

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: January 30, 2018 (Date of earliest event reported)

CAPSTONE THERAPEUTICS CORP.

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>000-21214</u> (Commission File Number)	<u>86-0585310</u> (I.R.S. Employer Identification No.)
<u>1275 West Washington Street, Suite 104, Tempe, Arizona</u> (Address of principal executive offices)		<u>85281</u> (Zip Code)

Registrant's telephone number, including area code:
(602) 286-5520

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (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.

Section 1 – registrant’s Business and Operations

Item 1.01. Entry into a Material Definitive Agreement

As described in Item 2.03 below, on January 30, 2018 Capstone Therapeutics Corp. ("we," our," "us" or the "Company") and BP Peptides, LLC ("Brookstone"), entered into the First Amendment to the Securities Purchase, Loan and Security Agreement (the "Amendment") which provides for deferral of the payment of interest due under the Loan until October 15, 2020. As part of the Amendment, the Company issued to Brookstone, a warrant to purchase up to of 6,321,930 shares with a per share exercise price of \$.075. The warrants vest in quarterly amounts (See Schedule 1 to the Warrant to Purchase Common Stock attached as Exhibit 10.2 to this Current Report on Form 8-K) and are exercisable to October 15, 2025. Brookstone currently owns 18,541,197 shares of our common stock, which represents approximately 34.1% of our 54,385,411 outstanding common shares.

Section 2 – Financial Information

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

As described in our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 17, 2017, on July 14, 2017, the Company entered into a Securities Purchase, Loan and Security Agreement (the "Agreement") with BP Peptides, LLC ("Brookstone"), to provide funding for our operations.

Pursuant to the Agreement, Brookstone funded an aggregate of \$3,440,000, of which \$1,102,500 was for the purchase of 13,500,000 newly issued shares of the Company’s Common Stock, and \$2,427,500 was in the form of a secured loan, due October 14, 2020. The secured loan bears interest at 6% per annum, with interest payable quarterly, and is secured by a security interest in all of our assets. As part of the Agreement, the Company and Brookstone entered into a Registration Rights Agreement granting Brookstone certain demand and piggyback registration rights.

Copies of the Agreement, Registration Rights Agreement and the Promissory Note were filed with our Current report on Form 8-K filed with the Securities and Exchange Commission on July 17, 2017 as Exhibits 10.1 through 10.3.

On January 30, 2018 the Company and Brookstone entered into the First Amendment to the Securities Purchase, Loan and Security Agreement (the "Amendment") which provides for deferral of the payment of interest due under the Loan until October 15, 2020. As part of the Amendment, the Company issued to Brookstone, a warrant to purchase up to 6,321,930 shares with a per share exercise price of \$.075. The warrants vest in quarterly amounts (See Schedule 1 to the Warrant to Purchase Common Stock attached as Exhibit 10.2 to this Current Report on Form 8-K) and are exercisable to October 15, 2025. As part of the Amendment the Parties agreed that the Company may from time to time request that BP Peptides, LLC (Buyer) make additional advances to the Company to fund continuing operations through

October 15, 2020, as determined by the Company and approved by its Board of Directors, which requests the Buyer will consider in its sole discretion. Any such amounts so advanced shall be added to the principal amount of the Loan.

Copies of the Amendment and the Warrant to Purchase Common Stock are filed with this report as Exhibits 10.1 and 10.2, and are incorporated into this Item 2.03 by this reference.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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10.1	First Amendment to Securities Purchase Loan and Security Agreement dated January 30, 2018, by and between Capstone Therapeutics, Corp. and BP Peptides, LLC.
10.2	Warrant to Purchase Common Stock dated January 30, 2018

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.

Dated: February 1, 2018

CAPSTONE THERAPEUTICS CORP.

/s/ John M. Holliman, III
John M. Holliman, III
Executive Chairman and CEO

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	First Amendment to Securities Purchase Loan and Security Agreement dated January 30, 2018, by and between Capstone Therapeutics, Corp. and BP Peptides, LLC.
10.2	Warrant to Purchase Common Stock dated January 30, 2018

**FIRST AMENDMENT TO
SECURITIES PURCHASE, LOAN AND SECURITY AGREEMENT**

THIS FIRST AMENDMENT TO SECURITIES PURCHASE, LOAN AND SECURITY AGREEMENT (the "Amendment") is made as of the 30th day of January, 2018 by and between Capstone Therapeutics Corp., a Delaware corporation located at 1275 West Washington Street, Suite 104, Tempe, Arizona 85281 (the "Company"), and BP Peptides, LLC, a Delaware limited liability company located at 122 East 42nd Street, Suite 4305, New York, New York 10168 (the "Buyer").

RECITALS

A. The Buyer and the Company entered into that certain Securities Purchase, Loan and Security Agreement dated as of July 14, 2017 (the "Purchase and Loan Agreement"), pursuant to which the Buyer made a loan to the Company (the "Loan") in the aggregate principal amount of \$2,427,500, and which provided for quarterly interest payments.

B. The Buyer and the Company now wish to amend the terms of the Purchase and Loan Agreement as set forth below, and to provide that interest will no longer be payable quarterly and instead will all be due on the Maturity Date (the "Interest Deferral").

C. The Company also desires that the Buyer fund additional operating capital to the Company, and the Buyer is willing to consider doing so.

D. In consideration of the Interest Deferral and the Buyer's willingness to consider advancing additional funds as described above, the Company is executing and delivering to the Buyer its Warrant to Purchase Common Stock (the "Warrant"), substantially in the form attached hereto as Exhibit A.

IN CONSIDERATION of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

1. Recitals. All of the statements contained in the Recitals above are accurate, and by this reference, are hereby incorporated into and made a part of the body of this Amendment.

2. Definitions. Capitalized terms used but not otherwise defined in this Amendment shall have the meanings given to them in the Purchase and Loan Agreement.

3. Amendment.

3.1 Section 2(b)(i) of the Purchase and Loan Agreement is hereby amended to read in its entirety as follows:

"(i) The Loan will bear interest at the rate of six percent (6%) per annum payable in cash on the outstanding principal balance of the Loan. All accrued but unpaid interest shall be payable upon the Maturity Date. The outstanding principal amount of the Loan

will also be payable on the Maturity Date. Interest will be computed on the basis of the actual number of days elapsed, over a year of 365/366 days.”

3.2 A new Section 2(d) is hereby added to read in its entirety as follows:

“(d) The Company may from time to time request that the Buyer make additional advances to the Company to fund continuing operations through October 15, 2020, as determined by the Company and approved by its Board of Directors, which requests the Buyer will consider in its sole discretion. Any such amounts so advanced shall be added to the principal amount of the Loan.”

3.3 All references in the Purchase and Loan Agreement to the “Agreement” shall refer to the Purchase and Loan Agreement as amended hereby. To the extent the terms of the Note is inconsistent with the terms hereof, the Note is hereby modified to reflect the terms hereof.

4. Continuing Effect. Except as expressly modified in this Amendment, the Purchase and Loan Agreement and the Note shall remain in full force and effect.

5. Waiver. The Buyer hereby waives any Event of Default that may currently exist under the Note arising out of the Company’s failure to pay any scheduled payment of interest prior to the date hereof, and agrees that any such interest shall not be due and payable until the Maturity Date, as set forth above.

6. Fees. Within five (5) business days following receipt of reasonably satisfactory documentation thereof, the Company shall reimburse the Buyer or its designee(s) for up to \$6,000.00 of reasonable out-of-pocket costs and expenses incurred by the Buyer and its Affiliates in connection with the transactions contemplated by this Amendment and the Warrant (including, without limitation, legal fees and disbursements in connection with the documentation, negotiation and implementation of the transactions contemplated by this Amendment and the Warrant and due diligence in connection therewith).

7. General Provisions.

7.1 Counterparts and Telecopy Execution. This Amendment may be executed in counterpart, and any number of counterparts of this Amendment which have been executed by the Company and the Buyer shall constitute a single original. The Company’s attorney may integrate into one or more documents signature pages from documents executed in counterpart. Unless otherwise required by the Company, the telecopied or pdf signature of a person shall be deemed the original signature of that person and shall be binding for all purposes.

7.2 Ratification. The Buyer and the Company hereby ratify and confirm the Loan Agreement, as amended by this Amendment, in all respects.

7.3 Governing Law. This Amendment shall in all respects be governed by, and construed and enforced in accordance with the laws of the State of Delaware, except for its rules relating to conflicts of laws.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Securities Purchase, Loan and Security Agreement as of the day and year first written above.

BUYER:

BP PEPTIDES, LLC

By: _____

Name: _____

Title: _____

COMPANY:

CAPSTONE THERAPEUTICS CORP.

By: John M. Holliman III

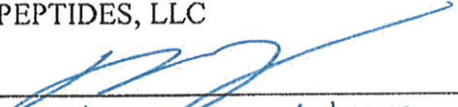
Name: John M. Holliman, III

Title: Executive Chairman

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Securities Purchase, Loan and Security Agreement as of the day and year first written above.

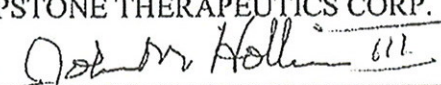
BUYER:

BP PEPTIDES, LLC

By: 
Name: Matthew Libby
Title: Vice President

COMPANY:

CAPSTONE THERAPEUTICS CORP.

By: 
Name: John M. Holliman, III
Title: Executive Chairman

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE REPRESENTED THEREBY, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE CORPORATION AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

CAPSTONE THERAPEUTICS CORP.

WARRANT TO PURCHASE COMMON STOCK

Warrant No. 1

January 30, 2018

Void after October 15, 2025.

THIS CERTIFIES THAT, for value received, the receipt and sufficiency of which are hereby acknowledged, BP Peptides, LLC, a Delaware limited liability company, or its registered assigns (as the case may be, the "**Holder**"), is entitled, subject to the terms and conditions set forth herein, to purchase from Capstone Therapeutics Corp., a Delaware corporation (the "**Company**"), up to six million, three hundred and twenty-one thousand, nine hundred and thirty (6,321,930) (the "**Warrant Number**") duly authorized, validly issued, fully-paid and non-assessable shares (the "**Warrant Shares**") of the Company's Common Stock, par value \$.0005 per share (the "**Warrant Stock**"), subject to adjustment as provided herein, at a purchase price equal to \$.075 per share (the "**Exercise Price**"), subject to adjustment as provided herein. The term "**Warrant**" as used herein shall mean this warrant, and any warrants delivered in substitution or exchange therefor as provided herein.

The following is a statement of the rights of the Holder and the conditions to which this Warrant is subject, and to which the Company and the Holder hereof, by the acceptance of this Warrant, agrees:

1. TERM OF WARRANT.

(a) Subject to the terms and conditions set forth herein, this Warrant shall be exercisable as to those Warrant Shares that have vested as set forth below (the "Vested Warrant Shares"), in whole or in part, commencing on the date hereof and ending on October 15, 2025 (subject to extension as provided below, the "**Exercise Period**"); provided, however, that in the event that the expiration date of this Warrant shall fall on a Saturday, Sunday or United States federally recognized holiday, the expiration date for this Warrant shall be extended to the first business day following such Saturday, Sunday or recognized holiday. The Warrant Shares shall vest quarterly in accordance with the schedule set forth on Schedule 1 hereto, with all such Warrant Shares being fully vested on October 15, 2020. Notwithstanding the foregoing, in the event of a

Deferred Interest Repayment (as defined in Article 8 below), then all vesting shall immediately terminate and lapse as to any Warrant Shares that have not yet vested, and none of such Warrant Shares shall become Vested Warrant Shares.

(b) Anything to the contrary notwithstanding, however, in no event may this Warrant be exercised if and to the extent that such exercise would be inconsistent with or constitute a violation of the Company's Tax Benefit Preservation Plan, as amended or modified from time to time.

2. EXERCISE OF WARRANT.

(a) **Manner of Exercise.** This Warrant may be exercised by the Holder, in whole or in part, at any time and from time to time during the Exercise Period as to the Vested Warrant Shares, by (i) the surrender of this Warrant to the Company, with the Notice of Exercise attached hereto as Annex A duly completed and executed on behalf of the Holder, at the principal office of the Company or such other office or agency of the Company as it may designate by notice in writing to the Holder (the "**Principal Office**"), and (ii) the delivery of payment to the Company of the Exercise Price for the number of Warrant Shares specified in the Notice of Exercise in any manner specified in this Section 2.

(b) **Issuance of Warrant Shares.** The Warrant Shares issuable upon any exercise of this Warrant shall be deemed to be issued to the Holder as the record holder of such Warrant Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such Warrant Shares as aforesaid. As promptly as practicable thereafter, but in any event within twenty (20) days, the Company shall deliver to the Holder, at the Company's expense, a stock certificate or certificates for the Warrant Shares specified in the Notice of Exercise. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the stock certificate or certificates, also deliver to the Holder, at the Company's expense, a new Warrant evidencing the right to purchase the remaining number of Warrant Shares, which new Warrant shall in all other respects be identical to this Warrant.

(c) **Payment of Exercise Price.** The Exercise Price shall be payable in cash or its equivalent, payable by wire transfer of immediately available funds to a bank account specified by the Company or by certified or bank cashiers' check in lawful money of the United States of America.

(d) **Fractional Shares.** No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company shall make a cash payment equal to the product of such fraction multiplied by the Fair Market Value of one Warrant Share as of the date of exercise.

3. EXCHANGE AND REPLACEMENT.

(a) **Manner of Exchange and Replacement.** This Warrant is exchangeable, upon surrender of the Warrant by the Holder to the Company at the Principal Office, for new Warrants of like tenor registered in the Holder's name and representing in the aggregate the right to purchase the same number of Warrant Shares purchasable hereunder, each of such new Warrants

to represent the right to purchase such number of Warrant Shares as shall be designated by the Holder at the time of surrender.

(b) **Issuance of New Warrant.** Upon receipt by the Company of (i) evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and (ii) (A) in the case of loss, theft or destruction, an indemnity agreement reasonably satisfactory in form and substance to the Company or (B) in the case of mutilation, this Warrant, the Company, at its expense, shall execute and deliver, in lieu of this Warrant, a new Warrant of like tenor and amount.

4. **RIGHTS OF STOCKHOLDERS.** The Holder shall not be entitled to vote or receive dividends or be deemed the holder of the Warrant Shares or any other securities of the Company that may at any time be issuable upon the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any other matter submitted to the stockholders of the Company at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance or reclassification of capital stock, change of par value, or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised as provided herein.

5. **ADJUSTMENTS.** The Exercise Price and the Warrant Number shall be subject to adjustment from time to time as provided in this Section 5.

(a) **Reclassification, etc.** If the Company, at any time while this Warrant, or any portion hereof, remains outstanding and unexpired by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 5.

(b) **Split, Subdivision or Combination (Reverse Split) of Shares.** If the Company at any time while this Warrant, or any portion hereof, remains outstanding and unexpired shall split, subdivide or combine (in a reverse-split or otherwise) the securities as to which purchase rights under this Warrant exist, into a different number of securities of the same class, then (i) in the case of a split or subdivision, the Exercise Price for such securities shall be proportionately decreased and the Warrant Number shall be proportionately increased, and (ii) in the case of a combination (in a reverse-split or otherwise), the Exercise Price for such securities shall be proportionately increased and the Warrant Number shall be proportionately decreased.

(c) **Mergers or Consolidations.** If at any time there shall be a merger or consolidation of the Company with or into another corporation, provision shall be made so that the Warrant Holder shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified in this Warrant and upon payment of the Exercise Price, the number of Equity Securities or other securities or property of the Company or the successor corporation resulting

from such merger or consolidation to which a holder of the Warrant Shares deliverable upon exercise of this Warrant would have been entitled under the provisions of the agreement in such merger or consolidation if this Warrant had been exercised immediately before such merger or consolidation occurs. In any such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Warrant Holder after the merger or consolidation to the end that the provisions of this Warrant (including adjustment of the Exercise Price then in effect and the Warrant Number) shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

(d) **Certificate as to Adjustment.**

(i) As promptly as reasonably practicable following any adjustment of the Exercise Price, but in any event not later than 20 business days thereafter, the Company shall furnish to the Holder a certificate of an executive officer setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof.

(ii) As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than ten Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

6. **TRANSFER OF WARRANT.**

(a) **Non-Transferability.** This Warrant may not be assigned or transferred without the prior written consent of the Company. In the event that the Company agrees to such transfer, and subject to the further restrictions on transfer set forth in subsection (b) of this Section 6, this Warrant may be transferred by the Holder by (i) surrender of this Warrant to the Company, with the Assignment Form attached hereto as Annex B duly completed and executed on behalf of the Holder, at the Principal Office, and (ii) delivery of funds sufficient to pay any transfer tax arising as a result of such transfer. As promptly as practicable thereafter, but in any event within ten (10) days, the Company shall execute and deliver, at the Company's expense, a new Warrant registered in the name of the assignee, and for the number of Warrant Shares, specified in the Assignment Form, which new Warrant shall in all other respects be identical to this Warrant. If this Warrant shall have been transferred only in part, the Company shall, at the time of delivery of the new Warrant to the assignee, also deliver to the Holder, at the Company's expense, a new Warrant evidencing the right to purchase the remaining number of Warrant Shares, which new Warrant shall in all other respects be identical to this Warrant.

(b) **Compliance with Securities Laws.**

(i) The Holder of this Warrant, by acceptance hereof, acknowledges that, in addition to the requirements set forth above, the transfer of this Warrant and the Warrant

Shares, and the exercise of this Warrant, is subject to the Holder's compliance with the provisions of the Securities Act and any applicable state securities laws in respect of any such transfer.

(ii) The certificate or certificates representing any Warrant Shares acquired upon exercise of this Warrant, and any securities issued in respect of such Warrant Shares upon the conversion thereof or any stock split, stock dividend, recapitalization, merger, consolidation or similar event, shall be stamped or otherwise imprinted with the following legend (unless such a legend is no longer required under the Securities Act):

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE REPRESENTED HEREBY, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE CORPORATION AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

7. NOTICES.

(a) **Events Requiring Notice to Holder.** In the event of (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividends or other distribution, or any right to subscribe for, purchase or otherwise acquire any Equity Securities or other property; (ii) any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, or any other merger or consolidation of the Company; or (iii) any voluntary or involuntary dissolution, liquidation, winding up or bankruptcy of the Company (each, a "**Record Event**"), then and in each such Record Event, the Company shall give the Holder a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and a description of such dividend, distribution or right; (B) the date on which any such reorganization, reclassification, recapitalization, merger, consolidation, dissolution, liquidation, winding up or bankruptcy is expected to become effective; and (C) the time, if any, that is to be fixed as to when the holders of record of Common Stock, Warrant Stock or other Equity Securities shall be entitled to exchange their shares of Common Stock, Warrant Stock or other Equity Securities for cash, securities or other property deliverable upon such reorganization, reclassification, recapitalization, merger, consolidation, dissolution, liquidation, winding up or bankruptcy. In each such Record Event, the notice required by this Section 7(a) shall be delivered at least fifteen (15) days prior to the date specified in such notice; provided, however, that neither the failure to give such notice nor any defect therein shall affect the legality or validity of the proceedings described in clauses (i) through (iii) hereof.

(b) **Manner of Notice.** Whenever a notice is required to be given to the Holder pursuant to this Warrant (including, without limitation, any notice required by Section 8(a) above), such notice shall be delivered to the Holder's address of record as shown on the books of the Company and shall be deemed effectively given upon the earlier of actual receipt or: (i) personal delivery to Holder, (ii) when sent, if sent by electronic mail or facsimile during normal business hours of the Holder, and if not sent during normal business hours, then on the Holder's next

business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt.

8. **DEFINITIONS.** The following definitions shall apply for all purposes of this Warrant:

(a) **"Board"** shall mean the Board of Directors of the Company.

(b) **"Deferred Interest Repayment"** shall mean the payment by the Company to the Buyer (as defined in the Loan Agreement) of all accrued but unpaid interest on the Loan (as defined in the Loan Agreement) accrued through the date of such payment, and the agreement in writing by the Company to make the remaining payments of interest quarterly in the manner specified in the Original Loan Agreement.

(c) **"Equity Securities"** shall mean (i) any Common Stock or other capital stock of the Company, (ii) any security convertible, with or without consideration, into any Common Stock or other capital stock of the Company (including any option, warrant or other right to subscribe for or purchase such a security), (iii) any security carrying any option, warrant or other right to subscribe for or purchase any Common Stock or other capital stock of the Company, or (iv) any such option, warrant or other right.

(d) **"Loan Agreement"** shall mean the Original Loan Agreement, as amended by that certain First Amendment to Securities Purchase, Loan and Security Agreement, dated as of January 30, 2018.

(e) **"Original Loan Agreement"** shall mean that certain Securities Purchase, Loan and Security Agreement, dated as of July 14, 2017, by and between the Company and BP Peptides, LLC.

(f) **"Person"** shall mean any individual, corporation, partnership, trust, limited liability company, association or other entity.

(g) **"Securities Act"** shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

9. **MISCELLANEOUS.**

(a) **Governing Law.** This Warrant and any controversy arising out of or relating to this Warrant shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

(b) **Prevailing Party's Costs and Expenses.** If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of this Warrant, the prevailing

party shall be entitled to recover from the non-prevailing party all costs and expenses, reasonable attorneys' fees, incurred in such action, in addition to any other relief to which such party may be entitled.

(c) **Delays or Omissions.** Except where a time period is specified, no delay on the part of any party in the exercise of any right, power, privilege or remedy hereunder shall operate as a waiver thereof, nor shall any exercise or partial exercise of any such right, power, privilege or remedy preclude any further exercise thereof or the exercise of any other right, power, privilege or remedy.

(d) **Amendment and Waiver.** No provision of this Warrant may be amended, modified or waived except upon the written consent of the party against whom such amendment, modification or waiver is to be enforced. The failure of any party to enforce any of the provisions of this Warrant shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Warrant in accordance with its terms.

(e) **Binding Effect.** This Warrant shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Warrant, their successors, legal representatives and assigns.

(f) **Severability.** In the event one or more of the provisions of this Warrant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Warrant, and this Warrant shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(g) **Construction.** Whenever the context requires, the gender of any word used in this Warrant includes the masculine, feminine or neuter, and the number of any word includes the singular or plural. Unless the context otherwise requires, all references to articles and sections refer to articles and sections of this Warrant, and all references to schedules are to schedules attached hereto, each of which is made a part hereof for all purposes.

(h) **Headings.** The headings and subheadings in this Warrant are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Warrant or any provision hereof.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first above stated.

CAPSTONE THERAPEUTICS CORP.

By: John M. Holliman III
Name: John M. Holliman, III
Its: Executive Chairman

NOTICE OF EXERCISE

To: CAPSTONE THERAPEUTICS CORP. (the “Company”)

1. The undersigned hereby elects to purchase _____ Warrant Shares pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price for such shares in cash, together with all applicable transfer taxes, if any:

2. In exercising this Warrant, the undersigned hereby confirms and acknowledges that the Warrant Shares to be issued upon exercise are being acquired solely for the account of the undersigned and not as a nominee for any other party, or for investment, and that the undersigned will not offer, sell or otherwise dispose of any such Warrant Shares except under circumstances that will not result in a violation of the registration provisions of the Securities Act of 1933, as amended, or any applicable state securities laws.

HOLDER: _____

Date: _____

By: _____

Name:

Title:

ASSIGNMENT FORM

FOR VALUE RECEIVED, the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under the within Warrant, with respect to the number of Warrant Shares set forth below:

<u>Name of Assignee</u>	<u>Address</u>	<u>No of Shares</u>
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and does hereby irrevocably constitute and appoint _____ Attorney to make such transfer on the books of CAPSTONE THERAPEUTICS CORP., maintained for the purpose, with full power of substitution in the premises.

The Assignee represents that, by its acceptance hereof, the Assignee acknowledges that this Warrant and the Warrant Shares to be issued upon exercise hereof are being acquired for investment and that the Assignee will not offer, sell or otherwise dispose of this Warrant or any Warrant Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of the registration provisions of the Securities Act of 1933, as amended, or any applicable state securities laws.

Dated: _____

HOLDER: _____

By: _____

Name:

Title:

ASSIGNEE: _____

By: _____

Name:

Title:

WARRANT COMMON SHARES AND WARRANT VESTING

INTEREST DUE DATE	INTEREST AMOUNT	UNDERLYING WARRANT COMMON SHARES	WARRANT VESTING DATE
10/15/2017	\$ 37,110.82	494,811	1/30/2018
1/15/2018	\$ 36,711.78	489,490	1/30/2018
4/15/2018	\$ 35,913.70	478,850	4/15/2018
7/15/2018	\$ 36,312.74	484,170	7/15/2018
10/15/2018	\$ 36,711.78	489,490	10/15/2018
1/15/2019	\$ 36,711.78	489,491	1/15/2019
4/15/2019	\$ 35,913.70	478,849	4/15/2019
7/15/2019	\$ 36,312.74	484,170	7/15/2019
10/15/2019	\$ 36,711.78	489,490	10/15/2019
1/15/2020	\$ 36,695.43	489,272	1/15/2020
4/15/2020	\$ 36,213.52	482,847	4/15/2020
7/15/2020	\$ 36,213.52	482,847	7/15/2020
10/15/2020	\$ 36,611.48	488,153	10/15/2020
	<u>\$ 474,144.77</u>	<u>6,321,930</u>	

(Warrant Exercise Price at \$.075 per common share. The Exercise Price and number of common shares are subject to adjustment as described in Section 5 of the Warrant.)