title: Independent Director, Chairman of Compensation Committee, and Authorized Signatory

SHAREHOLDERS:

/s/ C. Richard Piazza

Name: C. Richard Piazza

/s/ Douglas Baum

Name: Douglas Baum

/s/ Charles Link Jr.

Name: Charles Link, Jr.

/s/ Christopher Nelson

Name: Christopher Nelson

/s/ Namrata Chand

Name: Namrata Chand

/s/ Barry Sugarman

Name: Barry Sugarman

Signature Page to Exchange Agreement and Plan of Reorganization

Exhibit A to Exchange Agreement and Plan of Reorganization

Shareholder	Number of E-1 Shares	Number of Shares of Common Stock	Vesting Period
C. Richard Piazza	2,975	10,093,800	Fully vested
Douglas Baum	2,975	10,093,800	Fully vested
Christopher Nelson	850	2,883,943	50% vested, balance 12/31/21
Charles Link, Jr.	850	2,883,943	50% 2/1/22, balance 2/1/23
Namrata Chand	425	1,441,971	50% 1/1/22, balance 1/1/23
Barry Sugarman	425	1,441,971	50% 1/1/22, balance 1/1/23

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (“Agreement”) by and between QSAM Biosciences, Inc., a Delaware corporation with an address of 9442 Capital of Texas Hwy N, Plaza 1, Suite 500, Austin, TX 78759, (the “Company”), and **C. Richard Piazza** with a current residence located at 1504 Woodvine Dr., Houston, TX 77055 (the “Executive”) is dated as of December 6, 2021, and shall amend and restate that prior Employment Agreement dated as of November 1, 2020.

RECITALS

WHEREAS, the Company desires to amend and restate the Executive’s employment agreement dated November 1, 2020;

WHEREAS, the Company desires to continue to secure the employment of the Executive upon the terms and conditions hereinafter set forth; and

WHEREAS, the Executive desires to accept such employment with the Company upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises contained herein, the parties, each intending to be legally bound hereby, agree as follows:

1. Employment.

1.1 The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Company on the terms and conditions set forth in this Agreement.

2. Term; Renewal.

2.1 The initial term of the Executive’s employment under this Agreement shall commence as of December 1, 2021 (the “Effective Date”) and shall continue for a period of three (3) years ending on the third anniversary of the Effective Date (the “Initial Term”), unless such employment is sooner terminated by either the Executive or the Company in accordance with the terms of this Agreement.

2.2 The term of this Agreement may be extended for such periods (the “Renewal Term(s)”) as the parties may mutually agree on or before the scheduled expiration of the Initial Term or any Renewal Term. To be effective, any such agreement to extend the term of the Agreement for an additional Renewal Term must be by mutual consent in writing at least six (6) months prior to the scheduled expiration of the Initial Term or any Renewal Term, as the case may be, signed by the Executive and a duly authorized representative of the Company; such negotiation(s) and signatures shall not be unreasonably withheld. If no such agreement is reached, the Executive’s employment under this Agreement shall cease as of the end of the Initial Term or any then current Renewal Term, as the case may be.

2.3 As used in this Agreement, the term “Employment Period” shall be deemed to refer to and include the period during the Initial Term and any Renewal Term that the Executive is employed by the Company pursuant to the terms and provisions of this Agreement.

3. Duties and Responsibilities.

3.1 During the Employment Period, the Executive shall be employed as Executive Chairman of the Company. The Executive shall report to the Board of Directors (“Board”), and perform such duties and have such responsibilities, consistent with their position and past experience, as may be assigned to him from time to time, by the Board.

3.2 The Executive shall devote his entire business related working time, attention and energies to the business and affairs of the Company, shall faithfully, diligently and competently perform the duties of his employment, and shall do all reasonably within his power to promote, develop and extend the business of the Company. Notwithstanding the foregoing, the Executive shall be permitted to serve on company, consulting, industry, civic, educational or charitable boards or committees, so long as such activities do not compete directly with the available Company services or products or unduly interfere with the performance of the Executive’s duties and responsibilities as an employee of the Company.

3.3 The Executive shall perform his duties hereunder at the offices of the Company or such other site or sites as may be selected by the Company within a 50 mile radius of the Executive’s current residence. The Executive shall be available for travel as needed for the performance of his job duties. In the event that the Company does not supply an office, the Executive, at his own expense, will maintain an office consistent with the image, mission and goals of the Company. Such office shall be appropriate for conducting business on behalf of the Company including conducting necessary business meetings.

4. Compensation.

4.1 *Base Salary.* The Company shall pay the Executive a base salary (the “Base Salary”) as approved by the Compensation Committee of the Board (the “Compensation Committee”). The Executive’s Base Salary upon execution of this Agreement shall be \$400,000 per year; provided however, until such time that the Company successfully completes its next funding of at least \$5 million, as reasonably confirmed by the Compensation Committee, the Executive shall receive a reduced salary in an amount of \$112,500 per annum, provided however, the Base Salary shall accrue as of the Effective Date and be paid to the Executive when reasonably determined by the Compensation Committee (which, at the reasonable agreement of the Executive and the Company, may be paid in full or in part in restricted common shares valued at \$0.30 per share, subject adjustment for stock splits). The Base Salary shall be payable in accordance with the Company’s regular payroll practice for its executives. During the Employment Period, the Base Salary shall be reviewed annually beginning no later than December 1, 2022, for increase in accordance with the Company’s compensation policies pertaining to executive personnel at the senior management level, in a range of 5% to 12% per year, as determined by the Compensation Committee. Following any increase in the Base Salary, the new salary shall be considered the Base Salary. Any increase in the Base Salary shall not limit or reduce any other obligation of either party under this Agreement.

4.2 *Management Incentive Plan.* In addition to the Base Salary referred to in Section 4.1, the Executive shall be entitled to participate in the QSAM Management Incentive Plan (the “MIP”). The MIP generally provides for the payment of stock and/or cash bonus awards to the executive officers of the Company based on the achievement of performance objectives, and equal to between 25% and 125% of the Executive’s Base Salary, as determined by the Compensation Committee. The stock and/or cash bonus amount, qualifying performance objectives and terms required to earn the incentive bonus for the Executive shall be based upon the annual business plan, corporate objectives and budget prepared by the executive team and approved by the Compensation Committee prior to the start of the new fiscal year but no more than sixty (60) days following the start of the relevant fiscal year. Bonuses awarded under the MIP generally are paid during the month of February in the year following the plan year for which the bonuses are awarded, notwithstanding such, bonuses awarded under the MIP shall be paid no later than March 31st following the plan year for which the bonuses are awarded.

4.3 *Transaction Bonus.* In the event of a Major Transaction, as hereinafter defined, the Executive shall be entitled to be paid out of the Net Proceeds, as hereinafter

defined, during the Term hereof, an amount in cash (and/or stock if stock forms a portion of the Net Proceeds) equal to One Point Seven Five percent (1.75%) of the aggregate Net Proceeds. For purposes hereof, "Net Proceeds" means the amount received by the Company or a Subsidiary, in one or more payments if such proceeds include contingent or earnout payments, after the first \$13 million is paid to the Company and less any expenses, fees or other costs associated with transacting the Major Transaction. For purposes hereof, a "Major Transaction" means the sale, transfer, licensing or sublicensing of any of the Company's technology assets, drug candidates or approved drugs, either in one transaction or a series of transactions, whereby the Company receives value from an unaffiliated third party for such assets; or alternatively, from the acquisition or merger of the Company or any of its Subsidiaries whereby the Company or the Subsidiary, as the case may be, is not the surviving entity. The Transaction Bonus shall be paid upon closing of the Major Transaction, or in the case of contingent or earnout payments during the Term hereof, as such payments are received by the Company.

5. Benefits.

5.1 The Executive shall be entitled to participate in all employee benefit plans and programs that are generally available to the salaried employees of the Company during the Employment Period (the "Regular Benefits").

5.2 In addition to the Regular Benefits, the Executive shall be eligible to participate in any additional compensation programs or arrangements relating to, or arising out of, a change in control of the Company that are adopted by the Company after the date of this Agreement and made generally available to the other senior executive officers of the Company as a group.

6. Expenses and Vacations.

6.1 *Expenses.* The Executive shall be reimbursed for the reasonable business expenses incurred by him in connection with the performance of their duties under this Agreement upon presentation of an itemized account and written proof of such expenses and provided that such expenses are of the type customarily reimbursed by the Company and have been approved in accordance with any procedures of the Company then in effect.

6.2 *Vacations, Sick Leave and Personal Time Off.* The Executive shall be entitled to paid vacation, paid sick leave and paid personal time off ("PTO") administered under the Company's Employee Leave Time Programs, as applicable and in effect (the "Leave Program"). The Company may modify the Leave Program at any time within its sole and absolute discretion, however the Executive shall receive written notice of any modifications to the Leave Program sixty (60) days before such modifications are implemented.

7. *Termination.* The Executive's employment by the Company under this Agreement may be terminated prior to the end of the Initial Term or any then-current Renewal Term in accordance with the provisions of this Section 7.

7.1 *Termination by the Company for Cause.* The Company may terminate the employment of the Executive hereunder at any time and without prior notice for "Cause." For purposes of this Section 7.1, the term "Cause" shall mean and include any of the following:

- (a) the conviction of the Executive, or the entry of a plea of *nolo contendere* by the Executive, for a felony or a crime of moral turpitude; or
- (b) the commission by the Executive of any act of fraud, misappropriation, embezzlement, regardless of whether such act is related to their duties under this Agreement; or
- (c) the violation of a published Company policy which stipulates the Executive may be terminated by the Company for cause.

7.2 *Termination by the Executive for any Reason.* The Executive may terminate their employment hereunder at any time for any reason whatsoever by giving the Company written notice of the intent to do so at least thirty (30) days prior to the date on which the proposed termination is to be effective.

7.3 *Termination by the Company without Cause.* The Company may terminate the employment of the Executive hereunder at any time without Cause, for any reason whatsoever, by giving the Executive written notice of its intent to do so at least thirty (30) days prior to the date on which the proposed termination is to be effective.

7.4 *Termination by the Executive Following a Material Change.* The Executive may terminate their employment hereunder upon thirty (30) days prior written notice to the Company following a "Material Change." For purposes of this Section 7.4, the term "Material Change" shall mean and include any of the following:

- (a) a fundamental change in the duties and responsibilities of the Executive (excluding Interim Assignments, if applicable) which is inconsistent with the duties and responsibilities normally associated with the position of Executive Chairman (or such other position Executive may be promoted to during the Employment Period), which change has not been reversed within thirty (30) days after the delivery to the Company of written notice from the Executive objecting to such change; or
- (b) Executive is required to report to a person other than the Board of Directors of the Company, which such reporting obligation is not reversed within thirty (30) days after the delivery to the Company of written notice from the Executive objecting to such reporting obligation; or
- (c) reduction in or failure by the Company to pay to Executive the Base Salary as set forth in Section 4.1 hereof unless agreed to by the Executive; or
- (d) failure of the Company to pay, if and when due, any bonus to which the Executive is entitled under the MIP or Transaction Bonus, as then in effect; or
- (e) any other material breach by the Company of any material term hereof, which breach has not been remedied within 30 days after the delivery to the Company of written notice thereof; or
- (f) a relocation of the Executive office more than fifty miles from the current location as of the execution of this agreement.

7.5 *Termination Upon the Death of the Executive.* In the event that the Executive shall die at any time during the Employment Period, the Executive's employment hereunder shall terminate immediately.

7.6 *Termination Upon the Disability of the Executive.* In the event that the Executive shall become "disabled" at any time during the Employment Period, the Company shall have the right (but not the obligation) to terminate the Executive's employment hereunder on thirty (30) days prior written notice to the Executive. For purposes of this Section 7.6, the Executive shall be deemed to be "disabled" when he or she is considered disabled by two (2) medical professionals, and such consideration is documented in a writing to the Company and the Executive of such disability.

7.7 *Termination Upon Expiration of Initial Term or Renewal Term.* Unless action is taken to extend the Initial Term or any then-current Renewal Term in accordance with the provisions of Section 2.2 above, the Executive's employment under this Agreement shall terminate automatically and without the taking of any action by the Company or the Executive as of the end of the Initial Term or any then-current Renewal Term.

8. Effect of Termination.

8.1 *Termination by the Company for Cause.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.1, the Executive shall be entitled to receive their current Base Salary and Regular Benefits, including a lump-sum payment in respect of any accrued but unused PTO under the Leave Program ("Accrued Salary and Benefits"), calculated through the date such termination is effective, but the Executive thereafter shall not be entitled to receive any additional compensation from the Company. The Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.2 *Termination by the Executive for any Reason*

(a) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.2, the Executive shall be entitled to receive all Accrued Salary and Benefits calculated through the date such termination is effective. The Executive thereafter shall not be entitled to receive any additional compensation from the Company.

(b) Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.3 *Termination by the Company without Cause; Termination by the Executive Following a Material Change.*

(a) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.3 or Section 7.4, the Executive shall be entitled to receive the following (sometimes hereinafter referred to collectively as the "Accrued Total Compensation and Benefits"):

(i) all Accrued Salary and Benefits calculated through the date such termination is effective, and

(ii) a pro-rated portion of any bonus to which the Executive otherwise would have been entitled under the MIP or Transaction Bonus with respect to the plan year during which the termination is effective (the "Pro-Rated Current Year Bonus"), or

(iii) a lump sum payment equal to fifty percent (50%) of Executive's then-current full target bonus opportunity under the MIP (payable during the month of March in the year following the year during which the Executive's employment hereunder is terminated), whichever of Sections 8.3(a)(ii) or 8.3(a)(iii) is greater; and

(iv) any and all remaining stock options and/or restricted stock previously granted to the Executive by the Company that has not already vested through the date such termination is effective, will immediately vest upon the date such termination is effective. Furthermore, the executive will be granted a two year period to exercise any outstanding options.

(b) In addition to the foregoing, the Executive shall be entitled to receive the following additional compensation and benefits upon a termination of employment in accordance with the terms and provisions of Section 7.3 or Section 7.4:

(i) salary continuation and health care coverage for 24 months (which may include COBRA premiums for 18 months) (payable in accordance with the Company's regular payroll practices) following the effective date of the termination of the Executive's employment hereunder;

(c) Except for the compensation and benefits specified in paragraphs (a) and (b) above, the Executive thereafter shall not be entitled to receive any additional compensation from the Company.

(d) Notwithstanding the termination of Executive's employment and except as set forth in paragraph (c) below, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

(e) In the event that the Executive desires to obtain relief from the non-competition provisions set forth in Section 11, the Executive may submit a written waiver request to the Company, which shall reasonably be granted by the Company within sixty (60) days after receipt. The written waiver request shall include disclosure of the organization, role and responsibilities the Executive intends to pursue. Provided the Company agrees to the waiver, the non-competition provisions set forth in Section 11 shall terminate subject to any reasonable qualifications stipulated by the Company, and the Executive thereafter shall not be entitled to any additional compensation or benefits under paragraph (b) above (it being understood that nothing in this paragraph (e) shall affect or impair the Executive's right to receive the Accrued Total Compensation and Benefits specified in paragraph (a) above). In the event that a waiver granted under this paragraph (e) shall be effective for less than the full nine (9) month period of restriction, the Executive shall be entitled to a pro-rated portion of the compensation and benefits specified in paragraph (b).

8.4 *Termination Upon the Death of the Executive.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.5, the Company shall have no further liability or obligation to the Executive's estate, except that the Executive's estate shall be entitled to receive (a) all Accrued Total Compensation and Benefits calculated through the date such termination is effective, and (b) the payments provided under any group life insurance policy or policies, if any, which may be in effect generally for the benefit of all full-time salaried employees of the Company.

8.5 *Termination Upon the Disability of the Executive.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.6, the Company shall have no further liability or obligation to the Executive, except that the Executive shall be entitled to receive (a) all Accrued Total Compensation and Benefits calculated through the date such termination is effective, and (b) the payments provided under any group disability benefit insurance policy, if any, which may be in effect generally for the benefit of all full-time salaried employees of the Company. Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.6 *Termination Upon Expiration of Initial Term or Renewal Term.*

(a) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.7, the Executive shall be entitled to receive all Accrued Total Compensation and Benefits calculated through the date such termination is effective. In addition, a termination for expiration and nonrenewal of the contract shall be treated as a termination without cause, provided the Executive has negotiated such renewal terms in good faith and are substantially similar to the terms of this Agreement, and the Executive will be entitled to the benefits contained in Section 8.3 of this agreement

(b) Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

9. *Representations and Warranties by the Executive.* The Executive hereby represents and warrants to the Company that the execution and delivery by the Executive of this Agreement do not, and the performance by the Executive of the Executive's obligations hereunder will not, with or without the giving of notice or the passage of time, or both: (a) violate any judgment, writ, injunction or order of any court, arbitrator or governmental agency applicable to the Executive, or (b) conflict with, result in a breach of the provisions of or the termination of, or constitute a default under, any agreement to which the Executive is a party or by which the Executive is or may be bound.

10. *Inventions and Confidential Information.* The Executive hereby covenants, agrees and acknowledges that employment under this Agreement is pursuant to execution of the Company's form of Proprietary Information and Inventions Assignment Agreement ("*PIIA*"), which requires, among other things, the assignment of rights to any company related invention made during your employment at Company and non-disclosure of proprietary information.

11. *Non-Competition.*

11.1 Executive agrees that they will not, during the term of their employment and for a period of twelve (12) months after the termination of their employment for any reason whatsoever, unless acting with the prior written consent of the Company, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, any business or enterprises which directly competes with the Company and which engages in the activities engaged in by the Company (the "Prohibited Activities"). This Section 11 shall not be construed to prohibit the ownership of not more than 1% of the capital stock of any corporation having a class of securities registered pursuant to the Securities Exchange Act of 1934.

12. *No Solicitation.*

12.1 The Executive agrees that they will not, for a period of twelve (12) months after the termination of their employment hereunder, solicit for employment, either directly or indirectly, any person, who was, during the Employment Period, an employee of the Company.

12.2 The Executive agrees that they will not, for a period of twelve (12) months after the termination of their employment hereunder, directly call on or solicit any person, firm, corporation or other entity who or which was, during the last twelve (12) months of the Employment Period, a customer, client or prospective client of the Company (herein referred to as the "Client"), if a principal purpose of such contact or solicitation is to solicit (i) specific business or projects that were ongoing or in discussion with such Client and the Company as of the date of the termination of the Executive's employment hereunder, or (ii) other specific business or projects for such Client for which all of the following are the same as for the specific business or projects that were ongoing or in discussion with such Client and the Company as of the date of termination of the Executive's employment hereunder.

13. *Equitable Relief.*

13.1 The Executive acknowledges that the restrictions contained in Sections 10, 11 and 12 hereof are reasonable and necessary to protect the legitimate interest of the Company, that the Company would not have entered into this Agreement in the absence of such restrictions, and that violation of any provision of those Sections (which has not previously terminated or been waived) will result in irreparable injury to the Company. The Executive also acknowledges that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, as well as an equity accounting of all earnings, profits and other benefits arising from any such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled. In the event that the provisions of any of Section 10, 11, or 12 hereof should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

14. *Notices.*

14.1 Any notice required or permitted under this Agreement shall be in writing and sent by United States first class mail, by certified mail, return receipt requested, by facsimile or by hand delivery to the parties at their respective addresses set forth below or at such other address as the parties may designate by notice from time to time:

If to the Company:

QSAM Biosciences, Inc.
9442 Capital of Texas Hwy N, Plaza 1, Suite 500
Austin, TX 78759
Attn: Chief Executive Officer or General Counsel

If to the Executive:

C. Richard Piazza
1504 Woodvine Dr.
Houston, TX 77055

15. *Arbitration.*

15.1 Any controversy or claim arising from, or relating to, this Agreement, or the breach hereof, shall be settled by arbitration in accordance with the Model Employment Arbitration procedures of the American Arbitration Association, and judgement upon the award rendered by a panel of three (3) arbitrators may be entered in any court having jurisdiction thereof. The arbitrators shall commence the hearing not later than sixty (60) days after the demand unless the parties agree otherwise in writing. Arbitration under this Agreement shall take place in Travis County, Texas.

16. *Entire Agreement.*

16.1 With the exception outlined in Section 4.3, This Agreement supersedes any and all prior Agreements or arrangements between the parties with respect to the employment of the Executive by the Company and sets forth the entire Agreement between the parties with respect to the subject matter hereof, and it may be amended only by a written document signed by both parties to this Agreement.

17. *Successors and Assigns.*

17.1 This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their heirs, personal representatives, successors and assigns; provided that

the Executive's duties hereunder are of a personal nature and may not be assigned.

18. *Governing Law.*

18.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Texas

19. *Counterparts.*

19.1 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

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

QSAM Biosciences, Inc.

By: /s/ Douglas Baum
Douglas Baum, CEO

THE EXECUTIVE

/s/ C. Richard Piazza
C. Richard Piazza

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (“Agreement”) by and between QSAM Biosciences, Inc., a Delaware corporation with an address of 9442 Capital of Texas Hwy N, Plaza 1, Suite 500, Austin, TX 78759, (the “Company”), and **Douglas R. Baum** with a current residence located at 8305 Summerwood Drive, Austin, TX 78759 (the “Executive”) is dated as of December 6, 2021, and shall amend and restate that prior Employment Agreement dated as of November 1, 2020.

RECITALS

WHEREAS, the Company desires to amend and restate the Executive’s employment agreement dated November 1, 2020;

WHEREAS, the Company desires to continue to secure the employment of the Executive upon the terms and conditions hereinafter set forth; and

WHEREAS, the Executive desires to accept such employment with the Company upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises contained herein, the parties, each intending to be legally bound hereby, agree as follows:

2. Employment.

2.1 The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Company on the terms and conditions set forth in this Agreement.

3. Term; Renewal.

2.1 The initial term of the Executive’s employment under this Agreement shall commence as of December 1, 2021 (the “Effective Date”) and shall continue for a period of three (3) years ending on the third anniversary of the Effective Date (the “Initial Term”), unless such employment is sooner terminated by either the Executive or the Company in accordance with the terms of this Agreement.

2.2 The term of this Agreement may be extended for such periods (the “Renewal Term(s)”) as the parties may mutually agree on or before the scheduled expiration of the Initial Term or any Renewal Term. To be effective, any such agreement to extend the term of the Agreement for an additional Renewal Term must be by mutual consent in writing at least six (6) months prior to the scheduled expiration of the Initial Term or any Renewal Term, as the case may be, signed by the Executive and a duly authorized representative of the Company; such negotiation(s) and signatures shall not be unreasonably withheld. If no such agreement is reached, the Executive’s employment under this Agreement shall cease as of the end of the Initial Term or any then current Renewal Term, as the case may be.

2.3 As used in this Agreement, the term “Employment Period” shall be deemed to refer to and include the period during the Initial Term and any Renewal Term that the Executive is employed by the Company pursuant to the terms and provisions of this Agreement.

5. Duties and Responsibilities.

3.1 During the Employment Period, the Executive shall be employed as Chief Executive Officer of the Company. The Executive shall report to the Board of Directors (“Board”), and perform such duties and have such responsibilities, consistent with their position and past experience, as may be assigned to him from time to time, by the Board.

3.2 The Executive shall devote his entire business related working time, attention and energies to the business and affairs of the Company, shall faithfully, diligently and competently perform the duties of his employment, and shall do all reasonably within his power to promote, develop and extend the business of the Company. Notwithstanding the foregoing, the Executive shall be permitted to serve on company, consulting, industry, civic, educational or charitable boards or committees, so long as such activities do not compete directly with the available Company services or products or unduly interfere with the performance of the Executive’s duties and responsibilities as an employee of the Company.

3.3 The Executive shall perform his duties hereunder at the offices of the Company or such other site or sites as may be selected by the Company within a 50 mile radius of the Executive’s current residence. The Executive shall be available for travel as needed for the performance of his job duties. In the event that the Company does not supply an office, the Executive, at his own expense, will maintain an office consistent with the image, mission and goals of the Company. Such office shall be appropriate for conducting business on behalf of the Company including conducting necessary business meetings.

6. Compensation.

4.1 *Base Salary.* The Company shall pay the Executive a base salary (the “Base Salary”) as approved by the Compensation Committee of the Board (the “Compensation Committee”). The Executive’s Base Salary upon execution of this Agreement shall be \$400,000 per year; provided however, until such time that the Company successfully completes its next funding of at least \$5 million, as reasonably confirmed by the Compensation Committee, the Executive shall receive a reduced salary in an amount of \$125,000 per annum, provided however, the Base Salary shall accrue as of the Effective Date and be paid to the Executive when reasonably determined by the Compensation Committee (which, at the reasonable agreement of the Executive and the Company, may be paid in full or in part in restricted common shares valued at \$0.30 per share, subject adjustment for stock splits). The Base Salary shall be payable in accordance with the Company’s regular payroll practice for its executives. During the Employment Period, the Base Salary shall be reviewed annually beginning no later than December 1, 2022, for increase in accordance with the Company’s compensation policies pertaining to executive personnel at the senior management level, in a range of 5% to 12% per year, as determined by the Compensation Committee. Following any increase in the Base Salary, the new salary shall be considered the Base Salary. Any increase in the Base Salary shall not limit or reduce any other obligation of either party under this Agreement.

4.3 *Management Incentive Plan.* In addition to the Base Salary referred to in Section 4.1, the Executive shall be entitled to participate in the QSAM Management Incentive Plan (the “MIP”). The MIP generally provides for the payment of stock and/or cash bonus awards to the executive officers of the Company based on the achievement of performance objectives, and equal to between 25% and 125% of the Executive’s Base Salary, as determined by the Compensation Committee. The stock and/or cash bonus amount, qualifying performance objectives and terms required to earn the incentive bonus for the Executive shall be based upon the annual business plan, corporate objectives and budget prepared by the executive team and approved by the Compensation Committee prior to the start of the new fiscal year but no more than sixty (60) days following the start of the relevant fiscal year. Bonuses awarded under the MIP generally are paid during the month of February in the year following the plan year for which the bonuses are awarded, notwithstanding such, bonuses awarded under the MIP shall be paid no later than March 31st following the plan year for which the bonuses are awarded.

4.3 *Transaction Bonus.* In the event of a Major Transaction, as hereinafter defined, the Executive shall be entitled to be paid out of the Net Proceeds, as hereinafter defined, during the Term hereof, an amount in cash (and/or stock if stock forms a portion of the Net Proceeds) equal to One Point Seven Five percent (1.75%) of the aggregate

Net Proceeds. For purposes hereof, "Net Proceeds" means the amount received by the Company or a Subsidiary, in one or more payments if such proceeds include contingent or earnout payments, after the first \$13 million is paid to the Company and less any expenses, fees or other costs associated with transacting the Major Transaction. For purposes hereof, a "Major Transaction" means the sale, transfer, licensing or sublicensing of any of the Company's technology assets, drug candidates or approved drugs, either in one transaction or a series of transactions, whereby the Company receives value from an unaffiliated third party for such assets; or alternatively, from the acquisition or merger of the Company or any of its Subsidiaries whereby the Company or the Subsidiary, as the case may be, is not the surviving entity. The Transaction Bonus shall be paid upon closing of the Major Transaction, or in the case of contingent or earnout payments during the Term hereof, as such payments are received by the Company.

6. Benefits.

5.1 The Executive shall be entitled to participate in all employee benefit plans and programs that are generally available to the salaried employees of the Company during the Employment Period (the "Regular Benefits").

5.2 In addition to the Regular Benefits, the Executive shall be eligible to participate in any additional compensation programs or arrangements relating to, or arising out of, a change in control of the Company that are adopted by the Company after the date of this Agreement and made generally available to the other senior executive officers of the Company as a group.

6. Expenses and Vacations.

6.1 *Expenses.* The Executive shall be reimbursed for the reasonable business expenses incurred by him in connection with the performance of their duties under this Agreement upon presentation of an itemized account and written proof of such expenses and provided that such expenses are of the type customarily reimbursed by the Company and have been approved in accordance with any procedures of the Company then in effect.

6.2 *Vacations, Sick Leave and Personal Time Off.* The Executive shall be entitled to paid vacation, paid sick leave and paid personal time off ("PTO") administered under the Company's Employee Leave Time Programs, as applicable and in effect (the "Leave Program"). The Company may modify the Leave Program at any time within its sole and absolute discretion, however the Executive shall receive written notice of any modifications to the Leave Program sixty (60) days before such modifications are implemented.

7. *Termination.* The Executive's employment by the Company under this Agreement may be terminated prior to the end of the Initial Term or any then-current Renewal Term in accordance with the provisions of this Section 7.

7.1 *Termination by the Company for Cause.* The Company may terminate the employment of the Executive hereunder at any time and without prior notice for "Cause." For purposes of this Section 7.1, the term "Cause" shall mean and include any of the following:

- (a) the conviction of the Executive, or the entry of a plea of *nolo contendere* by the Executive, for a felony or a crime of moral turpitude; or
- (b) the commission by the Executive of any act of fraud, misappropriation, embezzlement, regardless of whether such act is related to their duties under this Agreement; or
- (c) the violation of a published Company policy which stipulates the Executive may be terminated by the Company for cause.

7.2 *Termination by the Executive for any Reason.* The Executive may terminate their employment hereunder at any time for any reason whatsoever by giving the Company written notice of the intent to do so at least thirty (30) days prior to the date on which the proposed termination is to be effective.

7.3 *Termination by the Company without Cause.* The Company may terminate the employment of the Executive hereunder at any time without Cause, for any reason whatsoever, by giving the Executive written notice of its intent to do so at least thirty (30) days prior to the date on which the proposed termination is to be effective.

7.4 *Termination by the Executive Following a Material Change.* The Executive may terminate their employment hereunder upon thirty (30) days prior written notice to the Company following a "Material Change." For purposes of this Section 7.4, the term "Material Change" shall mean and include any of the following:

-
- (a) a fundamental change in the duties and responsibilities of the Executive (excluding Interim Assignments, if applicable) which is inconsistent with the duties and responsibilities normally associated with the position of CEO (or such other position Executive may be promoted to during the Employment Period), which change has not been reversed within thirty (30) days after the delivery to the Company of written notice from the Executive objecting to such change; or
 - (b) Executive is required to report to a person other than the Board of Directors of the Company, which such reporting obligation is not reversed within thirty (30) days after the delivery to the Company of written notice from the Executive objecting to such reporting obligation; or
 - (c) reduction in or failure by the Company to pay to Executive the Base Salary as set forth in Section 4.1 hereof unless agreed to by the Executive; or
 - (d) failure of the Company to pay, if and when due, any bonus to which the Executive is entitled under the MIP or Transaction Bonus, as then in effect; or
 - (e) any other material breach by the Company of any material term hereof, which breach has not been remedied within 30 days after the delivery to the Company of written notice thereof; or
 - (f) a relocation of the Executive office more than fifty miles from the current location as of the execution of this agreement.

7.5 *Termination Upon the Death of the Executive.* In the event that the Executive shall die at any time during the Employment Period, the Executive's employment hereunder shall terminate immediately.

7.6 *Termination Upon the Disability of the Executive.* In the event that the Executive shall become "disabled" at any time during the Employment Period, the Company shall have the right (but not the obligation) to terminate the Executive's employment hereunder on thirty (30) days prior written notice to the Executive. For purposes of this Section 7.6, the Executive shall be deemed to be "disabled" when he or she is considered disabled by two (2) medical professionals, and such consideration is documented in a writing to the Company and the Executive of such disability.

7.7 *Termination Upon Expiration of Initial Term or Renewal Term.* Unless action is taken to extend the Initial Term or any then-current Renewal Term in accordance with the provisions of Section 2.2 above, the Executive's employment under this Agreement shall terminate automatically and without the taking of any action by the Company or the Executive as of the end of the Initial Term or any then-current Renewal Term.

8. Effect of Termination.

8.1 *Termination by the Company for Cause.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.1, the Executive shall be entitled to receive their current Base Salary and Regular Benefits, including a lump-sum payment in respect of any accrued but unused PTO under the Leave Program ("Accrued Salary and Benefits"), calculated through the date such termination is effective, but the Executive thereafter shall not be entitled to receive any additional compensation from the Company. The Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.2 *Termination by the Executive for any Reason*

(a) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.2, the Executive shall be entitled to receive all Accrued Salary and Benefits calculated through the date such termination is effective. The Executive thereafter shall not be entitled to receive any additional compensation from the Company.

(b) Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.3 *Termination by the Company without Cause; Termination by the Executive Following a Material Change.*

(a) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.3 or Section 7.4, the Executive shall be entitled to receive the following (sometimes hereinafter referred to collectively as the "Accrued Total Compensation and Benefits"):

- (i) all Accrued Salary and Benefits calculated through the date such termination is effective, and
- (ii) a pro-rated portion of any bonus to which the Executive otherwise would have been entitled under the MIP or Transaction Bonus with respect to the plan year during which the termination is effective (the "Pro-Rated Current Year Bonus"), or
- (iii) a lump sum payment equal to fifty percent (50%) of Executive's then-current full target bonus opportunity under the MIP (payable during the month of March in the year following the year during which the Executive's employment hereunder is terminated), whichever of Sections 8.3(a)(ii) or 8.3(a)(iii) is greater; and
- (iv) any and all remaining stock options and/or restricted stock previously granted to the Executive by the Company that has not already vested through the date such termination is effective, will immediately vest upon the date such termination is effective. Furthermore, the executive will be granted a two year period to exercise any outstanding options.

(b) In addition to the foregoing, the Executive shall be entitled to receive the following additional compensation and benefits upon a termination of employment in accordance with the terms and provisions of Section 7.3 or Section 7.4:

- (i) salary continuation and health care coverage for 24 months (which may include COBRA premiums for 18 months) (payable in accordance with the Company's regular payroll practices) following the effective date of the termination of the Executive's employment hereunder;

(c) Except for the compensation and benefits specified in paragraphs (a) and (b) above, the Executive thereafter shall not be entitled to receive any additional compensation from the Company.

(d) Notwithstanding the termination of Executive's employment and except as set forth in paragraph (e) below, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

(e) In the event that the Executive desires to obtain relief from the non-competition provisions set forth in Section 11, the Executive may submit a written waiver request to the Company, which shall reasonably be granted by the Company within sixty (60) days after receipt. The written waiver request shall include disclosure of the organization, role and responsibilities the Executive intends to pursue. Provided the Company agrees to the waiver, the non-competition provisions set forth in Section 11 shall terminate subject to any reasonable qualifications stipulated by the Company, and the Executive thereafter shall not be entitled to any additional compensation or benefits under paragraph (b) above (it being understood that nothing in this paragraph (e) shall affect or impair the Executive's right to receive the Accrued Total Compensation and Benefits specified in paragraph (a) above). In the event that a waiver granted under this paragraph (e) shall be effective for less than the full nine (9) month period of restriction, the Executive shall be entitled to a pro-rated portion of the compensation and benefits specified in paragraph (b).

8.4 *Termination Upon the Death of the Executive.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.5, the Company shall have no further liability or obligation to the Executive's estate, except that the Executive's estate shall be entitled to receive (a) all Accrued Total Compensation and Benefits calculated through the date such termination is effective, and (b) the payments provided under any group life insurance policy or policies, if any, which may be in effect generally for the benefit of all full-time salaried employees of the Company.

8.5 *Termination Upon the Disability of the Executive.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.6, the Company shall have no further liability or obligation to the Executive, except that the Executive shall be entitled to receive (a) all Accrued Total Compensation and Benefits calculated through the date such termination is effective, and (b) the payments provided under any group disability benefit insurance policy, if any, which may be in effect generally for the benefit of all full-time salaried employees of the Company. Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.6 *Termination Upon Expiration of Initial Term or Renewal Term.*

(b) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.7, the Executive shall be entitled to receive all Accrued Total Compensation and Benefits calculated through the date such termination is effective. In addition, a termination for expiration and nonrenewal of the contract shall be treated as a termination without cause, provided the Executive has negotiated such renewal terms in good faith and are substantially similar to the terms of this Agreement, and the Executive will be entitled to the benefits contained in Section 8.3 of this agreement

(b) Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

9. *Representations and Warranties by the Executive.* The Executive hereby represents and warrants to the Company that the execution and delivery by the Executive of this Agreement do not, and the performance by the Executive of the Executive's obligations hereunder will not, with or without the giving of notice or the passage of time, or both:

(a) violate any judgment, writ, injunction or order of any court, arbitrator or governmental agency applicable to the Executive, or (b) conflict with, result in a breach of the provisions of or the termination of, or constitute a default under, any agreement to which the Executive is a party or by which the Executive is or may be bound.

11. *Inventions and Confidential Information.* The Executive hereby covenants, agrees and acknowledges that employment under this Agreement is pursuant to execution of the Company's form of Proprietary Information and Inventions Assignment Agreement ("*PIIA*"), which requires, among other things, the assignment of rights to any company related invention made during your employment at Company and non-disclosure of proprietary information.

12. *Non-Competition.*

12.1 Executive agrees that they will not, during the term of their employment and for a period of twelve (12) months after the termination of their employment for any reason whatsoever, unless acting with the prior written consent of the Company, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, any business or enterprises which directly competes with the Company and which engages in the activities engaged in by the Company (the "Prohibited Activities"). This Section 11 shall not be construed to prohibit the ownership of not more than 1% of the capital stock of any corporation having a class of securities registered pursuant to the Securities Exchange Act of 1934.

13. *No Solicitation.*

12.1 The Executive agrees that they will not, for a period of twelve (12) months after the termination of their employment hereunder, solicit for employment, either directly or indirectly, any person, who was, during the Employment Period, an employee of the Company.

12.2 The Executive agrees that they will not, for a period of twelve (12) months after the termination of their employment hereunder, directly call on or solicit any person, firm, corporation or other entity who or which was, during the last twelve (12) months of the Employment Period, a customer, client or prospective client of the Company (herein referred to as the "Client"), if a principal purpose of such contact or solicitation is to solicit (i) specific business or projects that were ongoing or in discussion with such Client and the Company as of the date of the termination of the Executive's employment hereunder, or (ii) other specific business or projects for such Client for which all of the following are the same as for the specific business or projects that were ongoing or in discussion with such Client and the Company as of the date of termination of the Executive's employment hereunder.

14. *Equitable Relief.*

13.1 The Executive acknowledges that the restrictions contained in Sections 10, 11 and 12 hereof are reasonable and necessary to protect the legitimate interest of the Company, that the Company would not have entered into this Agreement in the absence of such restrictions, and that violation of any provision of those Sections (which has not previously terminated or been waived) will result in irreparable injury to the Company. The Executive also acknowledges that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, as well as an equity accounting of all earnings, profits and other benefits arising from any such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled. In the event that the provisions of any of Section 10, 11, or 12 hereof should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

15. *Notices.*

14.1 Any notice required or permitted under this Agreement shall be in writing and sent by United States first class mail, by certified mail, return receipt requested, by facsimile or by hand delivery to the parties at their respective addresses set forth below or at such other address as the parties may designate by notice from time to time:

If to the Company:

QSAM Biosciences, Inc.
9442 Capital of Texas Hwy N, Plaza 1, Suite 500
Austin, TX 78759
Attn: Chief Executive Officer or General Counsel

If to the Executive:

Douglas R. Baum
8305 Summerwood Drive
Austin, TX 78759

16. *Arbitration.*

15.1 Any controversy or claim arising from, or relating to, this Agreement, or the breach hereof, shall be settled by arbitration in accordance with the Model Employment Arbitration procedures of the American Arbitration Association, and judgement upon the award rendered by a panel of three (3) arbitrators may be entered in any court having jurisdiction thereof. The arbitrators shall commence the hearing not later than sixty (60) days after the demand unless the parties agree otherwise in writing. Arbitration under this Agreement shall take place in Travis County, Texas.

17. *Entire Agreement.*

16.1 With the exception outlined in Section 4.3, This Agreement supersedes any and all prior Agreements or arrangements between the parties with respect to the employment of the Executive by the Company and sets forth the entire Agreement between the parties with respect to the subject matter hereof, and it may be amended only by a written document signed by both parties to this Agreement.

17. *Successors and Assigns.*

17.1 This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their heirs, personal representatives, successors and assigns; provided that the Executive's duties hereunder are of a personal nature and may not be assigned.

18. *Governing Law.*

18.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Texas

19. *Counterparts.*

19.1 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

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

QSAM Biosciences, Inc.

By: /s/ C. Richard Piazza

C. Richard Piazza, Executive Chairman

THE EXECUTIVE

/s/ Douglas Baum

Douglas Baum

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (“Agreement”) by and between QSAM Biosciences, Inc., a Delaware corporation with an address of 9442 Capital of Texas Hwy N, Plaza 1, Suite 500, Austin, TX 78759, (the “Company”), and **Christopher Nelson** with a current residence located at 4820 S. Lake Dr., Boynton Beach, FL 33436 (the “Executive”) is dated as of December 6, 2021, and shall amend and restate that prior Employment Agreement dated as of April 1, 2017.

RECITALS

WHEREAS, the Company desires to amend and restate the Executive’s employment agreement dated April 1, 2017;

WHEREAS, the Company desires to continue to secure the employment of the Executive upon the terms and conditions hereinafter set forth; and

WHEREAS, the Executive desires to accept such employment with the Company upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises contained herein, the parties, each intending to be legally bound hereby, agree as follows:

3. *Employment.*

3.1 The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Company on the terms and conditions set forth in this Agreement.

4. *Term; Renewal.*

2.1 The initial term of the Executive’s employment under this Agreement shall commence as of December 1, 2021 (the “Effective Date”) and shall continue for a period of three (3) years ending on the third anniversary of the Effective Date (the “Initial Term”), unless such employment is sooner terminated by either the Executive or the Company in accordance with the terms of this Agreement.

2.2 The term of this Agreement may be extended for such periods (the “Renewal Term(s)”) as the parties may mutually agree on or before the scheduled expiration of the Initial Term or any Renewal Term. To be effective, any such agreement to extend the term of the Agreement for an additional Renewal Term must be by mutual consent in writing at least six (6) months prior to the scheduled expiration of the Initial Term or any Renewal Term, as the case may be, signed by the Executive and a duly authorized representative of the Company; such negotiation(s) and signatures shall not be unreasonably withheld. If no such agreement is reached, the Executive’s employment under this Agreement shall cease as of the end of the Initial Term or any then current Renewal Term, as the case may be.

2.3 As used in this Agreement, the term “Employment Period” shall be deemed to refer to and include the period during the Initial Term and any Renewal Term that the Executive is employed by the Company pursuant to the terms and provisions of this Agreement.

7. *Duties and Responsibilities.*

3.1 During the Employment Period, the Executive shall be employed as General Counsel of the Company. The Executive shall report to the Board of Directors (“Board”), and perform such duties and have such responsibilities, consistent with their position and past experience, as may be assigned to him from time to time, by the Board.

3.2 The Executive shall devote his time, attention and energies to the business and affairs of the Company, shall faithfully, diligently and competently perform the duties of his employment, and shall do all reasonably within his power to promote, develop and extend the business of the Company. Notwithstanding the foregoing, the Executive shall be permitted to serve on company, consulting, industry, civic, educational or charitable boards or committees, so long as such activities do not compete directly with the available Company services or products or unduly interfere with the performance of the Executive’s duties and responsibilities as an employee of the Company. Furthermore, the Company recognizes that the Executive is a Managing Partner of Greenblock Capital LLC, and his work for that firm and his work providing legal services to third parties generally, provided they do not compete directly with the Company and do not materially interfere with the performance of his duties and responsibilities as an employee of the Company, shall be permitted and not considered a breach of this provision or this Agreement.

3.3 The Executive shall perform his duties hereunder at the offices of the Company or such other site or sites as may be selected by the Company within a 50 mile radius of the Executive’s current residence. The Executive shall be available for travel as needed for the performance of his job duties. In the event that the Company does not supply an office, the Executive, at his own expense, will maintain an office consistent with the image, mission and goals of the Company. Such office shall be appropriate for conducting business on behalf of the Company including conducting necessary business meetings.

8. *Compensation.*

4.1 *Base Salary.* The Company shall pay the Executive a base salary (the “Base Salary”) as approved by the Compensation Committee of the Board (the “Compensation Committee”). The Executive’s Base Salary upon execution of this Agreement shall be \$300,000 per year; provided however, until such time that the Company successfully completes its next funding of at least \$5 million, as reasonably confirmed by the Compensation Committee, the Executive shall receive a reduced salary in an amount of \$100,000 per annum, provided however, the Base Salary shall accrue as of the Effective Date and be paid to the Executive when reasonably determined by the Compensation Committee (which, at the reasonable agreement of the Executive and the Company, may be paid in full or in part in restricted common shares valued at \$0.30 per share, subject adjustment for stock splits). The Base Salary shall be payable in accordance with the Company’s regular payroll practice for its executives. During the Employment Period, the Base Salary shall be reviewed annually beginning no later than December 1, 2022, for increase in accordance with the Company’s compensation policies pertaining to executive personnel at the senior management level, in a range of 5% to 12% per year, as determined by the Compensation Committee. Following any increase in the Base Salary, the new salary shall be considered the Base Salary. Any increase in the Base Salary shall not limit or reduce any other obligation of either party under this Agreement.

4.4 *Management Incentive Plan.* In addition to the Base Salary referred to in Section 4.1, the Executive shall be entitled to participate in the QSAM Management Incentive Plan (the “MIP”). The MIP generally provides for the payment of stock and/or cash bonus awards to the executive officers of the Company based on the achievement of performance objectives, and equal to between 25% and 125% of the Executive’s Base Salary, as determined by the Compensation Committee. The stock and/or cash bonus amount, qualifying performance objectives and terms required to earn the incentive bonus for the Executive shall be based upon the annual business plan, corporate objectives and budget prepared by the executive team and approved by the Compensation Committee prior to the start of the new fiscal year but no more than sixty (60) days following the start of the relevant fiscal year. Bonuses awarded under the MIP generally are paid during the month of February in the year following the plan year for which the bonuses are awarded, notwithstanding such, bonuses awarded under the MIP shall be paid no later than March 31st following the plan year for which the bonuses are awarded.

4.3 *Transaction Bonus*. In the event of a Major Transaction, as hereinafter defined, the Executive shall be entitled to be paid out of the Net Proceeds, as hereinafter defined, during the Term hereof, an amount in cash (and/or stock if stock forms a portion of the Net Proceeds) equal to Zero Point Five percent (0.5%) of the aggregate Net Proceeds. For purposes hereof, "Net Proceeds" means the amount received by the Company or a Subsidiary, in one or more payments if such proceeds include contingent or earnout payments, after the first \$13 million is paid to the Company and less any expenses, fees or other costs associated with transacting the Major Transaction. For purposes hereof, a "Major Transaction" means the sale, transfer, licensing or sublicensing of any of the Company's technology assets, drug candidates or approved drugs, either in one transaction or a series of transactions, whereby the Company receives value from an unaffiliated third party for such assets; or alternatively, from the acquisition or merger of the Company or any of its Subsidiaries whereby the Company or the Subsidiary, as the case may be, is not the surviving entity. The Transaction Bonus shall be paid upon closing of the Major Transaction, or in the case of contingent or earnout payments during the Term hereof, as such payments are received by the Company.

7. *Benefits*.

5.1 The Executive shall be entitled to participate in all employee benefit plans and programs that are generally available to the salaried employees of the Company during the Employment Period (the "Regular Benefits").

5.2 In addition to the Regular Benefits, the Executive shall be eligible to participate in any additional compensation programs or arrangements relating to, or arising out of, a change in control of the Company that are adopted by the Company after the date of this Agreement and made generally available to the other senior executive officers of the Company as a group.

6. *Expenses and Vacations*.

6.1 *Expenses*. The Executive shall be reimbursed for the reasonable business expenses incurred by him in connection with the performance of their duties under this Agreement upon presentation of an itemized account and written proof of such expenses and provided that such expenses are of the type customarily reimbursed by the Company and have been approved in accordance with any procedures of the Company then in effect.

6.2 *Vacations, Sick Leave and Personal Time Off*. The Executive shall be entitled to paid vacation, paid sick leave and paid personal time off ("PTO") administered under the Company's Employee Leave Time Programs, as applicable and in effect (the "Leave Program"). The Company may modify the Leave Program at any time within its sole and absolute discretion, however the Executive shall receive written notice of any modifications to the Leave Program sixty (60) days before such modifications are implemented.

7. *Termination*. The Executive's employment by the Company under this Agreement may be terminated prior to the end of the Initial Term or any then-current Renewal Term in accordance with the provisions of this Section 7.

7.1 *Termination by the Company for Cause*. The Company may terminate the employment of the Executive hereunder at any time and without prior notice for "Cause." For purposes of this Section 7.1, the term "Cause" shall mean and include any of the following:

- (a) the conviction of the Executive, or the entry of a plea of *nolo contendere* by the Executive, for a felony or a crime of moral turpitude; or
- (b) the commission by the Executive of any act of fraud, misappropriation, embezzlement, regardless of whether such act is related to their duties under this Agreement; or
- (c) the violation of a published Company policy which stipulates the Executive may be terminated by the Company for cause.

7.2 *Termination by the Executive for any Reason*. The Executive may terminate their employment hereunder at any time for any reason whatsoever by giving the Company written notice of the intent to do so at least thirty (30) days prior to the date on which the proposed termination is to be effective.

7.3 *Termination by the Company without Cause*. The Company may terminate the employment of the Executive hereunder at any time without Cause, for any reason whatsoever, by giving the Executive written notice of its intent to do so at least thirty (30) days prior to the date on which the proposed termination is to be effective.

7.4 *Termination by the Executive Following a Material Change*. The Executive may terminate their employment hereunder upon thirty (30) days prior written notice to the Company following a "Material Change." For purposes of this Section 7.4, the term "Material Change" shall mean and include any of the following:

- (a) a fundamental change in the duties and responsibilities of the Executive (excluding Interim Assignments, if applicable) which is inconsistent with the duties and responsibilities normally associated with the position of Executive Chairman (or such other position Executive may be promoted to during the Employment Period), which change has not been reversed within thirty (30) days after the delivery to the Company of written notice from the Executive objecting to such change; or
- (b) Executive is required to report to a person other than the Board of Directors of the Company, which such reporting obligation is not reversed within thirty (30) days after the delivery to the Company of written notice from the Executive objecting to such reporting obligation; or
- (c) reduction in or failure by the Company to pay to Executive the Base Salary as set forth in Section 4.1 hereof unless agreed to by the Executive; or
- (d) failure of the Company to pay, if and when due, any bonus to which the Executive is entitled under the MIP or Transaction Bonus, as then in effect; or
- (e) any other material breach by the Company of any material term hereof, which breach has not been remedied within 30 days after the delivery to the Company of written notice thereof; or
- (f) a relocation of the Executive office more than fifty miles from the current location as of the execution of this agreement.

7.5 *Termination Upon the Death of the Executive*. In the event that the Executive shall die at any time during the Employment Period, the Executive's employment hereunder shall terminate immediately.

7.6 *Termination Upon the Disability of the Executive*. In the event that the Executive shall become "disabled" at any time during the Employment Period, the Company shall have the right (but not the obligation) to terminate the Executive's employment hereunder on thirty (30) days prior written notice to the Executive. For purposes of this Section 7.6, the Executive shall be deemed to be "disabled" when he or she is considered disabled by two (2) medical professionals, and such consideration is documented in a writing to the Company and the Executive of such disability.

7.7 *Termination Upon Expiration of Initial Term or Renewal Term*. Unless action is taken to extend the Initial Term or any then-current Renewal Term in accordance with the provisions of Section 2.2 above, the Executive's employment under this Agreement shall terminate automatically and without the taking of any action by the Company or the Executive as of the end of the Initial Term or any then-current Renewal Term.

8. *Effect of Termination.*

8.1 *Termination by the Company for Cause.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.1, the Executive shall be entitled to receive their current Base Salary and Regular Benefits, including a lump-sum payment in respect of any accrued but unused PTO under the Leave Program ("Accrued Salary and Benefits"), calculated through the date such termination is effective, but the Executive thereafter shall not be entitled to receive any additional compensation from the Company. The Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.2 *Termination by the Executive for any Reason*

(a) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.2, the Executive shall be entitled to receive all Accrued Salary and Benefits calculated through the date such termination is effective. The Executive thereafter shall not be entitled to receive any additional compensation from the Company.

(b) Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.3 *Termination by the Company without Cause; Termination by the Executive Following a Material Change.*

(a) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.3 or Section 7.4, the Executive shall be entitled to receive the following (sometimes hereinafter referred to collectively as the "Accrued Total Compensation and Benefits"):

(i) all Accrued Salary and Benefits calculated through the date such termination is effective, and

(ii) a pro-rated portion of any bonus to which the Executive otherwise would have been entitled under the MIP or Transaction Bonus with respect to the plan year during which the termination is effective (the "Pro-Rated Current Year Bonus"), or

(iii) a lump sum payment equal to fifty percent (50%) of Executive's then-current full target bonus opportunity under the MIP (payable during the month of March in the year following the year during which the Executive's employment hereunder is terminated), whichever of Sections 8.3(a)(ii) or 8.3(a)(iii) is greater; and

(iv) any and all remaining stock options and/or restricted stock previously granted to the Executive by the Company that has not already vested through the date such termination is effective, will immediately vest upon the date such termination is effective. Furthermore, the executive will be granted a two year period to exercise any outstanding options.

(b) In addition to the foregoing, the Executive shall be entitled to receive the following additional compensation and benefits upon a termination of employment in accordance with the terms and provisions of Section 7.3 or Section 7.4:

(i) salary continuation and health care coverage for 18 months (payable in accordance with the Company's regular payroll practices) following the effective date of the termination of the Executive's employment hereunder;

(c) Except for the compensation and benefits specified in paragraphs (a) and (b) above, the Executive thereafter shall not be entitled to receive any additional compensation from the Company.

(d) Notwithstanding the termination of Executive's employment and except as set forth in paragraph (e) below, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

(e) In the event that the Executive desires to obtain relief from the non-competition provisions set forth in Section 11, the Executive may submit a written waiver request to the Company, which shall reasonably be granted by the Company within sixty (60) days after receipt. The written waiver request shall include disclosure of the organization, role and responsibilities the Executive intends to pursue. Provided the Company agrees to the waiver, the non-competition provisions set forth in Section 11 shall terminate subject to any reasonable qualifications stipulated by the Company, and the Executive thereafter shall not be entitled to any additional compensation or benefits under paragraph (b) above (it being understood that nothing in this paragraph (e) shall affect or impair the Executive's right to receive the Accrued Total Compensation and Benefits specified in paragraph (a) above). In the event that a waiver granted under this paragraph (e) shall be effective for less than the full nine (9) month period of restriction, the Executive shall be entitled to a pro-rated portion of the compensation and benefits specified in paragraph (b).

8.4 *Termination Upon the Death of the Executive.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.5, the Company shall have no further liability or obligation to the Executive's estate, except that the Executive's estate shall be entitled to receive (a) all Accrued Total Compensation and Benefits calculated through the date such termination is effective, and (b) the payments provided under any group life insurance policy or policies, if any, which may be in effect generally for the benefit of all full-time salaried employees of the Company.

8.5 *Termination Upon the Disability of the Executive.* Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.6, the Company shall have no further liability or obligation to the Executive, except that the Executive shall be entitled to receive (a) all Accrued Total Compensation and Benefits calculated through the date such termination is effective, and (b) the payments provided under any group disability benefit insurance policy, if any, which may be in effect generally for the benefit of all full-time salaried employees of the Company. Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

8.6 *Termination Upon Expiration of Initial Term or Renewal Term.*

(c) Upon a termination of the Executive's employment hereunder in accordance with the terms and provisions of Section 7.7, the Executive shall be entitled to receive all Accrued Total Compensation and Benefits calculated through the date such termination is effective. In addition, a termination for expiration and nonrenewal of the contract shall be treated as a termination without cause, provided the Executive has negotiated such renewal terms in good faith and are substantially similar to the terms of this Agreement, and the Executive will be entitled to the benefits contained in Section 8.3 of this agreement

(b) Notwithstanding the termination of Executive's employment, the Executive shall continue to be bound by the terms and provisions of Sections 10, 11, 12, 13 and 14 in accordance with their terms.

9. *Representations and Warranties by the Executive.* The Executive hereby represents and warrants to the Company that the execution and delivery by the Executive of this Agreement do not, and the performance by the Executive of the Executive's obligations hereunder will not, with or without the giving of notice or the passage of time, or both: (a) violate any judgment, writ, injunction or order of any court, arbitrator or governmental agency applicable to the Executive, or (b) conflict with, result in a breach of the provisions of or the termination of, or constitute a default under, any agreement to which the Executive is a party or by which the Executive is or may be bound.

12. *Inventions and Confidential Information.* The Executive hereby covenants, agrees and acknowledges that employment under this Agreement is pursuant to execution of the Company's form of Proprietary Information and Inventions Assignment Agreement ("*PIIA*"), which requires, among other things, the assignment of rights to any company related invention made during your employment at Company and non-disclosure of proprietary information.

13. *Non-Competition.*

13.1 Executive agrees that they will not, during the term of their employment and for a period of twelve (12) months after the termination of their employment for any reason whatsoever, unless acting with the prior written consent of the Company, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, any business or enterprises which directly competes with the Company and which engages in the activities engaged in by the Company (the "Prohibited Activities"). This Section 11 shall not be construed to prohibit the ownership of not more than 1% of the capital stock of any corporation having a class of securities registered pursuant to the Securities Exchange Act of 1934.

14. *No Solicitation.*

14.1 The Executive agrees that they will not, for a period of twelve (12) months after the termination of their employment hereunder, solicit for employment, either directly or indirectly, any person, who was, during the Employment Period, an employee of the Company.

14.2 The Executive agrees that they will not, for a period of twelve (12) months after the termination of their employment hereunder, directly call on or solicit any person, firm, corporation or other entity who or which was, during the last twelve (12) months of the Employment Period, a customer, client or prospective client of the Company (herein referred to as the "Client"), if a principal purpose of such contact or solicitation is to solicit (i) specific business or projects that were ongoing or in discussion with such Client and the Company as of the date of the termination of the Executive's employment hereunder, or (ii) other specific business or projects for such Client for which all of the following are the same as for the specific business or projects that were ongoing or in discussion with such Client and the Company as of the date of termination of the Executive's employment hereunder.

15. *Equitable Relief.*

15.1 The Executive acknowledges that the restrictions contained in Sections 10, 11 and 12 hereof are reasonable and necessary to protect the legitimate interest of the Company, that the Company would not have entered into this Agreement in the absence of such restrictions, and that violation of any provision of those Sections (which has not previously terminated or been waived) will result in irreparable injury to the Company. The Executive also acknowledges that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, as well as an equity accounting of all earnings, profits and other benefits arising from any such violation, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled. In the event that the provisions of any of Section 10, 11, or 12 hereof should ever be adjudicated to exceed the time, geographic or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic or other limitations permitted by applicable law.

16. *Notices.*

16.1 Any notice required or permitted under this Agreement shall be in writing and sent by United States first class mail, by certified mail, return receipt requested, by facsimile or by hand delivery to the parties at their respective addresses set forth below or at such other address as the parties may designate by notice from time to time:

If to the Company:

QSAM Biosciences, Inc.
9442 Capital of Texas Hwy N, Plaza 1, Suite 500
Austin, TX 78759
Attn: Chief Executive Officer or General Counsel

If to the Executive:

Christopher Nelson
4820 S. Lake Dr.
Boynton Beach, FL 33436

17. *Arbitration.*

17.1 Any controversy or claim arising from, or relating to, this Agreement, or the breach hereof, shall be settled by arbitration in accordance with the Model Employment Arbitration procedures of the American Arbitration Association, and judgement upon the award rendered by a panel of three (3) arbitrators may be entered in any court having jurisdiction thereof. The arbitrators shall commence the hearing not later than sixty (60) days after the demand unless the parties agree otherwise in writing. Arbitration under this Agreement shall take place in Travis County, Texas.

18. *Entire Agreement.*

18.1 With the exception outlined in Section 4.3, This Agreement supersedes any and all prior Agreements or arrangements between the parties with respect to the employment of the Executive by the Company and sets forth the entire Agreement between the parties with respect to the subject matter hereof, and it may be amended only by a written document signed by both parties to this Agreement.

19. *Successors and Assigns.*

19.1 This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their heirs, personal representatives, successors and assigns; provided that the Executive's duties hereunder are of a personal nature and may not be assigned.

18. *Governing Law.*

18.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Texas

19. *Counterparts.*

19.1 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

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

QSAM Biosciences, Inc.

By: */s/ Douglas Baum*

Douglas Baum, CEO

THE EXECUTIVE

/s/ Christopher Nelson

Christopher Nelson
