

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

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2019**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number **000-50549**

**Oncternal Therapeutics, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**12230 El Camino Real, Suite 300,  
San Diego CA**  
(Address of principal executive offices)

**62-1715807**  
(IRS Employer  
Identification No.)

**92130**  
(Zip Code)

**(858) 434-1113**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	ONCT	The Nasdaq Capital Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of November 5, 2019, the registrant had 15,387,242 shares of common stock outstanding.

**Oncernal Therapeutics, Inc.**

**FORM 10-Q**

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

**Onceternal Therapeutics, Inc.**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except par value)

	September 30, 2019 (Unaudited)	December 31, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 23,096	\$ 20,645
Prepaid and other assets	959	565
Total current assets	24,055	21,210
Right-of-use asset	226	—
Other assets	768	752
Total assets	<u>\$ 25,049</u>	<u>\$ 21,962</u>
<b>Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 1,231	\$ 3,440
Accrued liabilities	2,435	891
Deferred grant revenue	3,008	—
Current portion of lease liability	96	—
Total current liabilities	6,770	4,331
Preferred stock warrant liability	—	674
Lease liability	129	—
Commitments and contingencies (Notes 3 and 5)		
Convertible preferred stock, \$0.0001 par value; authorized shares - none and 130,100 at September 30, 2019 and December 31, 2018, respectively; issued and outstanding - none and 8,148 at September 30, 2019 and December 31, 2018, respectively; liquidation preference of none and \$48,954 at September 30, 2019 and December 31, 2018, respectively	—	46,588
Stockholders' equity (deficit):		
Preferred stock, \$0.001 par value, authorized shares - 5,000 and none at September 30, 2019 and December 31, 2018, respectively; issued and outstanding shares - none	—	—
Common stock, \$0.001 par value; authorized shares - 60,000 and 200,000 at September 30, 2019 and December 31, 2018, respectively; issued and outstanding shares - 15,387 and 3,762 at September 30, 2019 and December 31, 2018, respectively	15	5
Additional paid-in capital	79,551	1,748
Accumulated deficit	(61,416)	(31,384)
Total stockholders' equity (deficit)	18,150	(29,631)
Total liabilities and stockholders' equity (deficit)	<u>\$ 25,049</u>	<u>\$ 21,962</u>

*See accompanying notes.*

**Oncernal Therapeutics, Inc.**  
**Condensed Consolidated Statements of Operations**  
(Unaudited; in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Grant revenue	\$ 544	\$ 329	\$ 1,689	\$ 2,044
Operating expenses:				
Research and development	3,108	1,809	7,591	6,612
In-process research and development	—	—	18,088	—
General and administrative	2,385	454	4,937	1,589
Total operating expenses	5,493	2,263	30,616	8,201
Loss from operations	(4,949)	(1,934)	(28,927)	(6,157)
Other income (expense):				
Change in fair value of warrant liability	—	23	(1,268)	101
Other income	—	—	—	216
Interest expense	—	—	—	(1)
Interest income	57	13	163	40
Total other income (expense)	57	36	(1,105)	356
Net loss	\$ (4,892)	\$ (1,898)	\$ (30,032)	\$ (5,801)
Net loss per share, basic and diluted	\$ (0.32)	\$ (0.53)	\$ (3.48)	\$ (1.62)
Weighted-average shares outstanding, basic and diluted	15,340	3,609	8,636	3,573

*See accompanying notes.*

**Oncernal Therapeutics, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited; in thousands)**

	Nine Months Ended September 30,	
	2019	2018
<b>Cash flows from operating activities</b>		
Net loss	\$ (30,032)	\$ (5,801)
Adjustments to reconcile net loss to net cash used in operating activities:		
In-process research and development	18,088	—
Noncash other income	—	(216)
Stock-based compensation	192	126
Noncash interest expense	—	1
Change in fair value of preferred stock warrants liability	1,268	(101)
Noncash lease expense	56	—
Changes in operating assets and liabilities:		
Prepaid and other assets	(268)	(611)
Accounts payable	(4,402)	2,896
Accrued liabilities	(1,555)	135
Change in operation lease liability	(56)	—
Deferred grant revenue	3,008	(1,575)
Net cash used in operating activities	(13,701)	(5,146)
<b>Cash flows from investing activities</b>		
Cash acquired in connection with the Merger	18,292	—
Acquisition related costs paid	(2,155)	—
Net cash provided by investing activities	16,137	—
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock options	14	—
Proceeds from exercise of common stock warrants	1	—
Proceeds from convertible preferred stock subscription	—	1,100
Net cash provided by financing activities	15	1,100
<b>Net increase (decrease) in cash and cash equivalents</b>	2,451	(4,046)
Cash and cash equivalents at beginning of period	20,645	10,188
Cash and cash equivalents at end of period	\$ 23,096	\$ 6,142
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Conversion of convertible preferred stock into common stock	\$ 46,588	\$ —
Issuance of common stock to GTx stockholders	\$ 29,049	\$ —
Reclassification of preferred stock warrants liability to additional paid-in capital	\$ 1,942	\$ —
Net liabilities assumed in Merger	\$ 5,176	\$ —

*See accompanying notes.*

**Oncernal Therapeutics, Inc.**  
**Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
(Unaudited; in thousands)

**Three Months Ended September 30, 2019**

	<b>Convertible Preferred Stock</b>		<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Paid-In Capital</b>	<b>Deficit</b>	<b>Stockholders' Equity (Deficit)</b>
<b>Balance at June 30, 2019</b>	—	\$ —	15,370	\$ 15	\$ 79,445	\$ (56,524)	\$ 22,936
Exercise of stock options for cash	—	—	17	—	12	—	12
Exercise of warrants for cash	—	—	—	—	1	—	1
Vesting related to repurchase liability	—	—	—	—	3	—	3
Stock-based compensation	—	—	—	—	90	—	90
Net loss	—	—	—	—	—	(4,892)	(4,892)
<b>Balance at September 30, 2019</b>	—	\$ —	15,387	\$ 15	\$ 79,551	\$ (61,416)	\$ 18,150

**Three Months Ended September 30, 2018**

	<b>Convertible Preferred Stock</b>		<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Paid-In Capital</b>	<b>Deficit</b>	<b>Stockholders' Equity (Deficit)</b>
<b>Balance at June 30, 2018</b>	5,653	\$ 29,815	3,760	\$ 5	\$ 1,606	\$ (28,708)	\$ (27,097)
Stock-based compensation	—	—	—	—	42	—	42
Net loss	—	—	—	—	—	(1,898)	(1,898)
<b>Balance at September 30, 2018</b>	5,653	\$ 29,815	3,760	\$ 5	\$ 1,648	\$ (30,606)	\$ (28,953)

*See accompanying notes.*

**Oncertal Therapeutics, Inc.**  
**Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
(Unaudited; in thousands)

**Nine Months Ended September 30, 2019**

	<b>Convertible Preferred Stock</b>		<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Paid-In Capital</b>	<b>Deficit</b>	<b>Stockholders' Equity (Deficit)</b>
<b>Balance at December 31, 2018</b>	8,148	\$ 46,588	3,762	\$ 5	\$ 1,748	\$ (31,384)	\$ (29,631)
Exercise of stock options for cash	—	—	19	—	14	—	14
Exercise of warrants for cash	—	—	—	—	1	—	1
Vesting related to repurchase liability	—	—	—	—	27	—	27
Issuance of common stock to former stockholders of GTx upon Merger	—	—	3,458	2	29,047	—	29,049
Conversion of convertible preferred stock into common stock upon Merger	(8,148)	(46,588)	8,148	8	46,580	—	46,588
Reclassification of convertible preferred stock warrant liability	—	—	—	—	1,942	—	1,942
Stock-based compensation	—	—	—	—	192	—	192
Net loss	—	—	—	—	—	(30,032)	(30,032)
<b>Balance at September 30, 2019</b>	<u>—</u>	<u>\$ —</u>	<u>15,387</u>	<u>\$ 15</u>	<u>\$ 79,551</u>	<u>\$ (61,416)</u>	<u>\$ 18,150</u>

**Nine Months Ended September 30, 2018**

	<b>Convertible Preferred Stock</b>		<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Paid-In Capital</b>	<b>Deficit</b>	<b>Stockholders' Equity (Deficit)</b>
<b>Balance at December 31, 2017</b>	5,653	\$ 28,715	3,745	\$ 5	\$ 1,522	\$ (24,805)	\$ (23,278)
Collection of stock subscription receivable	—	1,100	—	—	—	—	—
Issuance of restricted common shares	—	—	15	—	—	—	—
Stock-based compensation	—	—	—	—	126	—	126
Net loss	—	—	—	—	—	(5,801)	(5,801)
<b>Balance at September 30, 2018</b>	<u>5,653</u>	<u>\$ 29,815</u>	<u>3,760</u>	<u>\$ 5</u>	<u>\$ 1,648</u>	<u>\$ (30,606)</u>	<u>\$ (28,953)</u>

*See accompanying notes.*

**Oncternal Therapeutics, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1. Description of Business, Basis of Presentation and Summary of Significant Accounting Policies**

***Description of Business***

Oncternal Therapeutics, Inc. (the “Company,” “Oncternal,” or the “combined company”), formerly known as GTx, Inc., was incorporated in Tennessee in September 1997 and reincorporated in Delaware in 2003 and is based in San Diego, California. The Company is a clinical-stage biopharmaceutical company focused on the development of novel oncology therapies for the treatment of cancers with critical unmet medical need. The Company’s clinical pipeline consists of its lead program, cirmtuzumab, a humanized monoclonal antibody that binds to ROR1 (Receptor-tyrosine kinase-like Orphan Receptor 1), and TK216, a small molecule inhibiting the biological activity of ETS-family transcription factor oncoproteins. The Company is also developing a CAR-T (chimeric antigen receptor T-cells) product candidate that targets ROR1.

***Merger***

On March 6, 2019, the Company, then operating as GTx, Inc. (“GTx”), entered into an Agreement and Plan of Merger and Reorganization, as amended (the “Merger Agreement”), with privately-held Oncternal Therapeutics, Inc. (“Private Oncternal”) and Grizzly Merger Sub, Inc., a wholly-owned subsidiary of the Company (“Merger Sub”). Under the Merger Agreement, Merger Sub merged with and into Private Oncternal, with Private Oncternal surviving as a wholly-owned subsidiary of the Company (the “Merger”). On June 7, 2019, the Merger was completed. GTx changed its name to Oncternal Therapeutics, Inc., and Private Oncternal, which remains as a wholly-owned subsidiary of the Company, changed its name to Oncternal Oncology, Inc. On June 10, 2019, the combined company’s common stock began trading on The Nasdaq Capital Market under the ticker symbol “ONCT.”

Except as otherwise indicated, references herein to “Oncternal,” “the Company,” and the “combined company,” refer to Oncternal Therapeutics, Inc. on a post-Merger basis, and the term “Private Oncternal” refers to the business of privately-held Oncternal Therapeutics, Inc., prior to completion of the Merger. References to GTx refer to GTx, Inc. prior to completion of the Merger.

Pursuant to the terms of the Merger Agreement, each outstanding share of Private Oncternal common stock outstanding immediately prior to the closing of the Merger was converted into approximately 0.073386 shares of Company common stock (the “Exchange Ratio”), after taking into account the Reverse Stock Split, as defined below. Immediately prior to the closing of the Merger, all shares of Private Oncternal preferred stock then outstanding were exchanged into shares of common stock of Private Oncternal. In addition, all outstanding options exercisable for common stock of Private Oncternal and warrants exercisable for convertible preferred stock of Private Oncternal became options and warrants exercisable for the same number of shares of common stock of the Company multiplied by the Exchange Ratio. Immediately following the Merger, stockholders of Private Oncternal owned approximately 77.5% of the outstanding common stock of the combined company.

The transaction was accounted for as a reverse asset acquisition in accordance with generally accepted accounting principles in the United States of America (“GAAP”). Under this method of accounting, Private Oncternal was deemed to be the accounting acquirer for financial reporting purposes. This determination was primarily based on the facts that, immediately following the Merger: (i) Private Oncternal’s stockholders owned a substantial majority of the voting rights in the combined company, (ii) Private Oncternal designated a majority of the members of the initial board of directors of the combined company, and (iii) Private Oncternal’s senior management holds all key positions in the senior management of the combined company. As a result, as of the closing date of the Merger, the net assets of the Company were recorded at their acquisition-date relative fair values in the condensed consolidated financial statements of the Company and the reported operating results prior to the Merger will be those of Private Oncternal.

***Reverse Stock Split and Exchange Ratio***

On June 7, 2019, in connection with, and prior to the completion of, the Merger, the Company effected a one-for-seven reverse stock split of its then outstanding common stock (the “Reverse Stock Split”). The par value and the authorized shares of the common stock were not adjusted as a result of the Reverse Stock Split. All of the Company’s issued and outstanding common stock have been retroactively adjusted to reflect this Reverse Stock Split for all periods presented. All issued and outstanding Private Oncternal common stock, preferred stock, options and warrants prior to the effective date of the Merger have been retroactively adjusted to reflect the Exchange Ratio for all periods presented.



## ***Principles of Consolidation***

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Oncternal Oncology, Inc. and Oncternal, Inc. All intercompany accounts and transactions have been eliminated in the preparation of the condensed consolidated financial statements.

## ***Liquidity and Going Concern***

From its inception through September 30, 2019, the Company has devoted substantially all of its efforts to organizational activities including raising capital, building infrastructure, acquiring assets, developing intellectual property, and conducting preclinical studies, clinical trials and product development activities. The Company has a limited operating history and the sales and income potential of the Company's business and market are unproven. Since inception, the Company has experienced recurring net losses and negative cash flows from operating activities and expects to continue to incur losses into the foreseeable future. At September 30, 2019, the Company had an accumulated deficit of \$61.4 million and had cash and cash equivalents of \$23.1 million. The Company believes that its existing cash and cash equivalents will be sufficient to fund its operations through the second quarter of 2020. The Company will need to continue to raise a substantial amount of funds until it is able to generate revenues to fund its development activities and operations. The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. However, based on the Company's current working capital, anticipated operating expenses and net losses and the uncertainties surrounding its ability to raise additional capital as needed, as discussed below, the Company believes that there is substantial doubt about its ability to continue as a going concern for one year after the date these condensed consolidated financial statements are issued.

The Company plans to continue to fund its losses from operations and capital funding needs through a combination of equity offerings, debt financings, government funding, or other sources, including, potentially, collaborations, licenses and other similar arrangements. There can be no assurance that the Company will be able to obtain any sources of financing on acceptable terms, or at all. To the extent that the Company can raise additional funds by issuing equity securities, the Company's stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that impact the Company's ability to conduct its business.

## ***Unaudited Interim Financial Information***

The unaudited condensed consolidated financial statements at September 30, 2019, and for the three and nine months ended September 30, 2019 and 2018, have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and with GAAP. These unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of only normal recurring accruals, which in the opinion of management are necessary to present fairly the Company's financial position as of the interim date and results of operations for the interim periods presented. Interim results are not necessarily indicative of results for a full year or future periods. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ materially from those estimates. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018 filed with the SEC on Form S-4/A on May 6, 2019.

## ***Use of Estimates***

The Company's condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of the Company's condensed consolidated financial statements and accompanying notes requires it to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Significant estimates consist of those used to determine the fair value of the Company's preferred stock, preferred stock warrant liability and stock-based awards, and those used to determine grant revenue and accruals for research and development costs. Although these estimates are based on the Company's knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions.

## ***Cash and Cash Equivalents***

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash in readily available checking accounts and money market accounts.

### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances due to the financial position of the depository institution in which those deposits are held. Additionally, the Company established guidelines regarding approved investments and maturities of investments, which are designed to maintain safety and liquidity.

### ***Patent Costs***

Costs related to filing and pursuing patent applications are recorded as general and administrative expense and expensed as incurred since recoverability of such expenditures is uncertain.

### ***Research and Development Expenses and Accruals***

Research and development expenses consist of costs incurred for the Company's own and for sponsored and collaborative research and development activities. Research and development costs are expensed as incurred and include manufacturing process development costs, manufacturing costs, costs associated with preclinical studies and clinical trials, regulatory and medical affairs activities, quality assurance activities, salaries and benefits, including stock-based compensation, fees paid to third-party consultants, license fees and overhead.

The Company has entered into various research and development contracts with research institutions, clinical research organizations, clinical manufacturing organizations and other companies. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and payments made in advance of performance are reflected in the accompanying condensed consolidated balance sheets as prepaid and other assets or accrued liabilities. The Company records accruals for estimated costs incurred for ongoing research and development activities. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the services, including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates may be made in determining the prepaid or accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates.

### ***Preferred Stock Warrant Liability***

Prior to the Merger, Private Onceternal had outstanding freestanding warrants to purchase shares of its Series B-2 convertible preferred stock (the "Series B-2 warrants"). Because the underlying Series B-2 convertible preferred stock was classified as temporary equity, the Series B-2 warrants were classified as a liability in the accompanying condensed consolidated balance sheets. Private Onceternal adjusted the carrying value of such Series B-2 warrants to their estimated fair value at each reporting date, with any related increases or decreases in the fair value recorded as an increase or decrease to other income (expense) in the condensed consolidated statements of operations. Upon the completion of the Merger, the Series B-2 warrants were amended such that they were converted into warrants to purchase the Company's common stock. As amended, warrant liability accounting is no longer required and the fair value of the warrant liability has been reclassified into stockholders' equity.

### ***Fair Value Measurements***

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts of the Company's current financial assets and liabilities are considered to be representative of their respective fair values because of the short-term nature of those instruments. The Company has no financial assets or liabilities, other than the preferred stock warrant liability described below, measured at fair value on a recurring basis. No transfers between levels have occurred during the periods presented.

Liabilities measured at fair value on a recurring basis are as follows (in thousands):

	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
At December 31, 2018				
Preferred stock warrant liability	\$ 674	\$ —	\$ —	\$ 674

As of December 31, 2018, the preferred stock warrant liability was recorded at fair value utilizing the Black-Scholes option pricing model using significant unobservable inputs consistent with the inputs used for the Company's stock-based compensation expense adjusted for the preferred stock warrants' expected term and the fair value of the underlying preferred stock.

The Company calculated the final remeasurement of the preferred stock warrant liability on June 7, 2019, the Merger closing date, using the closing price of GTx's common stock on that date to determine the fair value of the warrants, and recorded a \$1.3 million change in the fair value of the preferred stock warrant liability for the nine months ended September 30, 2019.

The assumptions used in the Black-Scholes option pricing model to determine the fair value of the preferred stock warrant liability as of December 31, 2018 were as follows:

	December 31, 2018
Fair value of underlying preferred stock	\$ 0.29
Risk-free interest rate	2.4% — 2.7%
Expected volatility	75.3% — 76.4%
Expected term (in years)	3.7 — 4.0
Expected dividend yield	—%

The following table provides a reconciliation of the preferred stock warrant liability measured at fair value using Level 3 significant unobservable inputs (in thousands):

	Preferred Stock Warrant Liability
Balance at December 31, 2018	\$ 674
Change in fair value	1,268
Reclassification of preferred stock warrant liability to equity	(1,942)
Balance at September 30, 2019	\$ —

### Revenue Recognition

The Company currently generates revenue from the California Institute for Regenerative Medicine pursuant to a research subaward agreement (see Note 4), which provides the Company with payments in return for certain research and development activities over a contractually defined period. Revenue from such subaward is recognized in the period during which the related qualifying services are rendered and costs are incurred, provided that the applicable conditions under the subaward agreement have been met.

The subaward agreement is on a best-effort basis and does not require scientific achievement as a performance obligation. All fees received under the agreement are non-refundable. The costs associated with the agreement are expensed as incurred and reflected as a component of research and development expense in the accompanying condensed consolidated statements of operations.

Funds received from the subaward agreement are recorded as revenue as the Company is the principal participant in the arrangement because the activities under the subaward are part of the Company's development programs. In those instances where the Company first receives consideration in advance of providing underlying services, the Company classifies such consideration as deferred revenue until (or as) the Company provides the underlying services. In those instances where the Company first provides the underlying services prior to its receipt of consideration, the consideration is recorded as a grant receivable. At September 30, 2019, the Company had deferred grant revenue of \$3.0 million and at December 31, 2018, the Company had a grant receivable of \$0.1 million.

### ***Stock-Based Compensation***

Stock-based compensation expense represents the fair value of equity awards, on the grant date, recognized in the period using the Black-Scholes option pricing model. The Company recognizes expense for awards with graded vested schedules over the requisite service period of the awards (usually the vesting period) on a straight-line basis. For equity awards for which vesting is subject to performance-based milestones, the expense is recorded over the remaining service period after the point when the achievement of the milestone is probable or the performance condition has been achieved.

### ***Income Taxes***

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes net deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If management determines that the Company would be able to realize its deferred tax assets in the future in excess of their net recorded amount, management would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

### ***Segment Reporting***

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business in one operating segment in the United States.

### ***Comprehensive Loss***

Comprehensive loss is defined as a change in equity during a period from transactions and other events and circumstances from non-owner sources. Net loss and comprehensive loss were the same for all periods presented.

### ***Net Loss Per Share***

Basic net loss per share is computed by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for potentially dilutive securities and adjusted for the weighted-average number of common shares outstanding that are subject to repurchase. The Company has excluded weighted-average shares subject to repurchase of 42,000 shares and 63,000 shares from the weighted-average number of common shares outstanding for the three and nine months ended September 30, 2019, respectively, and has excluded weighted-average shares subject to repurchase of 150,000 shares and 180,000 shares from the weighted-average number of common shares outstanding for the three and nine months ended September 30, 2018, respectively. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock and dilutive common stock equivalents outstanding for the period determined using the treasury-stock and if-converted methods. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding as inclusion of the potentially dilutive securities would be antidilutive.

Potentially dilutive securities not included in the calculation of diluted net loss per share, because to do so would be anti-dilutive, are as follows (in common stock equivalent shares; in thousands):

	September 30,	
	2019	2018
Redeemable convertible preferred stock	—	5,653
Warrants to purchase convertible preferred stock	—	372
Warrants to purchase common stock	841	—
Common stock options	1,928	152
Common stock subject to repurchase	40	136
	2,809	6,313

### Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position or results of operations upon adoption.

In August 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-13, *Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements. The amendments relate to disclosures regarding unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty and are to be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, and early adoption is permitted. The Company is currently evaluating the timing and impact of the adoption of this guidance on the Company’s condensed consolidated financial statements.

### Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. The Company adopted this standard on January 1, 2019 using the modified retrospective approach. As the Company has elected the practical expedient for short-term leases, the adoption of this standard had no impact on the condensed consolidated financial statements on the date of adoption as the Company’s only lease was on a month-to-month basis for a contract period of less than one year and expired in May 2019. Subsequent to its adoption, the Company entered into a new office lease agreement and has applied the provisions of this guidance (See Note 3).

## 2. Balance Sheet Details

Accrued liabilities consist of the following (in thousands):

	September 30,	December 31,
	2019	2018
Research and development	\$ 1,454	\$ 720
Legal fees	199	20
Unvested share liability	27	54
Compensation	466	85
Other	289	12
	\$ 2,435	\$ 891

### 3. Commitments, Contingencies and Related Party Transactions

Rent expense was \$41,000 and \$2,000 for the three months ended September 30, 2019 and 2018, respectively. Rent expense was \$75,000 and \$7,000 for the nine months ended September 30, 2019 and 2018, respectively. Until May 31, 2019, the Company subleased its office space in San Diego, California on a month-to-month basis.

On May 22, 2019, the Company entered into a sublease agreement for office space of 4,677 square feet in San Diego, California (“San Diego Lease”) which expires on March 31, 2021. Base rent is approximately \$166,000 annually and the monthly rent expense is being recognized on a straight-line basis over the term of the lease.

The San Diego Lease is included in the accompanying condensed consolidated balance sheet at the present value of the lease payments. As the San Diego Lease does not have an implicit interest rate, the present value reflects a 10.0% discount rate which is the estimated rate of interest that the Company would have to pay in order to borrow an amount equal to the lease payments on a collateralized basis over a similar term and in a similar economic environment. The Company recognized a net operating lease right-of-use asset and an aggregate lease liability of \$0.2 million as of September 30, 2019, in the accompanying condensed consolidated balance sheet. The weighted average remaining lease term was 1.5 years.

Maturities of lease liabilities due under this lease agreement as of September 30, 2019, are as follows (in thousands):

<b>Maturity of lease liabilities</b>	<b>Operating Leases</b>
2019 (3 months)	\$ 41
2020	166
2021	41
Total lease payments	248
Less imputed interest	(23)
Total operating lease liabilities	225
Less current portion of lease liability	(96)
Lease liability	<u>\$ 129</u>

In January 2019, the Company engaged Newfront Insurance as its primary insurance broker. The son of Richard Vincent, the Company’s Chief Financial Officer, acted as the Company’s agent at Newfront Insurance. The Company paid total related policy premiums of approximately \$1.2 million during the nine months ending September 30, 2019, for which the son received a commission of approximately \$99,000.

In September 2019, the Company entered into a consulting agreement with Robert J. Wills, Ph.D., a member of the Company’s Board of Directors, whereby Dr. Wills will provide services related to the potential out-licensing or sale of the SARM and/or SARD technology. The Company recorded approximately \$2,000 in related services during the three and nine months ended September 30, 2019.

Effective in September 2019, the Company and Shanghai Pharmaceutical (USA) Inc. (“SPH USA”) entered into a Materials Supply and Services Agreement (“SPH USA Services Agreement”), pursuant to which the Company and SPH USA may execute one or more statements of work for the transfer to SPH USA of key reagents and other materials, and for the supply of certain services by the Company to SPH USA, as contemplated under and in furtherance of the License and Development Agreement between the Company and SPH USA effective as of November 2018. See Notes 4 and 6.

#### ***Litigation Related to the Merger***

Between April 10 and May 1, 2019, three putative class action lawsuits and one individual lawsuit were filed in the U.S. District Court for the District of Delaware: Wheby v. GTx, Inc. et al., Miller v. GTx, Inc. et al., Tabb v. GTx, Inc. et al., and Living Seas LLC v. GTx, Inc. et al. (collectively, the “Delaware Actions”). On April 11 and 23, 2019, two putative class actions were filed in the U.S. District Court for the Southern District of New York: Kopanic v. GTx, Inc. et al. and Cooper v. GTx, Inc. et al. (collectively, the “New York Actions” and, together with the Delaware Actions, the “Actions”). The Actions name as defendants us and our former board of directors, and, in the case of the Wheby and Miller actions, Private Onceternal and Merger Sub. The Actions allege that defendants violated Sections 14(a) and 20(a) of the Exchange Act, as well as Rule 14a-9 promulgated thereunder, in connection with our filing of the Registration Statement in connection with the Merger. The Delaware Actions have now been voluntarily dismissed with prejudice: the Wheby action on June 12, 2019; the Miller action on July 15, 2019; the Living Seas action on June 26, 2019, and the Tabb action on October 21, 2019. On September 16, 2019,

plaintiffs in the New York Actions filed an amended complaint, alleging violations of Sections 14(a) and 20(a) of the Exchange Act related to the value GTx's stockholders received in the Merger. The complaint seeks damages and other unspecified relief. The Company believes that the remaining lawsuits are without merit and intends to vigorously defend these actions. The Company cannot predict the outcome of or estimate the possible loss or range of loss from any of these matters.

#### ***Zappia vs. GTx Incorporated***

On October 15, 2019, Joseph Zappia and Karen Zappia filed a lawsuit against the Company in the U.S. District Court for the District of Delaware. The complaint alleges that the Company's former management (prior to the Merger) engaged in illegal insider trading and false, manipulative and deceptive practices in violation of Sections 10(b) (and Rule 10b-5 promulgated thereunder), with respect to the timing of the disclosure of failed clinical trial results of GTx's enobosarm product candidate in September 2018. The plaintiffs seek damages, interest, costs, attorneys' fees. The Company believes that this lawsuit is without merit and intends to vigorously defend this matter. The Company cannot predict the outcome of or estimate the possible loss or range of loss from this matter.

#### **4. License, Collaboration and Research Subaward Agreements**

##### ***Georgetown University ("Georgetown")***

In March 2014, the Company entered into an Exclusive License Agreement (the "Georgetown License Agreement") with Georgetown, pursuant to which the Company: (i) licensed the exclusive worldwide right to patents and technologies for the development and commercialization of certain product candidates targeting EWS-FLI1 as an anti-tumor therapy for therapeutic, diagnostics, or research tool purposes, (ii) is solely responsible for all development and commercialization activities and costs, and (iii) is responsible for all costs related to the filing, prosecution and maintenance of the licensed patent rights.

Under the terms of the Georgetown License Agreement, commencing in 2015, the Company: (i) shall pay and has paid an annual license maintenance fee of \$10,000 until the first commercial sale occurs, (ii) is required to make up to \$0.2 million in aggregate milestone payments upon the achievement of certain regulatory milestones, and (iii) will be required to pay low single digit royalties based on annual net product sales. The Company accounted for the licensed technology as an asset acquisition because it did not meet the definition of a business. All milestone payments under the Georgetown License Agreement will be recognized as research and development expense upon completion of the required events, as the triggering events are not considered to be probable until they are achieved. As of September 30, 2019, the Company had not triggered or made any milestone payments under the Georgetown License Agreement.

The Georgetown License Agreement may be terminated by either party upon material breach or may be terminated by the Company as to one or more countries with 90 days written notice of termination. The term of the Georgetown License Agreement will continue until the expiration of the last valid claim within the patent rights covering the product. Georgetown may terminate the agreement in the event: (i) the Company fails to pay any amount and fails to cure such failure within 30 days after receipt of notice, (ii) the Company defaults in its obligation to obtain and maintain insurance and fails to remedy such breach within 60 days after receipt of notice, or (iii) the Company declares insolvency or bankruptcy. The Company may terminate the Georgetown License Agreement at any time upon at least 60 days' written notice.

In 2017, the Company entered into a research agreement with Georgetown for up to \$150,000. The Company recorded research and development expense under this agreement of none and \$19,000 for each of the three months ended September 30, 2019 and 2018, and \$32,000 and \$51,000 for each of the nine months ended September 30, 2019 and 2018.

##### ***The University of Texas MD Anderson Cancer Center ("MD Anderson")***

In December 2014, the Company entered into a collaboration agreement (as amended, the "Collaboration") with MD Anderson, which provides for the conduct of preclinical and clinical research for TK216 in exchange for certain program payments. If MD Anderson successfully completes all the requirements of the Collaboration in full and the program is successfully commercialized, the Company will be required to pay aggregate milestone payments of \$1.0 million based on net product sales. The Company recorded none and \$0.3 million in research and development expense for each of the three and nine months ended September 30, 2019 and 2018, respectively.

### ***Agreements with the Regents of the University of California (the “Regents”)***

In March 2016, and as amended and restated in August 2018 in connection with the spin-off transactions described below, the Company entered into a license agreement (as amended, the “Regents License Agreement”) for the development, manufacturing and distribution rights related to the development and commercialization of ROR1 related naked antibodies, antibody fragments or synthetic antibodies, and genetically engineered cellular therapy. The Regents License Agreement was amended on March 25, 2019 and May 15, 2019, to update the patents covered under the agreement. The Regents License Agreement provides for the following: (i) in May 2016, an upfront license fee of \$0.5 million was paid and 107,108 shares of common stock were issued, (ii) \$25,000 in annual license maintenance fees commencing in 2017, (iii) reimbursement of up to \$30,000 in annual patent costs, (iv) certain development and regulatory milestones aggregating from \$10.0 million to \$12.5 million, on a per product basis, (v) certain worldwide sales milestones based on achievement of tiered revenue levels aggregating \$75.0 million, (vi) low single-digit royalties, including potential future minimum annual royalties, on net sales of each target, and (vii) minimum diligence to advance licensed assets consisting of at least \$1.0 million in development spend annually through 2021. Under the Regents License Agreement, the Company recorded: (i) \$25,000 in license maintenance fees as research and development expense for the three and nine months ended September 30, 2019 and 2018, (ii) \$0.2 million and \$38,000 in patent costs as general and administrative expense for the three months ended September 30, 2019 and 2018, respectively, and (iii) \$0.3 million and \$0.1 million for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019, the Company believes it has met its obligations under the Regents License Agreement.

In July 2016, and as modified by the amended and restated Regents License Agreement in August 2018, the Company entered into a Research Agreement (the “Research Agreement”) with the Regents for further research on a ROR1 therapeutic development program. Under this five-year agreement, the Regents will have an aggregate budget of \$3.6 million, with \$125,000 payable quarterly. The Company recorded \$0.1 million in research and development expense under this agreement for each of the three months ended September 30, 2019 and 2018, and \$0.4 million for each of the nine months ended September 30, 2019 and 2018. Such costs are includable as part of the Company’s annual diligence obligations under the Regents License Agreement. The Regents License Agreement will expire upon the later of the expiration date of the longest-lived patent rights or the fifteenth anniversary of the first commercial sale of a licensed product.

The Regents may terminate the Regents License Agreement if: (i) a material breach by the Company is not cured within a reasonable time, (ii) the Company files a claim asserting the Regents licensed patent rights are invalid or unenforceable and (iii) the Company files for bankruptcy. The Company may terminate the agreement at any time upon at least 60 days’ written notice.

### ***University of Tennessee Research Foundation (“UTRF”)***

In July 2007, the Company and UTRF entered into a consolidated, amended and restated license agreement (the “SARM License Agreement”), pursuant to which the Company was granted exclusive worldwide rights in all existing selective androgen receptor modulator (“SARM”) technologies owned or controlled by UTRF, including all improvements thereto, and exclusive rights to future SARM technology that may be developed by certain scientists at the University of Tennessee or subsequently licensed to UTRF under certain existing inter-institutional agreements with The Ohio State University. Under the SARM License Agreement, the Company is obligated to pay UTRF annual license maintenance fees, low single-digit royalties on net sales of products and mid-single-digit royalties on sublicense revenues. The Company recorded research and development expense under this agreement of \$0.1 million and none for each of the three and nine months ended September 30, 2019 and 2018, respectively.

The Company and UTRF also entered into a license agreement (the “SARD License Agreement”) in March 2015 pursuant to which the Company was granted exclusive worldwide rights in all existing selective androgen receptor degrader (“SARD”) technologies owned or controlled by UTRF, including all improvements thereto. Under the SARD License Agreement, the Company is obligated to employ active, diligent efforts to conduct preclinical research and development activities for the SARD program to advance one or more lead compounds into clinical development. The Company is also obligated to pay UTRF annual license maintenance fees, low single-digit royalties on net sales of products and additional royalties on sublicense revenues, depending on the state of development of a clinical product candidate at the time it is sublicensed. The Company recorded research and development expense under this agreement of \$0.1 million and none for each of the three and nine months ended September 30, 2019 and 2018, respectively.

As of September 30, 2019, the Company believes it has met its obligations under each of the UTRF agreements.



### ***Velos Biopharma Holdings, LLC (“VBH”) and VelosBio, Inc. (“VelosBio”) Spin-off Transactions***

In November 2017, the Company formed VBH and in December 2017, made an in-kind tax-free distribution of 100% of its interest in VBH to the Company’s stockholders, option holders and warrant holders of record. On February 6, 2018, the Company licensed and assigned its rights to two preclinical product candidates, previously under the Regents License Agreement, to VBH. In consideration for the license, the Company: (i) received a promissory note receivable from VBH of \$0.1 million, with an annual interest rate of 2.64% and a due date of 10 years, and (ii) made a partial assignment of its March 2016 Regents License Agreement. Pursuant to the partial assignment, VBH assumed certain obligations related to the licensed Products under the Regents License Agreement as follows: (i) reimbursement of certain historical and future patent costs related to the Products, (ii) certain development and sales milestones for advancing licensed Products targets, (iii) low single-digit royalties, including potential future minimum annual royalties, on net sales of each licensed Product target are to be allocated between the Company and VBH, (iv) certain third party agreements and related obligations specifically related to the licensed Products, (v) minimum diligence requirements to advance licensed assets consisting of a minimum of \$0.5 million in development spend annually through 2021, and (vi) Research Agreement obligations equal to \$0.5 million annually commencing January 1, 2018. Due to the high uncertainty of the success of VBH ever repaying the note receivable and associated interest, the Company has provided a full valuation allowance for these amounts as of September 30, 2019.

In December 2017, VelosBio was incorporated with VBH being its sole stockholder. On February 6, 2018, VBH sublicensed and assigned its intellectual property rights to its two preclinical product candidates to VelosBio. In consideration for the license, VelosBio agreed to use commercially reasonable efforts to develop the licensed products as well as the following payment obligations: (i) the assumption of each of the VBH assumed obligations under the partial assignment between the Company and VBH as outlined above, and (ii) certain tiered development milestone and royalty payments to VBH. In August 2018, the Company entered into the amended and restated Regents License Agreement and VelosBio entered into their own license agreement directly with the Regents. There is no common control overlap between the companies.

Also on February 6, 2018, the Company and VelosBio entered into: (i) an asset purchase agreement whereby VelosBio purchased the Company’s right, title and interest in the Company’s nominal assets related to the two preclinical product candidates and assumed the Company’s \$0.2 million convertible note payable and related \$16,000 of accrued interest which has been recorded as other income, and (ii) a transition services agreement whereby the Company agreed to provide VelosBio with certain transition services, as follows: (a) access to certain common laboratory equipment at the Company’s lab facility, (b) certain named employees were to devote up to 80% of their time supporting VelosBio related activities, (c) cirmtuzumab manufacturing, process optimization and ancillary activities until VelosBio was able to establish their own, and (d) agreement to cost share the purchase of certain antibody materials with VelosBio. Such services were to be provided at cost or cost plus. During the three and nine months ended September 30, 2018, the Company incurred \$0.2 million and \$2.9 million, respectively, of costs on behalf of VelosBio that were substantially reimbursed and recorded on a net basis within operating expenses in the accompanying condensed consolidated statements of operations. As of December 31, 2018, there were no ongoing rights or commitments under the asset purchase or transition services agreements.

### ***The California Institute for Regenerative Medicine (“CIRM”) Award***

In August 2017, CIRM awarded an \$18.3 million grant to researchers at UC San Diego to advance the Company’s Phase 1/2 clinical trial evaluating cirmtuzumab in combination with ibrutinib for the treatment of patients with B-cell lymphoid malignancies, including chronic lymphocytic leukemia and mantle cell lymphoma. The Company: (i) is conducting this study in collaboration with UC San Diego, (ii) estimates it will receive approximately \$14.0 million in development milestones under research subaward agreements throughout the award project period, estimated to be from October 1, 2017 to March 31, 2022, (iii) is committed to certain co-funding requirements, (iv) received subaward payments of \$1.2 million and none in three months ended September 30, 2019 and 2018, respectively, and \$4.8 million and \$0.5 million for the nine months ended September 30, 2019 and 2018, respectively, and (v) is required to provide UC San Diego progress and financial update reports throughout the award period. The subaward does not bear a royalty payment commitment, nor is the subaward otherwise refundable. For the three months ended September 30, 2019 and 2018, the Company recorded revenue of \$0.5 million and \$0.3 million, respectively, and recorded revenue of \$1.7 million and \$2.0 million for the nine months ended September 30, 2019 and 2018, respectively. Related qualifying subaward costs for the three months ended September 30, 2019 and 2018 was \$1.1 million and \$0.6 million, respectively, and \$3.2 million and \$3.7 million for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019, the Company believes it has met its obligations under the CIRM award and UC San Diego subawards.

In October 2017, CIRM awarded a \$5.8 million grant to the researchers at the University of California San Diego School of Medicine (“UC San Diego”) to develop a novel anti-cancer stem cell targeted therapy for patients with advanced solid and hematological malignancies. In connection with such CIRM award, the Company agreed to provide up to \$1.0 million in contingency funds if required during the grant period. The Company recorded no research and development expense under such CIRM award for the three and nine months ended September 30, 2019 and 2018.

### **Clinical Trial and Supply Agreement**

In April 2018, the Company entered into a Clinical Trial and Supply Agreement with Pharmacyclics, LLC, an AbbVie Company (“Pharmacyclics”) to supply ibrutinib for the Company’s Phase 1/2 clinical trial evaluating cirmtuzumab in combination with ibrutinib, which agreement was amended in August 2019. Such agreement does not bear any upfront costs, inventory purchase costs, milestone or royalty payment commitments or other financial obligations.

### **License and Development Agreement with SPH USA, a Related Party**

In November 2018, the Company entered into a License and Development Agreement (“LDA”) with SPH USA for: (i) the territory of the People’s Republic of China, Hong Kong, Macau, and Taiwan (“Greater China”), and (ii) rights to manufacture, develop, market, distribute and sell all of the Company’s product candidates under the Georgetown License Agreement and the Regents License Agreement (exclusive to Greater China only). Under the LDA, SPH USA is solely responsible for: (a) all preclinical and clinical development activities required in order to obtain regulatory approval in Greater China for such product candidates, (b) any third-party license milestone or royalty payments owed under the Georgetown License Agreement and the Regents License Agreement, and (c) paying the Company a low single digit royalty on net sales in the territory.

The LDA will expire upon the expiration of the last royalty term for the last licensed product. The LDA may be terminated by: (i) SPH USA on a country by country or product by product basis with 180 days written notice, (ii) either party upon material breach that is not cured within 90 days, and (iii) either party in the event the other party declares insolvency or bankruptcy.

## **5. Merger**

The Merger, which closed on June 7, 2019, was accounted for as a reverse asset acquisition pursuant to *Topic 805, Business Combinations*, as substantially all of the fair value of the assets acquired were concentrated in a group of similar non-financial assets, and the acquired assets did not have outputs or employees. Because the assets had not yet received regulatory approval, the fair value attributable to these assets was recorded as in-process research and development (“IPR&D”) expenses in the Company’s condensed consolidated statement of operations for nine months ended September 30, 2019.

Pursuant to the Merger Agreement, on June 7, 2019, the Company, a representative of holders of the contingent value rights (“CVRs”), and Computershare, Inc. as rights agent entered into a Contingent Value Rights Agreement (the “CVR Agreement”). Pursuant to the CVR Agreement, the Company’s stockholders of record as of immediately prior to the Merger received one CVR for each share of the Company’s common stock held immediately prior to the Merger. CVR holders are entitled to receive 75% of the aggregate amount of any net proceeds received by the combined company during the 15-year period after the closing of the Merger from the grant, sale or transfer of rights to the Company’s SARD or SARM technology that occurs during the 10-year period after the closing (or in the 11th year if based on a term sheet approved during the initial 10-year period) and, if applicable, to receive royalties on the sale of any SARD or SARM products by the combined company during the 15-year period after the closing. The CVR Agreement will continue in effect until the payment of all amounts payable thereunder. As of the June 7, 2019 closing date and September 30, 2019, no milestones had been accrued as there were no potential milestones yet considered probable.

The total purchase price paid in the Merger has been allocated to the net assets acquired and liabilities assumed based on their fair values as of the completion of the Merger. The following summarizes the purchase price paid in the Merger (in thousands, except share and per share amounts):

Number of shares of the combined organization owned by the Company’s pre-Merger stockholders	3,458,170
Multiplied by the fair value per share of GTx common stock (1)	\$ 8.40
Fair value of consideration issued to effect the Merger	\$ 29,049
Transaction costs	2,154
Purchase price	\$ 31,203

(1) Based on the last reported sale price of the Company’s common stock on the Nasdaq Capital Market on June 7, 2019, the closing date of the Merger, and gives effect to the Reverse Stock Split.

The allocation of the purchase price is as follows:

Cash acquired	\$	18,292
Net liabilities assumed		(5,177)
IPR&D (2)		18,088
Purchase price	\$	<u>31,203</u>

- (2) Represents the research and development projects of GTx which were in-process, but not yet completed, and which the Company plans to advance. This consists primarily of GTx's preclinical SARD technology. Current accounting standards require that the fair value of IPR&D projects acquired in an asset acquisition with no alternative future use be allocated a portion of the consideration transferred and charged to expense on the acquisition date. The acquired assets did not have outputs or employees.

## 6. Stockholders' Equity (Deficit)

### *Amended and Restated Articles of Incorporation*

On June 7, 2019, the Company's certificate of incorporation was amended and restated to authorize 60,000,000 shares of common stock and 5,000,000 shares of undesignated preferred stock, each with a par value of \$0.001 per share.

### *Convertible Preferred Stock*

In connection with the Merger, all of the outstanding shares of Private Onceternal's convertible preferred stock were converted into 8,148,268 shares of the Company's common stock. As of December 31, 2018, Private Onceternal's convertible preferred stock is classified as temporary equity on the accompanying condensed consolidated balance sheets in accordance with authoritative guidance for the classification and measurement of potentially redeemable securities whose redemption is based upon certain change in control events outside of Private Onceternal's control, including liquidation, sale or transfer of control of Private Onceternal. Private Onceternal did not adjust the carrying values of the convertible preferred stock to the liquidation preferences of such shares because the occurrence of any such change of control event was not deemed probable.

### *Sales of Convertible Preferred Stock*

In September, November and December 2017, Private Onceternal issued an aggregate of 1,662,494 shares of Series B-2 preferred stock at a per share purchase price of \$6.13, raising net cash proceeds of \$8.9 million, of which \$1.1 million was collected in February 2018 and, as such, was recorded as a stock subscription receivable within mezzanine equity at December 31, 2017.

In November 2018, contemporaneous with entering into the LDA, Private Onceternal issued 2,495,114 shares of Series C preferred stock to SPH USA, at a per share purchase price of \$6.81, raising net cash proceeds of \$16.8 million. Private Onceternal concluded that the shares were issued at fair value and therefore no value was ascribed to the LDA.

### *Common Stock Warrants*

In September, November and December 2017, as adjusted for the Exchange Ratio, Private Onceternal issued warrants to purchase of 371,624 shares of Series B-2 preferred stock, which converted into rights to purchase common stock of the Company at the Merger closing, at an exercise price of \$6.13 per share. The warrants expire on various dates in September, November and December 2022. As of September 30, 2019, warrants to purchase 196 shares of common stock have been exercised.

On September 29, 2017, the Company completed a private placement transaction that included warrants to purchase an aggregate of 469,996 shares of the Company's common stock at an exercise price of \$63.14 per share. The five-year warrants expire on September 29, 2022. As of September 30, 2019, no such warrants have been exercised.

The Company assessed whether the above warrants require accounting as derivatives after the Merger closing. The Company determined that the warrants were indexed to the Company's own stock. As such, the Company has concluded the warrants meet the scope exception for determining whether the instruments require accounting as warrant liabilities.

### Common Stock and Unvested Share Liability

The Company has issued restricted common stock subject to vesting and repurchase by the Company. For employee and non-employee awards, the issuance date fair value is recognized over the requisite service period of the award (usually the vesting period) on a straight-line basis. In addition, the Company has outstanding unvested shares related to the early exercise of stock options. The Company has the right, but not the obligation, to repurchase any unvested shares at the original purchase price upon any voluntary or involuntary termination. The consideration received in exchange for unvested shares is recorded as an unvested share liability on the accompanying condensed consolidated balance sheets and is reclassified into common stock and additional paid-in capital as the shares vest. At September 30, 2019 and December 31, 2018, the unvested share liability was \$27,000 and \$54,000, respectively.

A summary of the Company's unvested shares is as follows (in thousands):

	<b>Number of Shares</b>
Balance at December 31, 2018	100
Vested shares	(60)
Balance at September 30, 2019	40

### Equity Incentive Plans

Contemporaneous with the Merger closing: (i) Private Oncernal's 2015 Equity Incentive Plan, as amended (the "2015 Plan") was assumed by the Company, and (ii) the Company adopted the 2019 Incentive Award Plan ("2019 Plan") under which the sum of: (a) 1,678,571 shares of common stock, (b) up to 276,863 shares of common stock which were subject to outstanding awards under the GTx 2013 Equity Incentive Plan (the "2013 Plan") as of June 7, 2019, that are subsequently cancelled will become available for issuance under the 2019 Plan, and (c) an annual increase on the first day of each calendar year beginning January 1, 2020, and ending on and including January 1, 2029, equal to the lesser of (A) 5% of the aggregate number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of shares of common stock as is determined by the Board, are reserved for issuance.

As of September 30, 2019, there were: (i) 274,865 outstanding and fully vested options under the 2013 Plan with a weighted average exercise price of \$60.61 per share, and (ii) 1,998 cancelled options that were added back to the 2019 Plan as of September 30, 2019.

In July 2015, Private Oncernal adopted the 2015 Plan which provided for the issuance of up to 631,120 shares of common stock for incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards and other stock awards to its employees, members of its board of directors and consultants. In general, the options issued under the 2015 Plan expire ten years from the date of grant and vest over a four-year period. Certain grants vest based on the achievement of development or regulatory milestones. No further awards will be made under the 2015 Plan, which was terminated in June 2019.

The 2015 Plan allowed for the early exercise of all stock option grants if authorized by the board of directors at the time of grant. The Company has the option to repurchase any unvested shares at the original purchase price upon any voluntary or involuntary termination.

A summary of the Company's stock option activity under the 2019 Plan and 2015 Plan is as follows:

	<b>Number of Options</b>	<b>Weighted- Average Exercise Price</b>
Balance at December 31, 2018	504,019	\$ 0.81
Granted	1,150,000	\$ 5.54
Cancelled	(25,226)	\$ 0.81
Exercised	(19,040)	\$ 0.69
Balance at September 30, 2019	1,609,753	\$ 4.18

The aggregate intrinsic value of stock options exercised during the nine months ended September 30, 2019 and 2018 and year ended December 31, 2018 was not material. The intrinsic value is calculated as the difference between the fair value of the Company's common stock at the time of the option exercise and the exercise price of that stock option.

### Stock-Based Compensation Expense

The weighted-average assumptions used in the Black-Scholes option pricing model to determine the fair value of stock option grants were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Risk-free interest rate	1.6%	—%	1.6%	—%
Expected volatility	76.9%	—%	76.9%	—%
Expected term (in years)	5.9	—	5.9	—
Expected dividend yield	—%	—%	—%	—%

*Expected volatility.* Prior to the Merger, Private Onceternal did not have a trading history for its common stock. Accordingly, the expected volatility assumption is based on volatilities of a peer group of similar companies whose share prices are publicly available. The peer group was developed based on companies in the life sciences industry. The Company will continue to apply this process until a sufficient amount of historical information regarding the volatility of its own stock price becomes available.

*Expected term.* The expected term represents the period of time that options are expected to be outstanding. Because Private Onceternal did not have historical exercise behavior, it determined the expected life assumption using the simplified method for employees, which is an average of the contractual term of the option and its vesting period. The expected term for nonemployee options is generally the remaining contractual term.

*Risk-free interest rate.* The risk-free interest rate is based on the implied yield on the U.S. Treasury securities with a maturity date similar to the expected term of the associated stock option award.

*Expected dividend yield.* The Company bases the expected dividend yield assumption on the fact that it has never paid cash dividends and has no present intention to pay cash dividends and, therefore, used an expected dividend yield of zero.

Stock-based compensation expense recognized for all equity awards has been reported in the statements of operations as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Research and development	\$ 44	\$ 16	\$ 111	\$ 47
General and administrative	46	26	81	79
	<u>\$ 90</u>	<u>\$ 42</u>	<u>\$ 192</u>	<u>\$ 126</u>

As of the latest balance sheet presented, the total compensation cost related to nonvested awards not yet recognized and the weighted-average period over which it is expected to be recognized was \$4.2 million and 3.7 years, respectively.

### Common Stock Reserved for Future Issuance

Common stock reserved for future issuance is as follows (in thousands):

	September 30, 2019
Common stock warrants	841
Common stock options issued and outstanding	1,928
Common stock available for issuance under the 2019 Plan	529
	<u>3,298</u>

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (i) our unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q for the period ended September 30, 2019 (this "Quarterly Report"), (ii) the unaudited condensed consolidated financial statements and related notes to management's discussion and analysis of financial condition and results of operations for the period ended June 30, 2019, included in our Quarterly Report on Form 10-Q, filed with the SEC on August 9, 2019, (iii) the unaudited condensed consolidated financial statements and related notes thereto for the period ended March 31, 2019 of privately-held Oncernal Therapeutics, Inc. ("Private Oncernal") prior to the merger described herein ("Merger"), included in our Current Report on Form 8-K/A, filed with the Securities and Exchange Commission ("SEC") on August 9, 2019, and (iv) Private Oncernal's audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2018, included in our Amendment No. 1 to Registration Statement on Form S-4, filed with the SEC on May 6, 2019 (Registration No. 333-230758) (the "Registration Statement").* As further described in Note 1 – Description of Business and Note 5 – Merger of our condensed consolidated financial statements included elsewhere in this Quarterly Report, Private Oncernal was determined to be the accounting acquirer in the Merger. Accordingly, the pre-Merger historical financial information presented in this Quarterly Report reflects the standalone financial statements of Private Oncernal and, therefore, period-over-period comparisons may not be meaningful. *In addition, references to the Company's operating results prior to the Merger will refer to the operating results of Private Oncernal. Except as otherwise indicated herein or as the context otherwise requires, references in this Quarterly Report to "Oncernal" "the Company," "we," "us" and "our" refer to Oncernal Therapeutics, Inc., a Delaware corporation, on a post-Merger basis, and the term "Private Oncernal" refers to the business of privately-held Oncernal Therapeutics, Inc. prior to completion of the Merger.*

### Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations and financial position, business strategies and plans, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated products, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology. These forward-looking statements are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of risks, uncertainties and assumptions, including those described in our Quarterly Report on Form 10-Q, filed with the SEC on August 9, 2019, and in Part II, Item 1A, "Risk Factors" of this Quarterly Report. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

### Overview

We are a clinical-stage biopharmaceutical company focused on the development of novel oncology therapies for the treatment of cancers with critical unmet medical need. Our development efforts are focused on promising, yet untreated biological pathways implicated in cancer generation or progression.

Our lead product candidate is cirmtuzumab, a monoclonal antibody that is designed to inhibit the Receptor tyrosine kinase-like Orphan Receptor 1 ("ROR1") receptor, which is being evaluated in a Phase 1/2 clinical trial in combination with ibrutinib for the treatment of chronic lymphocytic leukemia ("CLL") and mantle cell lymphoma ("MCL"), and in a Phase 1b clinical trial in combination with paclitaxel for women with unresectable or metastatic breast cancer. ROR1, which is a growth factor receptor that is widely expressed on many tumors and whose overexpression has been correlated with poor prognosis, activates pathways that lead to increased tumor proliferation, invasiveness and drug resistance. In June 2019, we presented data at the American Society of Clinical Oncology ("ASCO") annual meeting from our CIRRL (Cirmtuzumab and Ibrutinib targeting ROR1 for Leukemia and Lymphoma) clinical trial, reporting that results from the first 12 patients with CLL treated in the Part 1 dose-finding cohort of the Phase 1 portion of our clinical trial demonstrated an observed interim overall objective response rate ("ORR") of 91.7% for the combination of cirmtuzumab plus ibrutinib, including three patients with clinical or confirmed complete responses, and a well-tolerated safety profile consistent with that seen for ibrutinib treatment alone.

In August 2019, we announced that we had opened for enrollment the randomized, Phase 2 portion of our CIRLL clinical trial based on favorable outcomes from the Part 1, dose-finding and Part 2 dose-confirming cohorts of the clinical trial, which included an observed interim ORR of 100% for the first nine CLL patients with evaluable data who received the recommended dosing regimen and who completed 12 weeks of cirmtuzumab plus ibrutinib treatment in Part 2 of the clinical trial, and a well-tolerated safety profile consistent with that seen with ibrutinib treatment alone. We anticipate reporting additional interim data from this study in patients with CLL and MCL at a scientific conference in the fourth quarter of 2019. In addition, we expect that interim data from a Phase 1b, investigator-sponsored clinical trial of cirmtuzumab in combination with paclitaxel from patients with breast cancer will be reported in the fourth quarter of 2019.

In October 2019, we announced that we had opened for enrollment a Phase 1b cohort of our Phase 1/2 clinical trial of cirmtuzumab in combination with ibrutinib in patients with MCL. The decision to open an expansion cohort in MCL of the ongoing Phase 1/2 CIRLL clinical trial was based on favorable interim results from Part 1 (dose-finding) cohort of the clinical trial.

We are also developing TK216, a small molecule that is designed to inhibit E26 Transformation Specific (“ETS”) family oncoproteins, which alter gene transcription and RNA processing and lead to increased cell proliferation and invasion. TK216 is being evaluated in a Phase 1 clinical trial, alone and in combination with vincristine, in patients with relapsed or refractory Ewing sarcoma, a rare pediatric cancer. We anticipate completing the dose-finding portion of our Phase 1 clinical trial of TK216 for patients with Ewing sarcoma, opening the expansion cohort, and reporting interim data from this study at a scientific conference in the fourth quarter of 2019.

In addition, we are developing a chimeric antigen receptor T cell (“CAR-T”) product candidate that targets ROR1, which is currently in preclinical development as a potential treatment for solid tumors and hematologic malignancies. We anticipate selecting a candidate CAR-T construct in the first half of 2020, and initiating a Phase 1 clinical trial for hematologic malignancies in early 2021.

On March 6, 2019, we entered into an Agreement and Plan of Merger and Reorganization, as amended (the “Merger Agreement”), with privately-held Oncernal Therapeutics, Inc. (“Private Oncernal”) and Grizzly Merger Sub, Inc., a wholly-owned subsidiary of the Company (“Merger Sub”). Under the Merger Agreement, Merger Sub merged with and into Private Oncernal, with Private Oncernal surviving as our wholly-owned subsidiary (the “Merger”). On June 7, 2019, the Merger was completed. We then changed our corporate name from GTx, Inc., to Oncernal Therapeutics, Inc., and Private Oncernal, which remains our wholly-owned subsidiary, changed its name to Oncernal Oncology, Inc. On June 10, 2019, our common stock began trading on The Nasdaq Capital Market under the ticker symbol “ONCT.”

Pursuant to the terms of the Merger Agreement, each outstanding share of Private Oncernal common stock outstanding immediately prior to the closing of the Merger was converted into 0.073386 shares of our common stock (the “Exchange Ratio”), after taking into account a one-for-seven reverse stock split. Immediately prior to the closing of the Merger, all shares of Private Oncernal preferred stock then outstanding were exchanged into shares of common stock of Private Oncernal. In addition, all outstanding options exercisable for common stock of Private Oncernal and warrants exercisable for convertible preferred stock of Private Oncernal became options and warrants exercisable for the same number of shares of our common stock multiplied by the Exchange Ratio. Immediately following the Merger, stockholders of Private Oncernal owned approximately 77.5% of our outstanding common stock.

Prior to the Merger, we had been evaluating enobosarm, a selective androgen receptor modulator (“SARM”), for the treatment of post-menopausal women with stress urinary incontinence (“SUI”). However, based on the results of the ASTRID trial in 2018, we determined that there was not a sufficient path forward to warrant additional clinical development of enobosarm to treat SUI, and discontinued further development of enobosarm to treat SUI, as well as our SARM technology generally.

Prior to the Merger and since its inception in 2013, Private Oncernal had devoted most of its resources to organizing and staffing, business planning, raising capital, acquiring product candidates and securing related intellectual property rights and advancing its preclinical and clinical development programs. Under our research subaward agreements with the University of California San Diego School of Medicine (“UC San Diego”), we are eligible to receive up to approximately \$14.0 million in development milestones throughout the award project period, estimated to be from October 1, 2017 to March 31, 2022. Prior to the Merger, Private Oncernal funded its operations primarily through: (i) gross proceeds of \$49.0 million from the issuance and sale of convertible preferred stock, and (ii) receipt of \$7.7 million in subaward grant payments received from UC San Diego. As of September 30, 2019, we had cash and cash equivalents of \$23.1 million, including cash proceeds of \$18.3 million received in connection with the closing of the Merger.

We have incurred net losses in each year since inception. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our current or future product candidates. Our net losses were \$30.0 million (\$18.1 million related to nonrecurring Merger costs) and \$5.8 million for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019, we had an accumulated deficit of \$61.4 million. Substantially all of our net losses have resulted from costs incurred in connection with: (i) advancing our research and development programs, (ii) general and administrative costs associated with our operations, and (iii) in-process research and development costs associated with the Merger. We expect to continue to incur significant and increasing operating losses for at least the next several years. We expect that our expenses and capital funding requirements will increase substantially in connection with our ongoing activities, particularly if and as we:

- conduct our ongoing Phase 1/2 clinical trial of cirmtuzumab for patients with CLL or MCL and any additional clinical trials for our product candidates;
- continue our ongoing Phase 1 clinical trial of TK216 for Ewing sarcoma and any additional clinical trials for our product candidates;
- advance preclinical studies of our CAR-T program;
- acquire or in-license other product candidates and technologies;
- maintain, expand and protect our intellectual property portfolio;
- establish a commercial manufacturing source and secure supply chain capacity sufficient to provide commercial quantities of any product candidates for which we may obtain regulatory approval;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which it may obtain regulatory approval; and
- add operational, financial and management information systems and personnel, including personnel to support our planned product development and future commercialization efforts, as well as to support our operating costs as a public reporting company.

We will not generate product sales revenue unless and until we successfully complete clinical development and obtain regulatory approval for our product candidates. If we obtain regulatory approval for any of our product candidates and do not enter into a commercialization partnership, we expect to incur significant expenses related to developing our internal commercialization capability to support product sales, marketing and distribution. In addition, we expect to incur additional costs associated with operating as a public company.

As a result, we believe we will need substantial additional funding to support our continuing operations and pursue our business strategy. Until such time as we can generate significant revenue product sales, if ever, we expect to finance our operations through a combination of equity offerings, debt financings, government funding, or other sources, including potentially collaborations, licenses and other similar arrangements. We may not be able to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, reduce or eliminate the development and commercialization of one or more of our product candidates or delay our pursuit of potential in-licenses or acquisitions.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

We expect that our existing cash and cash equivalents will be sufficient to fund our operations through the second quarter of 2020. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we expect. See “*Liquidity and Going Concern*.” Beyond that point, we will need to raise additional capital to finance our operations, which cannot be assured. Management has concluded that this circumstance raises substantial doubt about our ability to continue as a going concern within one year after the issuance date of our condensed consolidated financial statements as of and for the nine months ended September 30, 2019. See Note 1 of our condensed consolidated financial statements included elsewhere in this Quarterly Report.



## Components of Results of Operations

### Grant Revenue

We have not and do not expect to generate any product sales revenue in the foreseeable future. If our development efforts for our product candidates are successful and result in regulatory approval, we may generate product sales revenue in the future. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of our product candidates. We may never succeed in obtaining regulatory approval for any of our product candidates. Our total revenue to date has been derived from a California Institute for Regenerative Medicine (“CIRM”) grant subaward with UC San Diego.

In August 2017, CIRM awarded an \$18.3 million grant to researchers at UC San Diego to advance our Phase 1/2 clinical trial evaluating cirmtuzumab in combination with ibrutinib for the treatment of patients with B-cell lymphoid malignancies, including MCL and CLL. Oncernal is conducting this study in collaboration with UC San Diego and estimates it will receive approximately \$14.0 million in development milestones under research subaward agreements throughout the award project period, estimated to be from October 1, 2017 to March 31, 2022. In addition, we are committed to certain co-funding requirements and are required to provide UC San Diego progress and financial update reports throughout the award project period. We received subaward payments of \$4.8 million and \$0.5 million in the nine months ended September 30, 2019 and September 30, 2018, respectively. As of September 30, 2019, we believe we have met our obligations under the CIRM award and UC San Diego subawards.

### Operating Expenses

#### *Research and Development*

Research and development expenses consist primarily of costs incurred for the preclinical and clinical development of our lead product candidate, cirmtuzumab, as well as TK216, which include:

- expenses under agreements with third-party contract organizations, investigative clinical trial sites that conduct research and development activities on our behalf, and consultants;
- costs related to develop and manufacture preclinical study and clinical trial material;
- salaries and employee-related costs, including stock-based compensation;
- costs incurred under our collaboration and third-party licensing agreements; and
- laboratory and vendor expenses related to the execution of preclinical and clinical trials.

We accrue all research and development costs in the period for which they are incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors, collaborators and third-party service providers. Advance payments for goods or services to be received in future periods for use in research and development activities are deferred and then expensed as the related goods are delivered and as services are performed.

We expect our research and development expenses to increase substantially for the foreseeable future as we: (i) invest in additional operational personnel to support our planned product development efforts, and (ii) continue to invest in developing our product candidates as our product candidates advance into later stages of development, and as we begin to conduct larger clinical trials. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials.

Our direct research and development expenses are tracked by product candidate and consist primarily of external costs, such as fees paid under third-party license agreements and to outside consultants, contract research organizations (“CROs”), contract manufacturing organizations and research laboratories in connection with our preclinical development, process development, manufacturing and clinical development activities. We do not allocate employee costs and costs associated with our discovery efforts, laboratory supplies and facilities, including other indirect costs, to specific product candidates because these costs are deployed across multiple programs and, as such, are not separately classified. We use internal resources primarily to conduct our research as well as for managing our preclinical development, process development, manufacturing and clinical development activities. These employees work across multiple programs and, therefore, we do not track our costs by product candidate unless such costs are includable as subaward costs.

We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our product candidates due to the inherently unpredictable nature of preclinical and clinical development, including any potential expanded dosing beyond the original protocols based in part on ongoing clinical success. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to which product candidates to pursue and how much funding to direct to each product candidate on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments of each product candidate's commercial potential. We will need to raise substantial additional capital in the future. In addition, we cannot forecast which product candidates may be subject to future collaborations, when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development plans and capital requirements.

*General and Administrative*

General and administrative expenses consist primarily of personnel-related costs, insurance costs, facility costs and professional fees for legal, patent, consulting, investor and public relations, accounting and audit services. Personnel-related costs consist of salaries, benefits and stock-based compensation. We expect our general and administrative expenses will increase substantially as we: (i) incur additional costs associated with being a public company, including audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance premiums, and investor relations costs, (ii) hire additional personnel, and (iii) protect our intellectual property.

**Other Income (Expense)**

*Change in Fair Value of Preferred Stock Warrant Liability*

In connection with Private Oncernal's Series B-2 preferred stock financing in 2017, Private Oncernal issued warrants to purchase shares of its Series B-2 preferred stock. We classified these warrants as a liability on our condensed consolidated balance sheets and remeasured them to fair value at each reporting date, and we recognized changes in the fair value of the warrant liability as a component of other income (expense), net in our condensed consolidated statements of operations.

Upon the closing of the Merger, all outstanding warrants to purchase Private Oncernal Series B-2 preferred stock were converted into warrants to purchase our common stock. As a result, such warrants will no longer require liability accounting and the fair value of the warrant liability has been reclassified to stockholders' equity.

*Interest Income*

Interest income consists of interest earned on our cash equivalents, which consist of money market funds. Our interest income has not been significant due to low interest earned on invested balances.

**Results of Operations**

**Comparison of Three Months Ended September 30, 2019 and 2018**

The following table summarizes our results of operations for the three months ended September 30, 2019 and 2018:

	<b>Three Months Ended September 30,</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>(in thousands)</b>		
Grant revenue	\$ 544	\$ 329	\$ 215
Operating expenses:			
Research and development	3,108	1,809	1,299
General and administrative	2,385	454	1,931
Total operating expenses	5,493	2,263	3,230
Loss from operations	(4,949)	(1,934)	(3,015)
Other income (expense):			
Change in fair value of warrant liability	—	23	(23)
Interest income	57	13	44
Total other income (expense)	57	36	21
Net loss	<u>\$ (4,892)</u>	<u>\$ (1,898)</u>	<u>\$ (2,994)</u>

## Grant Revenue

Grant revenue for the three months ended September 30, 2019 was \$0.5 million, compared to \$0.3 million for the three months ended September 30, 2018. The increase was driven by higher research and development subaward related costs in 2019 as compared to 2018.

## Research and Development Expenses

The following table summarizes our research and development expenses for the periods indicated:

	<u>Three Months Ended September 30,</u>		<u>Increase/ (Decrease)</u>
	<u>2019</u>	<u>2018</u>	
		<u>(in thousands)</u>	
Cirmtuzumab	\$ 1,846	\$ 770	\$ 1,076
TK216	203	624	(421)
Unallocated expenses	1,059	415	644
Total research and development expenses	<u>\$ 3,108</u>	<u>\$ 1,809</u>	<u>\$ 1,299</u>

Research and development expenses for the three months ended September 30, 2019 and 2018 were \$3.1 million and \$1.8 million, respectively, an increase of \$1.3 million. The increase was due to a \$0.7 million increase in direct product candidate costs, and a \$0.6 million increase in unallocated expenses.

Direct expenses for cirmtuzumab increased \$1.1 million for the three months ended September 30, 2019, compared to the three months ended September 30, 2018, primarily due to the following factors: (i) a \$0.5 million increase due to licensing fees incurred, (ii) \$0.2 million related to manufacturing activities, and (iii) a \$0.3 million increase in clinical trial activities related to our ongoing Phase 1/2 clinical trial of cirmtuzumab in combination with ibrutinib for the treatment of patients with B-cell lymphoid malignancies, including MCL and CLL, that commenced in the latter part of 2017.

Direct expenses for TK216 decreased \$0.4 million for the three months ended September 30, 2019, compared to the three months ended September 30, 2018, due to a \$0.4 million decrease in clinical trial costs related to our ongoing Phase 1 clinical trial of TK216 in refractory Ewing sarcoma.

Unallocated expenses increased \$0.6 million for the three months ended September 30, 2019, compared to the three months ended September 30, 2018, primarily due to higher personnel costs.

## General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2019 and 2018 were \$2.4 million and \$0.5 million, respectively, an increase of \$1.9 million. The increase is primarily due to higher: (i) legal fees of \$0.7 million incurred to expand our intellectual property portfolios and for additional services incurred as a public company, (ii) personnel and related costs and professional fees of \$0.7 million, (iii) director and officer liability insurance costs of \$0.3 million, and (iv) other expenses to operate as a publicly-traded company of approximately \$0.2 million.

## Other Income (Expense)

Other expense was \$0.1 million for each of the three months ended September 30, 2019 and September 30, 2018.

## Comparison of Nine Months Ended September 30, 2019 and 2018

The following table summarizes our results of operations for the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30,		
	2019	2018	Change
	(in thousands)		
Grant revenue	\$ 1,689	\$ 2,044	\$ (355)
Operating expenses:			
Research and development	7,591	6,612	979
In-process research and development	18,088	—	18,088
General and administrative	4,937	1,589	3,348
Total operating expenses	30,616	8,201	22,415
Loss from operations	(28,927)	(6,157)	(22,770)
Other income (expense):			
Change in fair value of warrant liability	(1,268)	101	(1,369)
Other income	—	216	(216)
Interest income	163	40	123
Interest expense	—	(1)	1
Total other income (expense)	(1,105)	356	(1,461)
Net loss	\$ (30,032)	\$ (5,801)	\$ (24,231)

### Grant Revenue

Grant revenue for the nine months ended September 30, 2019 was \$1.7 million, compared to \$2.0 million for the nine months ended September 30, 2018. The decrease was due to lower research and development subaward related costs incurred in 2019 as compared to 2018.

### Research and Development Expenses

The following table summarizes our research and development expenses for the periods indicated:

	Nine Months Ended September 30,		Increase/ (Decrease)
	2019	2018	
	(in thousands)		
Cirmtuzumab	\$ 4,731	\$ 4,045	\$ 686
TK216	992	1,086	(94)
Unallocated expenses	1,868	1,481	387
Total research and development expenses	\$ 7,591	\$ 6,612	\$ 979

Research and development expenses for the nine months ended September 30, 2019 and 2018 were \$7.6 million and \$6.6 million, respectively, an increase of \$1.0 million. The increase was primarily due to: (i) a \$0.6 million increase in direct product candidate costs, and (ii) a \$0.4 million increase in unallocated research and development expenses.

Direct expenses for cirmtuzumab increased \$0.7 million for the nine months ended September 30, 2019, compared to the nine months ended September 30, 2018, primarily due to: (i) a \$1.8 million increase in clinical trial activities related to our ongoing Phase 1/2 clinical trial of cirmtuzumab in combination with ibrutinib for the treatment of patients with B-cell lymphoid malignancies, including MCL and CLL, that commenced in the latter part of 2017, (ii) a \$0.3 million increase in preclinical costs, and (iii) a \$1.3 million decrease in manufacturing costs, primarily due to the timing of manufacturing clinical trial materials in the second quarter of 2018.

Direct expenses for TK216 decreased \$0.1 million for the nine months ended September 30, 2019, compared to the nine months ended September 30, 2018, primarily due to a \$0.1 million decrease in clinical trial activities related to our continuing Phase 1 clinical trial of TK216 in refractory Ewing sarcoma.

Unallocated expenses increased \$0.4 million for nine months ended September 30, 2019, compared to the nine months ended September 30, 2018, primarily due to higher personnel costs.

## In-Process Research and Development Expenses

In-process research and development expenses increased \$18.1 million for nine months ended September 30, 2019, compared to the nine months ended September 30, 2018, due solely to the Merger.

## General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2019 and 2018 were \$4.9 million and \$1.6 million, respectively, an increase of \$3.3 million. The increase is primarily due to higher: (i) personnel and professional related costs of \$1.4 million, (ii) corporate legal fees of \$1.1 million incurred to expand our intellectual property portfolios and for additional legal support incurred as a public company, (iii) D&O insurance costs of \$0.3 million, (iv) new facility costs of \$0.3 million, and (v) other expenses to operate as a publicly-traded company of approximately \$0.2 million.

## Other Income (Expense)

Other expense was \$1.1 million for the nine months ended September 30, 2019, compared to other income of \$0.4 million for the nine months ended September 30, 2018, a change of \$1.5 million in additional expense. The decrease was primarily due to a: (i) \$1.3 million increase in the fair value of the preferred stock warrant liability, and (ii) gain of \$0.2 million related to an asset purchase agreement with VelosBio as further described in Note 4 to our condensed consolidated financial statements included elsewhere in this Quarterly Report.

## Liquidity and Going Concern

From our inception through September 30, 2019, we have devoted substantially all of our efforts to organizational activities including raising capital, building infrastructure, acquiring assets, developing intellectual property, and conducting preclinical studies, clinical trials and product development activities. We have a limited operating history and the sales and income potential of our business and market are unproven. We have experienced recurring net losses and negative cash flows from operating activities. At September 30, 2019, we had an accumulated deficit of \$61.4 million and had cash and cash equivalents of \$23.1 million. We will need to continue to raise a substantial amount of funds until we are able to generate revenues to fund our development and operating activities.

We expect to continue to incur net losses into the foreseeable future. Successful transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support our cost structure. We have incurred net losses since inception and have relied on our ability to fund our operations through debt and equity financings and grant funding. These conditions raise substantial doubt about our ability to continue as a going concern. The accompanying condensed consolidated financial statements have been prepared assuming that we will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty. This basis of accounting contemplates the recovery of our assets and the satisfaction of liabilities in the normal course of business.

We plan to continue to fund our losses from operations and capital funding needs through a combination of equity offerings, debt financings, government funding, or other sources, including potentially collaborations, licenses and other similar arrangements. There can be no assurance that we will be able to obtain any sources of financing on acceptable terms, or at all. To the extent that we can raise additional funds by issuing equity securities, our stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that impact our ability to conduct our business.

## Cash Flows

The following table summarizes our sources and uses of cash for each of the periods presented:

	<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
	<u>(in thousands)</u>	
Net cash provided by (used in):		
Operating activities	\$ (13,701)	\$ (5,146)
Investing activities	16,137	-
Financing activities	15	1,100
Net increase (decrease) in cash and cash equivalents	<u>\$ 2,451</u>	<u>\$ (4,046)</u>

## Operating activities

During the nine months ended September 30, 2019, net cash used in operating activities was \$13.7 million, resulting from our net loss of \$30.0 million, which included non-cash charges of \$18.1 million related to the acquisition of in-process research and development, a change in the fair value of the warrant liability of \$1.3 million, offset by a \$3.3 million change in our operating assets and liabilities. The \$3.3 million change in operating assets and liabilities primarily consisted of a \$0.3 million increase in prepaid and other assets, a \$3.0 million increase in deferred revenue, and a \$6.0 million increase in accounts payable and accrued expenses.

During the nine months ended September 30, 2018, net cash used in operating activities was \$5.1 million, resulting from our net loss of \$5.8 million, which included non-cash charges of other income of \$0.2 million, a change in the fair value of warrant liability of \$0.1 million, stock-based compensation charges of \$0.1 million, and a \$0.9 million change in operating assets and liabilities. The \$0.9 million change in operating assets and liabilities consisted of a \$0.6 million decrease in prepaid and other assets, a \$1.6 million decrease in deferred revenue, and a \$3.0 million increase in accounts payable and accrued expenses.

## Investing activities

Net cash provided by investing activities was \$16.1 million for the nine months ended September 30, 2019, primarily resulting from cash received in connection with the Merger. Net cash provided by investing activities was none for the nine months ended September 30, 2018.

## Financing activities

Net cash provided by financing activities was nominal for the nine months ended September 30, 2019. Net cash provided by financing activities was \$1.1 million for the nine months ended September 30, 2018, which resulted from the collection of \$1.1 million of Series B-2 convertible preferred stock subscriptions receivable issued in December 2017.

We expect that our existing cash and cash equivalents will be sufficient to fund our operations through the second quarter of 2020. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Additionally, the process of testing product candidates in clinical trials is costly, and the timing of progress, potential dose expansions beyond our planned study protocols based in part on our clinical progress, and expenses in these trials is uncertain.

Our future capital requirements will depend on many factors, including:

- the type, number, scope, progress, expansions, results, costs and timing of, our preclinical studies and clinical trials of our product candidates which we are pursuing or may choose to pursue in the future;
- the costs and timing of manufacturing for our product candidates, including commercial manufacturing if any product candidate is approved;
- the costs of obtaining ibrutinib, for which we currently obtain supply at no cost under our clinical supply agreement with Pharmacyclics LLC, and vincristine to conduct our clinical trials of cirmtuzumab and TK216, respectively;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- our efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting;
- the costs associated with hiring additional personnel and consultants as our preclinical and clinical activities increase;
- the costs and timing of establishing or securing sales and marketing capabilities if any product candidate is approved;
- our ability to achieve sufficient market acceptance, adequate coverage and reimbursement from third-party payors and adequate market share and revenue for any approved products;
- the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements; and
- costs associated with any products or technologies that it may in-license or acquire.

Until such time, if ever, as we can generate substantial product revenues to support our cost structure, we expect to finance our losses from operations and capital funding needs through a combination of equity offerings, debt financings, government funding and other sources, including potentially collaborations, licenses and other similar arrangements. To the extent we raise additional capital through the sale of debt or equity securities, the ownership interest of our stockholders will be or could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt

financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, licenses and other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through debt or equity financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates by ourselves. There can be no assurance that we will be able to obtain any sources of financing on acceptable terms, or at all.

### ***Contractual Obligations and Commitments***

We are party to a number of license agreements, pursuant to which we have payment obligations that are contingent upon future events such as our achievement of specified development, regulatory and commercial milestones and are required to make royalty payments in connection with the sale of products developed under those agreements. As of September 30, 2019, we were unable to estimate the timing or likelihood of achieving the milestones or making future product sales and, therefore, any related payments are not included in the table above. See Note 4 to our condensed consolidated financial statements included elsewhere in this Quarterly Report for a description of these agreements.

We enter into contracts in the normal course of business with clinical trial sites and clinical supply manufacturers and with vendors for preclinical studies, research supplies and other services and products for operating purposes. These contracts generally provide for termination after a notice period, and, therefore, are cancelable contracts and not included in the table above.

### ***Government Contracts, Grant Agreements and Incentive Programs***

#### ***The CIRM Award***

In August 2017, CIRM awarded an \$18.3 million grant to researchers at UC San Diego, to advance our Phase 1/2 clinical trial evaluating cirmtuzumab in combination with ibrutinib for the treatment of patients with B-cell lymphoid malignancies, including MCL and CLL. We: (i) are conducting this study in collaboration with UC San Diego, (ii) estimate we will receive approximately \$14.0 million in development milestones under research subaward agreements throughout the award project period, estimated to be from October 1, 2017, to March 31, 2022, (iii) are committed to certain co-funding requirements, (iv) received subaward payments of \$4.8 million and \$0.5 million for nine months ended September 2019 and 2018, respectively, and (v) are required to provide UC San Diego progress and financial update reports throughout the award project period. The subaward does not bear a royalty payment commitment, nor is the subaward otherwise refundable. For the nine months ended September 30, 2019 and 2018, we recorded revenue of \$1.7 million and \$2.0 million, respectively. Related qualifying subaward costs during the nine months ended September 30, 2019 and 2018 were \$3.2 million and \$3.7 million, respectively. As of September 30, 2019, we believe we have met our obligations under the CIRM award and UC San Diego subawards.

In October 2017, CIRM awarded a \$5.8 million grant to the researchers at UC San Diego to develop a novel anti-cancer stem cell targeted therapy for patients with advanced solid and hematological malignancies. In connection with such CIRM award, we agreed to provide up to \$1.0 million in contingency funds if required during the grant period. We recorded no research and development expense under such CIRM award for the three and nine months ended September 30, 2019 and 2018.

### ***Critical Accounting Policies***

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of the financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses incurred during the reporting periods.

Our estimates are based on our historical experience, trends and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We consider our critical accounting policies and estimates to be related to research and development expenses and accruals, the valuation of warrants to purchase convertible preferred stock (which did convert at the Merger closing), and revenue recognition. There have been no material changes to our critical accounting policies and estimates during the nine months ended September 30, 2019 from those disclosed in "Oncternal's Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies," included in the Registration Statement.

## **Off-Balance Sheet Arrangements**

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS**

We are a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act, and are not required to provide the information required under this item.

## **ITEM 4. CONTROLS AND PROCEDURES.**

### **Evaluation of Disclosure Controls and Procedures**

We maintain “disclosure controls and procedures” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, who serve as our principal executive officer and principal financial officer, respectively, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2019. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of such date.

### **Changes in Disclosure Controls and Procedures**

There were no changes in our internal control over financial reporting during the three months ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



**ITEM 1. LEGAL PROCEEDINGS.*****Litigation Related to the Merger***

Between April 10 and May 1, 2019, three putative class action lawsuits and one individual lawsuit were filed in the U.S. District Court for the District of Delaware: Wheby v. GTx, Inc. et al., Miller v. GTx, Inc. et al., Tabb v. GTx, Inc. et al., and Living Seas LLC v. GTx, Inc. et al. (collectively, the “Delaware Actions”). On April 11 and 23, 2019, two putative class actions were filed in the U.S. District Court for the Southern District of New York: Kopanic v. GTx, Inc. et al. and Cooper v. GTx, Inc. et al. (collectively, the “New York Actions” and, together with the Delaware Actions, the “Actions”). The Actions name as defendants us and our former board of directors, and, in the case of the Wheby and Miller actions, Private Onceternal and Merger Sub. The Actions allege that defendants violated Sections 14(a) and 20(a) of the Exchange Act, as well as Rule 14a-9 promulgated thereunder, in connection with our filing of the Registration Statement in connection with the Merger. The Delaware Actions have now been voluntarily dismissed with prejudice: the Wheby action on June 12, 2019; the Miller action on July 15, 2019; the Living Seas action on June 26, 2019; and the Tabb action on October 21, 2019. On September 16, 2019, Plaintiffs in the New York Actions filed an amended complaint, alleging violations of Sections 14(a) and 20(a) of the Exchange Act related to the value GTx’s stockholders received in the Merger. The complaint seeks damages and other unspecified relief. We believe that the remaining lawsuits are without merit and intend to vigorously defend these actions. We cannot predict the outcome of or estimate the possible loss or range of loss from any of these matters.

***Zappia vs. GTx Incorporated***

On October 15, 2019, Joseph Zappia and Karen Zappia filed a lawsuit against us in the U.S. District Court for the District of Delaware. The complaint alleges that our former management (prior to the Merger) engaged in illegal insider trading and false, manipulative and deceptive practices in violation of Sections 10(b) (and Rule 10b-5 promulgated thereunder), with respect to the timing of the disclosure of failed clinical trial results of GTx’s enobosarm product candidate in September 2018. The plaintiffs seek damages, interest, costs, attorneys' fees. We believe that this lawsuit is without merit and intend to vigorously defend this matter. We cannot predict the outcome of or estimate the possible loss or range of loss from this matter.

**ITEM 1A. RISK FACTORS.**

There have been no material changes to the risk factors included in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2018, other than as previously disclosed in our quarterly report on Form 10-Q for the quarter ended June 30, 2019, filed with the Securities and Exchange Commission on August 9, 2019, and changes to the risk factors below.

***We are currently involved, and may become involved in the future, in securities class action litigation that could divert management’s attention, adversely affect our business and subject us to significant liabilities.***

In the past, securities class action litigation has often been brought against a company following volatility in the market price of its securities. This risk is especially relevant for us, because biotechnology and pharmaceutical companies have experienced significant stock price volatility in recent years. Between April 10, 2019, and May 1, 2019, three putative class action lawsuits and one individual lawsuit were filed in the U.S. District Court for the District of Delaware, and two putative class actions were filed in the U.S. District Court for the Southern District of New York, naming us and our board of directors as defendants and alleging that the defendants violated Sections 14(a) and 20(a) of the Exchange Act, as well as Rule 14a-9 promulgated thereunder, in connection with our filing of the Registration Statement in connection with the Merger. The Delaware actions have now been voluntarily dismissed with prejudice.

Additionally, on October 15, 2019, a lawsuit was filed against us in the U.S. District Court for the District of Delaware alleging that GTx management engaged in illegal insider trading and false, manipulative and deceptive practices in violation of Sections 10(b) (and Rule 10b-5 promulgated thereunder), with respect to the timing of the disclosure of failed clinical trial results of GTx’s enobosarm product candidate in September 2018.

These lawsuits and any future lawsuits to which we may become a party are subject to inherent uncertainties and will likely be expensive and time-consuming to investigate, defend and resolve, and will divert our management’s attention and financial and other resources. The outcome of litigation is necessarily uncertain, and we could be forced to expend significant resources in the defense of this and other suits, and we may not prevail. Any litigation to which we are a party may result in an onerous or unfavorable judgment that may not be reversed upon appeal or in payments of substantial monetary damages or fines, or we may decide to settle this or other lawsuits on similarly unfavorable terms, which could adversely affect our business, financial condition, results of operations or stock price. See Part II, Item 1 “Legal Proceedings” in this Quarterly Report on Form 10-Q for more information about the lawsuits that have been filed. In addition, stock markets have experienced significant price and volume fluctuations that have affected the market prices for the common stock of pharmaceutical companies. These broad market fluctuations as well a broad range of other factors, including the realization of any of the risks described in these “Risk Factors,” may cause the market price of our common stock to decline.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

**Unregistered Sales of Equity Securities**

None.

**Use of Proceeds**

Not applicable.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

**ITEM 5. OTHER INFORMATION.**

Not applicable.

## Item 6. Exhibits.

## EXHIBIT INDEX

Exhibit Number	Description of Exhibit	Form	Incorporated by Reference		Exhibit Number	Filed Herewith
			File Number	Date of Filing		
2.1	<a href="#">Agreement and Plan of Merger and Reorganization, dated March 6, 2019, by and among GTX, Inc., Oncternal Therapeutics, Inc. and Grizzly Merger Sub, Inc.</a>	8-K	000-50549	March 7, 2019	2.1	
2.2	<a href="#">Amendment No. 1 to Agreement and Plan of Merger and Reorganization, dated April 30, 2019, by and among GTX, Inc., Oncternal Therapeutics, Inc. and Grizzly Merger Sub, Inc.</a>	8-K	000-50549	April 30, 2019	2.1	
2.3	<a href="#">CVR Agreement, dated as of June 7, 2019, by and between the Registrant, Marc S. Hanover, as the Holders' Representative, and Computershare Investor Services, as Rights Agent</a>	8-K	000-50549	June 10, 2019	10.1	
2.4	<a href="#">Form of Lock-Up Agreement, dated March 6, 2019, by each of the parties named in each agreement therein</a>	8-K	000-50549	March 7, 2019	2.5	
3.1	<a href="#">Restated Certificate of Incorporation of the Registrant</a>	S-3	333-127175	August 4, 2005	4.1	
3.2	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of the Registrant</a>	8-K	000-50549	May 6, 2011	3.2	
3.3	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of the Registrant</a>	8-K	000-50549	May 9, 2014	3.3	
3.4	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of the Registrant</a>	10-Q	000-50549	May 11, 2015	3.4	
3.5	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of the Registrant</a>	8-K	000-50549	December 5, 2016	3.1	
3.6	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of the Registrant</a>	8-K	000-50549	June 10, 2019	3.1	
3.7	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of the Registrant</a>	8-K	000-50549	June 10, 2019	3.2	
3.8	<a href="#">Amended and Restated Bylaws of the Registrant</a>	8-K	000-50549	June 10, 2019	3.3	
4.1	<a href="#">Form of Amendment to Warrant to Purchase shares of Series B-2 Preferred Stock of Oncternal Therapeutics, Inc.</a>	10-Q	000-50549	August 9, 2019	4.1	
4.2	<a href="#">Specimen of Common Stock Certificate</a>	10-Q	000-50549	August 9, 2019	4.2	
10.1#	<a href="#">Employment Agreement dated August 26, 2019 between Oncternal Therapeutics, Inc. and Frank Hsu, M.D.</a>					X
10.2#	<a href="#">Employment Agreement dated September 5, 2019 between Oncternal Therapeutics, Inc. and Gunnar F. Kaufmann, Ph.D.</a>					X

10.3#	<a href="#">Employment Agreement dated September 9, 2019 between Oncternal Therapeutics, Inc. and Igor P. Bilinsky, Ph.D.</a>	X
10.4#	<a href="#">Employment Agreement dated September 12, 2019 between Oncternal Therapeutics, Inc. and James B. Breitmeyer, M.D.</a>	X
10.5#	<a href="#">Employment Agreement dated September 5, 2019 between Oncternal Therapeutics, Inc. and Richard G. Vincent</a>	X
10.6#	<a href="#">Employment Agreement dated September 5, 2019 between Oncternal Therapeutics, Inc. and Hazel M. Aker</a>	X
10.7#	<a href="#">Amended Oncternal Therapeutics, Inc. Annual Incentive Plan</a>	X
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	X
32.1*	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	X
32.2*	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	X
101.INS	XBRL Instance Document	X
101.SCH	XBRL Taxonomy Extension Schema Document	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X

# Management compensatory plan or arrangement.

\* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not subject to the liability of that section. These certifications are not to be incorporated by reference into any filing of Oncternal Therapeutics, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**SIGNATURES**

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

Company Name

Date: November 8, 2019

By: \_\_\_\_\_  
/s/ James B. Breitmeyer  
**Name:** James B. Breitmeyer  
**Title:** President and Chief Executive Officer

Date: November 8, 2019

By: \_\_\_\_\_  
/s/ Richard G. Vincent  
**Name:** Richard G. Vincent  
**Title:** Chief Financial Officer

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”) is entered into by and between Oncternal Therapeutics, Inc., a Delaware corporation (the “*Company*”), and Frank Hsu, M.D. (“*Executive*”), and shall be effective as of August 26, 2019 (the “*Effective Date*”).

WHEREAS, the Company desires to employ Executive, and Executive desires to accept employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Board*” means the Board of Directors of the Company.

(b) “*California WARN Act*” means California Labor Code Sections 1400 et seq.

(c) “*Cause*” means any of the following:

(i) the commission of an act of fraud, embezzlement or dishonesty by Executive, or the commission of some other illegal act by Executive;

(ii) a conviction of, or plea of “guilty” or “no contest” to, a felony by Executive;

(iii) any unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company or any successor or affiliate thereof;

(iv) Executive’s gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other material misconduct on the part of Executive;

(v) Executive’s ongoing and repeated failure or refusal to perform or neglect of Executive’s duties as required by this Agreement, which failure, refusal or neglect continues for fifteen (15) days following Executive’s receipt of written notice from the Board or the Company’s Chief Executive Officer (the “*CEO*”) stating with specificity the nature of such failure, refusal or neglect; or

(vi) Executive’s breach of any Company policy or any material provision of this Agreement;

provided, however, that prior to the determination that “Cause” under this Section 1(c) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons for the determination that such “Cause” exists, (B) other than with respect to clause (v) above

which specifies the applicable period of time for Executive to remedy his breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive's employment hereunder for such "Cause" and (D) make any decision that such "Cause" exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(d) "**Change in Control**" means and includes each of the following:

(i) A transaction or series of transactions (other than an offering of the Company's common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (1) and (2) of subsection (iii) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(ii) During any period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) of the Company (other than a director of the Company designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (i) or (iii)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors of the Company then still in office who either were directors of the Company at the beginning of the two (2)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(1) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company

(the Company or such person, the “**Successor Entity**”) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(2)after which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (2) as beneficially owning fifty percent (50%) or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

(e)“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(f) “**Good Reason**” means the occurrence of any of the following events or conditions without Executive’s written consent:

(i)a material diminution in Executive’s authority, duties or responsibilities;

(ii)a material diminution in Executive’s base compensation, unless such a reduction is imposed across-the-board to senior management of the Company;

(iii)a material change in the geographic location at which Executive must perform his duties (and the parties agree that the relocation of the geographic location at which Executive must perform his duties by more than fifty (50) miles from the then-current such location without the Executive’s consent (other than Executive's relocation contemplated by Section 3(h) below) shall constitute a material change); or

(iv)any other action or inaction that constitutes a material breach by the Company or any successor or affiliate of its obligations to Executive under this Agreement.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive’s written consent within ninety (90) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive’s termination of employment by reason of resignation from employment with the Company for Good Reason must occur within thirty (30) days following the expiration of the foregoing thirty (30) day cure period.

(g) “**Involuntary Termination**” means (i) the termination of Executive’s employment by the Company other than for Cause, or (ii) Executive’s resignation of employment with the Company for Good Reason. Executive’s termination of employment by reason of



Executive's death or discharge by the Company following Executive's Permanent Disability shall not constitute an Involuntary Termination.

(h) Executive's "**Permanent Disability**" shall be deemed to have occurred if Executive shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge his duties hereunder for a period of ninety (90) consecutive calendar days or for one hundred twenty (120) calendar days in any one hundred eighty (180) calendar-day period. The existence of Executive's Permanent Disability shall be determined by the Company on the advice of a physician chosen by the Company and the Company reserves the right to have Executive examined by a physician chosen by the Company at the Company's expense.

(j) "**Stock Awards**" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

(k) "**WARN Act**" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder.

2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as Chief Medical Officer of the Company. In the performance of such duties, Executive shall report directly to the CEO and shall be subject to the direction of the CEO and to such limits upon Executive's authority as the CEO may from time to time impose. In the event of the CEO's incapacity or unavailability, Executive shall be subject to the direction of the Board. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the CEO. Executive shall be employed by the Company on a full-time basis. Executive's primary place of work shall be the Company's facility in San Diego, California, or such other locations designated by the CEO from time to time. Executive shall also render services at such other places within or outside the United States as the CEO may direct from time to time. Executive shall be subject to and comply with the policies and procedures generally applicable to senior management of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall at all times faithfully, industriously and to the best of his ability, experience and talent perform to the satisfaction of the Board and the CEO all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(b), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with his duties to the Company, as determined in good faith by the CEO. Executive agrees that he will not join any boards, other than community and civic boards (which do not interfere with his duties to the Company), without the prior approval of the CEO.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$400,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Compensation Committee of the Board or its designee.

(b) Annual Bonus. Executive shall participate in any annual bonus plan that the Board or its designee may approve for the senior managers of the Company. In addition to Executive's base salary, Executive may be eligible to earn, for each fiscal year of the Company ending during the term of Executive's employment with the Company, an annual cash performance bonus under the Company's bonus plan, as approved from time to time by the Board. Executive's target bonus under any such annual bonus plan shall be thirty-five percent (35%) of Executive's base salary actually paid for the year to which such annual bonus relates (the "**Target Bonus**"). Executive's actual annual bonus will be determined on the basis of Executive's and/or the Company's or its affiliates' attainment of financial or other performance criteria established by the Board or its designee in accordance with the terms and conditions of such bonus plan. Except as otherwise provided in this Agreement, Executive must be employed by the Company on the date of payment of such annual bonus in order to be eligible to receive such annual bonus. Executive hereby acknowledges and agrees that nothing contained herein confers upon Executive any right to an annual bonus in any year, and that whether the Company pays Executive an annual bonus and the amount of any such annual bonus will be determined by the Company in its sole discretion. Executive's annual bonus for 2019 shall be pro-rated for partial year service.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to its senior management, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to its senior management and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his duties hereunder, subject to (i) such policies as the Company may from time to time establish, and (ii) Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off ("**PTO**") each year as provided from time to time under the Company's PTO policy and as otherwise provided for senior management.

(f) Stock Awards and Plans.

(i) As soon as practicable following the Effective Date, and subject to the approval of the Compensation Committee of the Board, Executive shall receive stock options

to purchase 150,000 shares of the Company's common stock pursuant to the Company's 2019 Incentive Award Plan (the "**Equity Plan**"). Such stock options shall have an exercise price equal to the "Fair Market Value" per share of the Company's common stock on the date of grant, as determined pursuant to the Equity Plan. Such stock options shall be incentive stock options to the extent permitted under the Code. The shares subject to such stock options shall vest as follows: one-fourth (1/4<sup>th</sup>) of the shares subject to the stock options shall vest on the first anniversary of the Effective Date, and the remaining shares subject to the option shall vest in thirty-six (36) equal monthly installment over the three-year period thereafter, subject to Executive's continued employment or service with the Company on each such date. Such stock options shall have a ten (10) year term and shall be subject to the terms and conditions of the Equity Plan and the stock option agreement pursuant to which such stock options are granted.

(ii) Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to members of senior management of the Company. Except as otherwise provided in this Agreement, Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) In the event of Executive's Involuntary Termination, the vesting and/or exercisability of each of Executive's outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive's Involuntary Termination as to the number of Stock Awards that would vest over the six (6) month period following the date of Executive's Involuntary Termination had Executive remained continuously employed by the Company during such period.

(ii) In the event of Executive's termination of employment as a result of Executive's death or following Executive's Permanent Disability, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the date of Executive's death or termination.

(iii) In the event of Executive's Involuntary Termination within twelve (12) months following a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive's Involuntary Termination and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive's legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive's Involuntary Termination, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(iii), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(iv) The vesting pursuant to clauses (i), (ii) and (iii) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award

and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

(h) Relocation.

(i) The Company expects Executive to relocate his principal place of residence from Foster City, California to San Diego, California on or before December 31, 2019. In furtherance of Executive's relocation, the Company shall pay for or reimburse Executive for reasonable and customary moving and relocation costs, and realtor costs incurred by Executive in connection with the purchase of Executive's residence in San Diego, California, and the sale of Executive's residence in Foster City, California (collectively, the "Relocation Reimbursement").

(ii) In addition, the Company shall pay to Executive a tax gross-up (the "Tax Gross-Up") for any federal and state income and employment taxes Executive is required to pay resulting from the Relocation Reimbursement and from the Tax Gross-Up, which Tax Gross-Up shall be paid in accordance with Treasury Regulation Section 1.409A-3(i)(1) (v). All amounts eligible for the Relocation Reimbursement must be incurred by and paid to Executive during the term of his employment with the Company. The Relocation Reimbursement and the Tax Gross-Up shall be paid to Executive within thirty (30) days following the Company's receipt of a written request for such reimbursement, but subject to receipt by the Company of supporting receipts and/or documentation and/or receipts in form and substance reasonably acceptable to the Company. If Executive voluntarily terminates his employment without Good Reason prior to the second anniversary of the Effective Date, Executive shall repay to the Company a pro rata portion of the Relocation Reimbursement and any Tax Gross-Up based on the number of days elapsed in the two-year period ending on the second anniversary of the Effective Date. The Company will have the right to offset such amounts against any compensation otherwise payable to Executive on the date of Executive's termination of employment.

(iii) Notwithstanding the provisions of Sections 3(h)(i) and 3(h)(ii), above, the Relocation Reimbursement and any Tax Gross-Up shall be subject to an aggregate cap of \$125,000.

(iv) In addition to the foregoing, the Company will pay for or reimburse Executive up to \$14,000 for temporary housing (including temporary furnishings) in San Diego, California, subject to the Company's prior approval of Executive's temporary housing arrangements.

4. Severance. Executive shall be entitled to receive benefits upon a termination of employment only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive his fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, all accrued but unused PTO, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive may be entitled pursuant to the terms of such plans or agreements at the time of Executive's Involuntary Termination (the "*Accrued Obligations*");

(ii) Executive shall be entitled to receive severance pay in an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, which amount will be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release (as defined below); and

(iii) for the period beginning on the date of Executive's Involuntary Termination and ending on the date which is six (6) full months following the date of Executive's Involuntary Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("*COBRA*") expires or (B) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "*COBRA Coverage Period*"), if Executive and his eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Involuntary Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall directly pay or reimburse Executive on a monthly basis for an amount equal to (1) the monthly premium Executive is required to pay for continuation coverage pursuant to COBRA for Executive and his eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination) less (2) the amount Executive would have had to pay to receive group health coverage for Executive and his covered dependents based on the cost sharing levels in effect on the date of Executive's Involuntary Termination. If any of the Company's health benefits are self-funded as of the date of Executive's Involuntary Termination, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums. Executive shall notify the Company immediately if Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment.

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, in the event of Executive's Involuntary Termination during the twelve (12) month period following a Change in Control, (A) the references to six (6) months in clauses (ii) and (iii) shall be increased to twelve (12) months, and (B) Executive shall be entitled to receive, in addition to the severance benefits described in clauses (ii) and (iii) above (as modified by this clause (iv)), an amount equal to Executive's Target Bonus for the year in which Executive's Involuntary Termination occurs, pro-rated to reflect the portion of such year that has elapsed prior to the date of Executive's Involuntary Termination, payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release.

(c) Termination for Cause, Voluntary Resignation Without Good Reason, Death or Permanent Disability. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause or Executive's resignation without Good Reason, or, except as provided in Section 3(g), as a result of Executive's death or termination of employment following Executive's Permanent Disability, the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive the Accrued Obligations. In addition, except as provided in Section 3(g), all vesting of Executive's unvested Stock Awards previously granted to him by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of, any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Sections 3(g) and 4(b) above (other than any Accrued Obligations), Executive (or in the event of his death or Permanent Disability, his estate or his legal representative) shall execute and not revoke a general release of all claims in favor of the Company and its affiliates (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the fifty-five (55) day period following the date of Executive's termination of employment, Executive shall not be entitled to the aforesaid payments and benefits.

(e) Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the WARN Act or the California WARN Act.

(f) No Mitigation. Except as otherwise provided in Section 4(b)(iii) above, Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit

provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

## 5. Certain Covenants.

(a) Noncompetition. Except as may otherwise be approved by the Board, during the term of Executive's employment, Executive shall not have any ownership interest (of record or beneficial) in, or have any interest as an employee, salesman, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership, proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly with the Company's business (as determined by the Board) in such county, city or part thereof, so long as the Company, or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (i) is not a controlling person of, or a member of a group which controls, such entity; or (ii) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) Confidential Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(c) Solicitation of Employees. Executive shall not during the term of Executive's employment and for a period of one (1) year following Executive's termination of employment (the "***Restricted Period***"), directly or indirectly, solicit or attempt to solicit any employee of the Company or any of its affiliates to terminate his or her relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any employee of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to devote less than all of any such employee's efforts to the affairs of the Company.

(d) Solicitation of Consultants. Executive shall not during the term of Executive's employment and for the Restricted Period, directly or indirectly, solicit or attempt to solicit any consultant then under contract with the Company or any of its affiliates to terminate his, her or its relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any consultant of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to reduce his, her or its business relationship or time commitment to the Company.

(e) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "**Restrictive Covenants**"), the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity:

(i) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, all without the need to post a bond or any other security or to prove any amount of actual damage or that money damages would not provide an adequate remedy, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide adequate remedy to the Company; and

(ii) Accounting and Indemnification. The right and remedy to require Executive (A) to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive or any associated party deriving such benefits as a result of any such breach of the Restrictive Covenants; and (B) to indemnify the Company against any other losses, damages (including special and consequential damages), costs and expenses, including actual attorneys' fees and court costs, which may be incurred by them and which result from or arise out of any such breach or threatened breach of the Restrictive Covenants.

(f) Severability of Covenants/Blue Pencilling. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, are unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced. Executive hereby waives any and all right to attack the validity of the Restrictive Covenants on the grounds of the breadth of their geographic scope or the length of their term.

(g) Enforceability in Jurisdictions. The Company and Executive intend to and do hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Company and Executive that such determination not bar or in any way affect the right of the Company to the relief provided above



in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Whistleblower Provision. Nothing herein is intended to or shall prevent Executive from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to Executive's attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(i) Definitions. For purposes of this Section 5, the term "Company," means not only Oncternal Therapeutics, Inc., but also any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with Oncternal Therapeutics, Inc.

6. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, "key-man" or other insurance covering Executive, in the name of the Company and at the Company's expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for other similarly-situated employees.

7. Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive's employment or this Agreement shall be settled by final and binding arbitration in San Diego County, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the "**Rules**") of the American Arbitration Association ("**AAA**"), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 *et seq.*). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance

with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys' fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of Executive's taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties' obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the date of Executive's termination of employment. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA's administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 7 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to Executive's employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers' compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Agreement shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both Executive and the Company expressly waive their right to a jury trial.

8. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

9. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof and supersede all existing agreements between them concerning such subject matter, including any offer letter provided to Executive by the Company. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7 and 9 of this Agreement shall survive any Executive’s termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party’s rights thereafter to enforce the same, nor shall the waiver by either party of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company’s personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles

thereof. Except as provided in Sections 5 and 7, any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word “person” shall include any corporation, firm, partnership or other form of association.

(l) Counterparts. 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 Agreement.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and Other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and 4(b)(iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive’s first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of “separate payments” within the meaning of Section 409A of the Code. Notwithstanding anything herein to the contrary, to the extent any payments to Executive pursuant to Sections 4(b)(ii) or 4(b)(iv) constitute “non-qualified deferred compensation” subject to Section 409A of the Code or are intended to be exempt from**

Section 409A of the Code pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), then, to the extent required by Section 409A of the Code or to satisfy such exception, no amount shall be payable pursuant to such sections unless Executive's termination of employment constitutes a "separation from service" with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto) (a "*Separation from Service*").

**(ii) If Executive is a "specified employee" (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of Executive's Separation from Service, to the extent that the payments or benefits under this Agreement constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 9(o)(ii) shall be paid or distributed to Executive in a lump sum on the earlier of (A) the date that is six (6) months following Executive's Separation from Service, (B) the date of Executive's death or (C) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.**

**(iii)** To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code.

**(iv)** Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive's taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive's shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive's, and Executive's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

**(v)** In the event that the amounts payable under Section 4(b)(ii) or Section 4(b)(iv) constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the timing of the delivery of Executive's Release could cause such amounts to be paid in one or another taxable year, then notwithstanding the payment timing set forth in such sections, such amounts shall not be payable until the later of (A) the payment date specified in such section or (B) the first business day of the taxable year following Executive's termination of employment.

(Signature Page Follows)

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

**ONCTERNAL THERAPEUTICS, INC.**

By: /s/ James B. Breitmeyer Name: James B. Breitmeyer, M.D., Ph.D. Title: President and CEO

**EXECUTIVE**

/s/ Frank Hsu  
Frank Hsu, M.D.

SIGNATURE PAGE TO EMPLOYMENT AGREEMENT

**EXHIBIT A**

**GENERAL RELEASE OF CLAIMS**

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims (“**Release**”) is entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between Frank Hsu, M.D. (“**Executive**”), and Oncternal Therapeutics, Inc., a Delaware corporation (the “**Company**”) (collectively referred to herein as the “**Parties**”).

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of August 26, 2019 (the “**Agreement**”);

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive’s execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of himself and his executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his employment with or service to the Company (collectively, the “**Company Releasees**”), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys’ fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, “**Claims**”), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive’s employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind

that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “*ADEA*”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;
- (v) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement;
- (vi) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his right to secure any damages for such alleged discriminatory treatment;
- (vii) Claims Executive may have to vested or earned compensation and benefits; and
- (viii) Executive’s right to communicate or cooperate with any governmental agency.



(b) EXECUTIVE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

*[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]*

(c) Executive acknowledges that this Release was presented to him on the date indicated above and that Executive is entitled to have [twenty-one (21)][forty-five (45)] days' time in which to consider it. Executive further acknowledges that the Company has advised him that he is waiving her rights under the ADEA, and that Executive should consult with an attorney of his choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before [twenty-one (21)][forty-five (45)] days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after his execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is fifty-five (55) days following the date of Executive's termination of employment.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S.

Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

3. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

4. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

5. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

6. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in

personam jurisdiction over it and consents to service of process in any manner authorized by California law.

7. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

8. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

Exhibit 10.1

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE            ONCTERNAL THERAPEUTICS, INC.**

By:

Print Name: Frank Hsu, M.D.

Print Name:

Title:

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”) is entered into by and between Oncternal Therapeutics, Inc., a Delaware corporation (the “*Company*”), and Gunnar Kaufmann, Ph.D. (“*Executive*”), and shall be effective as of September 5, 2019, or such earlier date as mutually agreed, (the “*Effective Date*”).

WHEREAS, the Company desires to employ Executive, and Executive desires to accept employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Board*” means the Board of Directors of the Company.

(b) “*California WARN Act*” means California Labor Code Sections 1400 et seq.

(c) “*Cause*” means any of the following:

(i) the commission of an act of fraud, embezzlement or dishonesty by Executive, or the commission of some other illegal act by Executive;

(ii) a conviction of, or plea of “guilty” or “no contest” to, a felony by Executive;

(iii) any unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company or any successor or affiliate thereof;

(iv) Executive’s gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other material misconduct on the part of Executive;

(v) Executive’s ongoing and repeated failure or refusal to perform or neglect of Executive’s duties as required by this Agreement, which failure, refusal or neglect continues for fifteen (15) days following Executive’s receipt of written notice from the Board or the Company’s Chief Executive Officer (the “*CEO*”) stating with specificity the nature of such failure, refusal or neglect; or

(vi) Executive’s breach of any Company policy or any material provision of this Agreement;

provided, however, that prior to the determination that “Cause” under this Section 1(c) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons

for the determination that such “Cause” exists, (B) other than with respect to clause (v) above which specifies the applicable period of time for Executive to remedy his breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive’s employment hereunder for such “Cause” and (D) make any decision that such “Cause” exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(d) “**Change in Control**” means and includes each of the following:

(i) A transaction or series of transactions (other than an offering of the Company’s common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (1) and (2) of subsection (iii) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(ii) During any period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) of the Company (other than a director of the Company designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (i) or (iii)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors of the Company then still in office who either were directors of the Company at the beginning of the two (2)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(1) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or

substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**") directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(2) after which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (2) as beneficially owning fifty percent (50%) or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(f) "**Good Reason**" means the occurrence of any of the following events or conditions without Executive's written consent:

(i) a material diminution in Executive's authority, duties or responsibilities;

(ii) a material diminution in Executive's base compensation, unless such a reduction is imposed across-the-board to senior management of the Company;

(iii) a material change in the geographic location at which Executive must perform his duties (and the parties agree that the relocation of the geographic location at which Executive must perform his duties by more than fifty (50) miles from the then-current such location without the Executive's consent (other than Executive's relocation contemplated by Section 3(h) below) shall constitute a material change); or

(iv) any other action or inaction that constitutes a material breach by the Company or any successor or affiliate of its obligations to Executive under this Agreement.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive's written consent within ninety (90) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive's termination of employment by reason of resignation from employment with the Company for Good Reason must occur within thirty (30) days following the expiration of the foregoing thirty (30) day cure period.

(g) "**Involuntary Termination**" means (i) the termination of Executive's employment by the Company other than for Cause, or (ii) Executive's resignation of employment

with the Company for Good Reason. Executive's termination of employment by reason of Executive's death or discharge by the Company following Executive's Permanent Disability shall not constitute an Involuntary Termination.

(h) Executive's "**Permanent Disability**" shall be deemed to have occurred if Executive shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge his duties hereunder for a period of ninety (90) consecutive calendar days or for one hundred twenty (120) calendar days in any one hundred eighty (180) calendar-day period. The existence of Executive's Permanent Disability shall be determined by the Company on the advice of a physician chosen by the Company and the Company reserves the right to have Executive examined by a physician chosen by the Company at the Company's expense.

(j) "**Stock Awards**" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

(k) "**WARN Act**" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder.

## 2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as Chief Scientific Officer of the Company. In the performance of such duties, Executive shall report directly to the CEO and shall be subject to the direction of the CEO and to such limits upon Executive's authority as the CEO may from time to time impose. In the event of the CEO's incapacity or unavailability, Executive shall be subject to the direction of the Board. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the CEO. Executive shall be employed by the Company on a full-time basis. Executive's primary place of work shall be the Company's facility in San Diego, California, or such other locations designated by the CEO from time to time. Executive shall also render services at such other places within or outside the United States as the CEO may direct from time to time. Executive shall be subject to and comply with the policies and procedures generally applicable to senior management of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall at all times faithfully, industriously and to the best of his ability, experience and talent perform to the satisfaction of the Board and the CEO all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(b), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with his duties to the Company, as determined in good faith by the CEO. Executive agrees that he will not join any boards, other than community and civic boards (which do not interfere with his duties to the Company), without the prior approval of the CEO.



3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$380,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Compensation Committee of the Board or its designee.

(b) Annual Bonus. Executive shall participate in any annual bonus plan that the Board or its designee may approve for the senior managers of the Company. In addition to Executive's base salary, Executive may be eligible to earn, for each fiscal year of the Company ending during the term of Executive's employment with the Company, an annual cash performance bonus under the Company's bonus plan, as approved from time to time by the Board. Executive's target bonus under any such annual bonus plan shall be thirty-five percent (35%) of Executive's base salary actually paid for the year to which such annual bonus relates (the "**Target Bonus**"). Executive's actual annual bonus will be determined on the basis of Executive's and/or the Company's or its affiliates' attainment of financial or other performance criteria established by the Board or its designee in accordance with the terms and conditions of such bonus plan. Except as otherwise provided in this Agreement, Executive must be employed by the Company on the date of payment of such annual bonus in order to be eligible to receive such annual bonus. Executive hereby acknowledges and agrees that nothing contained herein confers upon Executive any right to an annual bonus in any year, and that whether the Company pays Executive an annual bonus and the amount of any such annual bonus will be determined by the Company in its sole discretion. Executive's annual bonus for 2019 shall be pro-rated for partial year service.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to its senior management, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to its senior management and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his duties hereunder, subject to (i) such policies as the Company may from time to time establish, and (ii) Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off ("**PTO**") each year as provided from time to time under the Company's PTO policy and as otherwise provided for senior management.

(f) Stock Awards and Plans.

(i) As soon as practicable following the Effective Date, and subject to the approval of the Compensation Committee of the Board, Executive shall receive stock options

to purchase 150,000 shares of the Company's common stock pursuant to the Company's 2019 Incentive Award Plan (the "**Equity Plan**"). Such stock options shall have an exercise price equal to the "Fair Market Value" per share of the Company's common stock on the date of grant, as determined pursuant to the Equity Plan. Such stock options shall be incentive stock options to the extent permitted under the Code. The shares subject to such stock options shall vest as follows: one-fourth (1/4<sup>th</sup>) of the shares subject to the stock options shall vest on the first anniversary of the Effective Date, and the remaining shares subject to the option shall vest in thirty-six (36) equal monthly installment over the three-year period thereafter, subject to Executive's continued employment or service with the Company on each such date. Such stock options shall have a ten (10) year term and shall be subject to the terms and conditions of the Equity Plan and the stock option agreement pursuant to which such stock options are granted.

(ii) Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to members of senior management of the Company. Except as otherwise provided in this Agreement, Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) In the event of Executive's Involuntary Termination, the vesting and/or exercisability of each of Executive's outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive's Involuntary Termination as to the number of Stock Awards that would vest over the six (6) month period following the date of Executive's Involuntary Termination had Executive remained continuously employed by the Company during such period.

(ii) In the event of Executive's termination of employment as a result of Executive's death or following Executive's Permanent Disability, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the date of Executive's death or termination.

(iii) In the event of Executive's Involuntary Termination within twelve (12) months following a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive's Involuntary Termination and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive's legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive's Involuntary Termination, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(iii), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(iv) The vesting pursuant to clauses (i), (ii) and (iii) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award

and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

4. Severance. Executive shall be entitled to receive benefits upon a termination of employment only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive his fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, all accrued but unused PTO, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive may be entitled pursuant to the terms of such plans or agreements at the time of Executive's Involuntary Termination (the "*Accrued Obligations*");

(ii) Executive shall be entitled to receive severance pay in an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, which amount will be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release (as defined below); and

(iii) for the period beginning on the date of Executive's Involuntary Termination and ending on the date which is six (6) full months following the date of Executive's Involuntary Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("*COBRA*") expires or (B) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "*COBRA Coverage Period*"), if Executive and his eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Involuntary Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall directly pay or reimburse Executive on a monthly basis for an amount equal to (1) the monthly premium Executive is required to pay for continuation coverage pursuant to COBRA for Executive and his eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination) less (2) the amount

Executive would have had to pay to receive group health coverage for Executive and his covered dependents based on the cost sharing levels in effect on the date of Executive's Involuntary Termination. If any of the Company's health benefits are self-funded as of the date of Executive's Involuntary Termination, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums. Executive shall notify the Company immediately if Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment.

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, in the event of Executive's Involuntary Termination during the twelve (12) month period following a Change in Control, (A) the references to six (6) months in clauses (ii) and (iii) shall be increased to twelve (12) months, and (B) Executive shall be entitled to receive, in addition to the severance benefits described in clauses (ii) and (iii) above (as modified by this clause (iv)), an amount equal to Executive's Target Bonus for the year in which Executive's Involuntary Termination occurs, pro-rated to reflect the portion of such year that has elapsed prior to the date of Executive's Involuntary Termination, payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release.

(c) Termination for Cause, Voluntary Resignation Without Good Reason, Death or Permanent Disability. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause or Executive's resignation without Good Reason, or, except as provided in Section 3(g), as a result of Executive's death or termination of employment following Executive's Permanent Disability, the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive the Accrued Obligations. In addition, except as provided in Section 3(g), all vesting of Executive's unvested Stock Awards previously granted to him by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of, any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Sections 3(g) and 4(b) above (other than any Accrued Obligations), Executive (or in the event of his death or Permanent Disability, his estate or his legal representative) shall execute and not revoke a general release of all claims in favor of the Company and its affiliates (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the fifty-five (55) day period following the date of Executive's termination of employment, Executive shall not be entitled to the aforesaid payments and benefits.

(e) Exclusive Remedy. Except as otherwise expressly required by law (e.g.,

COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the WARN Act or the California WARN Act.

(f) No Mitigation. Except as otherwise provided in Section 4(b)(iii) above, Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

## 5. Certain Covenants.

(a) Noncompetition. Except as may otherwise be approved by the Board, during the term of Executive's employment, Executive shall not have any ownership interest (of record or beneficial) in, or have any interest as an employee, salesman, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership, proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly with the Company's business (as determined by the Board) in such county, city or part thereof, so long as the Company, or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (i) is not a controlling person of, or a member of a group which controls, such entity; or (ii) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) Confidential Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(c) Solicitation of Employees. Executive shall not during the term of Executive's employment and for a period of one (1) year following Executive's termination of employment (the "***Restricted Period***"), directly or indirectly, solicit or attempt to solicit any employee of the Company or any of its affiliates to terminate his or her relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any employee of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to devote less than all of any such employee's efforts to the affairs of the Company.

(d) Solicitation of Consultants. Executive shall not during the term of Executive's employment and for the Restricted Period, directly or indirectly, solicit or attempt to solicit any consultant then under contract with the Company or any of its affiliates to terminate his, her or its relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any consultant of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to reduce his, her or its business relationship or time commitment to the Company.

(e) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "***Restrictive Covenants***"), the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity:

(i) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, all without the need to post a bond or any other security or to prove any amount of actual damage or that money damages would not provide an adequate remedy, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide adequate remedy to the Company; and

(ii) Accounting and Indemnification. The right and remedy to require Executive (A) to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive or any associated party deriving such benefits as a result of any such breach of the Restrictive Covenants; and (B) to indemnify the Company against any other losses, damages (including special and consequential damages), costs and expenses, including actual attorneys' fees and court costs, which may be incurred by them and which result from or arise out of any such breach or threatened breach of the Restrictive Covenants.

(f) Severability of Covenants/Blue Pencilling. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the

Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, are unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced. Executive hereby waives any and all right to attack the validity of the Restrictive Covenants on the grounds of the breadth of their geographic scope or the length of their term.

(g) Enforceability in Jurisdictions. The Company and Executive intend to and do hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Company and Executive that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Whistleblower Provision. Nothing herein is intended to or shall prevent Executive from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to Executive's attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(i) Definitions. For purposes of this Section 5, the term "Company," means not only Oncternal Therapeutics, Inc., but also any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with Oncternal Therapeutics, Inc.

#### 6. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, "key-man" or other insurance covering Executive, in the name of the Company and at the Company's expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for other similarly-situated employees.

7. Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive's employment or this Agreement shall be settled by final and binding arbitration in San Diego County, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the "**Rules**") of the American Arbitration Association ("**AAA**"), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys' fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of Executive's taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties' obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the date of Executive's termination of employment. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA's administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 7 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to Executive's employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers' compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Agreement shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both Executive and the Company expressly waive their right to a jury trial.

8. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited



to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

9. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof and supersede all existing agreements between them concerning such subject matter, including any offer letter provided to Executive by the Company. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7 and 9 of this Agreement shall survive any Executive's termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party's rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of

receipt. Notice shall be sent to Executive at the address listed on the Company's personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Sections 5 and 7, any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

(l) Counterparts. 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 Agreement.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and Other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and 4(b)(iv) shall be paid no later than the later of: (A) the fifteenth**

(15th) day of the third month following Executive's first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code. Notwithstanding anything herein to the contrary, to the extent any payments to Executive pursuant to Sections 4(b)(ii) or 4(b)(iv) constitute "non-qualified deferred compensation" subject to Section 409A of the Code or are intended to be exempt from Section 409A of the Code pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), then, to the extent required by Section 409A of the Code or to satisfy such exception, no amount shall be payable pursuant to such sections unless Executive's termination of employment constitutes a "separation from service" with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto) (a "*Separation from Service*").

**(ii)** If Executive is a "specified employee" (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of Executive's Separation from Service, to the extent that the payments or benefits under this Agreement constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 9(o)(ii) shall be paid or distributed to Executive in a lump sum on the earlier of (A) the date that is six (6) months following Executive's Separation from Service, (B) the date of Executive's death or (C) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

**(iii)** To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code.

**(iv)** Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive's taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive's shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive's, and

Executive's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

(v) In the event that the amounts payable under Section 4(b)(ii) or Section 4(b)(iv) constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the timing of the delivery of Executive's Release could cause such amounts to be paid in one or another taxable year, then notwithstanding the payment timing set forth in such sections, such amounts shall not be payable until the later of (A) the payment date specified in such section or (B) the first business day of the taxable year following Executive's termination of employment.

(Signature Page Follows)

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

**ONCTERNAL THERAPEUTICS, INC.**

By: /s/ James B. Breitmeyer  
Name: James B. Breitmeyer, MD, PhD Title: President and CEO

**EXECUTIVE**

/s/ Gunnar Kaufmann  
Gunnar Kaufmann, Ph.D.

SIGNATURE PAGE TO EMPLOYMENT AGREEMENT

**EXHIBIT A**

**GENERAL RELEASE OF CLAIMS**

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims ("**Release**") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between Gunnar Kaufmann, Ph.D. ("**Executive**"), and Oncternal Therapeutics, Inc., a Delaware corporation (the "**Company**") (collectively referred to herein as the "**Parties**").

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of September 5, 2019 (the "**Agreement**");

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive's execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of himself and his executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his employment with or service to the Company (collectively, the "**Company Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind

that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “*ADEA*”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;
- (v) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement;
- (vi) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his right to secure any damages for such alleged discriminatory treatment;
- (vii) Claims Executive may have to vested or earned compensation and benefits; and
- (viii) Executive’s right to communicate or cooperate with any governmental agency.

(b) EXECUTIVE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

*[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]*

(c) Executive acknowledges that this Release was presented to him on the date indicated above and that Executive is entitled to have [twenty-one (21)][forty-five (45)] days' time in which to consider it. Executive further acknowledges that the Company has advised him that he is waiving her rights under the ADEA, and that Executive should consult with an attorney of his choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before [twenty-one (21)][forty-five (45)] days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after his execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is fifty-five (55) days following the date of Executive's termination of employment.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S.



Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

3. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

4. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

5. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

6. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in

personam jurisdiction over it and consents to service of process in any manner authorized by California law.

7. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

8. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

Exhibit 10.2

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE            ONCTERNAL THERAPEUTICS, INC.**

By:

Print Name: Gunnar Kaufmann, Ph.D.

Print Name:

Title:

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”) is entered into by and between Oncternal Therapeutics, Inc., a Delaware corporation (the “*Company*”), and Igor Bilinsky, Ph.D. (“*Executive*”), and shall be effective as of September 9, 2019 (the “*Effective Date*”).

WHEREAS, the Company desires to employ Executive, and Executive desires to accept employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Board*” means the Board of Directors of the Company.

(b) “*California WARN Act*” means California Labor Code Sections 1400 et seq.

(c) “*Cause*” means any of the following:

(i) the commission of an act of fraud, embezzlement or dishonesty by Executive, or the commission of some other illegal act by Executive;

(ii) a conviction of, or plea of “guilty” or “no contest” to, a felony by Executive;

(iii) any unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company or any successor or affiliate thereof;

(iv) Executive’s gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other material misconduct on the part of Executive;

(v) Executive’s ongoing and repeated failure or refusal to perform or neglect of Executive’s duties as required by this Agreement, which failure, refusal or neglect continues for fifteen (15) days following Executive’s receipt of written notice from the Board or the Company’s Chief Executive Officer (the “*CEO*”) stating with specificity the nature of such failure, refusal or neglect; or

(vi) Executive’s breach of any Company policy or any material provision of this Agreement;

provided, however, that prior to the determination that “Cause” under this Section 1(c) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons for the determination that such “Cause” exists, (B) other than with respect to clause (v) above

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which specifies the applicable period of time for Executive to remedy his breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive's employment hereunder for such "Cause" and (D) make any decision that such "Cause" exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(d) "**Change in Control**" means and includes each of the following:

(i) A transaction or series of transactions (other than an offering of the Company's common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (1) and (2) of subsection (iii) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(ii) During any period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) of the Company (other than a director of the Company designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (i) or (iii)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors of the Company then still in office who either were directors of the Company at the beginning of the two (2)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(1) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**")) directly or indirectly, at least a majority of

the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(2) after which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (2) as beneficially owning fifty percent (50%) or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(f) "**Good Reason**" means the occurrence of any of the following events or conditions without Executive's written consent:

(i) a material diminution in Executive's authority, duties or responsibilities;

(ii) a material diminution in Executive's base compensation, unless such a reduction is imposed across-the-board to senior management of the Company;

(iii) a material change in the geographic location at which Executive must perform his duties (and the parties agree that the relocation of the geographic location at which Executive must perform his duties by more than fifty (50) miles from the then-current such location without the Executive's consent); or

(iv) any other action or inaction that constitutes a material breach by the Company or any successor or affiliate of its obligations to Executive under this Agreement.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive's written consent within ninety (90) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive's termination of employment by reason of resignation from employment with the Company for Good Reason must occur within thirty (30) days following the expiration of the foregoing thirty (30) day cure period.

(g) "**Involuntary Termination**" means (i) the termination of Executive's employment by the Company other than for Cause, or (ii) Executive's resignation of employment with the Company for Good Reason. Executive's termination of employment by reason of Executive's death or discharge by the Company following Executive's Permanent Disability shall not constitute an Involuntary Termination.

(h) Executive's "**Permanent Disability**" shall be deemed to have occurred if Executive shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge his duties hereunder for a period of ninety (90) consecutive calendar days or for one hundred twenty (120) calendar days in any one hundred eighty (180) calendar-day period. The existence of Executive's Permanent Disability shall be determined by the Company on the advice of a physician chosen by the Company and the Company reserves the right to have Executive examined by a physician chosen by the Company at the Company's expense.

(j) "**Stock Awards**" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

(k) "**WARN Act**" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder.

## 2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as Chief Business Officer of the Company. In the performance of such duties, Executive shall report directly to the CEO and shall be subject to the direction of the CEO and to such limits upon Executive's authority as the CEO may from time to time impose. In the event of the CEO's incapacity or unavailability, Executive shall be subject to the direction of the Board. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the CEO. Executive shall be employed by the Company on a full-time basis. Executive's primary place of work shall be the Company's facility in San Diego, California, or such other locations designated by the CEO from time to time. Executive shall also render services at such other places within or outside the United States as the CEO may direct from time to time. Executive shall be subject to and comply with the policies and procedures generally applicable to senior management of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall at all times faithfully, industriously and to the best of his ability, experience and talent perform to the satisfaction of the Board and the CEO all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(b), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with his duties to the Company, as determined in good faith by the CEO. Executive may join up to two boards as long as these commitments do not interfere with his duties to the Company and such companies do not directly compete with the Company, with the prior approval of the CEO which shall not be unreasonably withheld.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$350,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less

frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Compensation Committee of the Board or its designee.

(b) Annual Bonus. Executive shall participate in any annual bonus plan that the Board or its designee may approve for the senior managers of the Company. In addition to Executive's base salary, Executive may be eligible to earn, for each fiscal year of the Company ending during the term of Executive's employment with the Company, an annual cash performance bonus under the Company's bonus plan, as approved from time to time by the Board. Executive's target bonus under any such annual bonus plan shall be forty percent (40%) of Executive's base salary actually paid for the year to which such annual bonus relates (the "**Target Bonus**"). Executive's actual annual bonus will be determined on the basis of Executive's and/or the Company's or its affiliates' attainment of financial or other performance criteria established by the Board or its designee in accordance with the terms and conditions of such bonus plan. Except as otherwise provided in this Agreement, Executive must be employed by the Company on the date of payment of such annual bonus in order to be eligible to receive such annual bonus, unless considered eligible for some portion or all of such annual bonus by the Board or its Compensation Committee. Executive hereby acknowledges and agrees that nothing contained herein confers upon Executive any right to an annual bonus in any year, and that whether the Company pays Executive an annual bonus and the amount of any such annual bonus will be determined by the Company in its sole discretion. Executive's annual bonus for 2019 shall be pro-rated for partial year service.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to its senior management, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to its senior management and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his duties hereunder, subject to (i) such policies as the Company may from time to time establish, and (ii) Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off ("**PTO**") each year as provided from time to time under the Company's PTO policy and as otherwise provided for senior management, starting with twenty (20) days of PTO the first year of employment.

(f) Stock Awards and Plans.

(i) As soon as practicable following the Effective Date, and subject to the approval of the Compensation Committee of the Board, Executive shall receive stock options to purchase 150,000 shares of the Company's common stock pursuant to the Company's 2019 Incentive Award Plan (the "**Equity Plan**"). Such stock options shall have an exercise price equal



to the "Fair Market Value" per share of the Company's common stock on the date of grant, as determined pursuant to the Equity Plan. Such stock options shall be incentive stock options to the extent permitted under the Code. The shares subject to such stock options shall vest as follows: one-fourth (1/4<sup>th</sup>) of the shares subject to the stock options shall vest on the first anniversary of the Effective Date, and the remaining shares subject to the option shall vest in thirty-six (36) equal monthly installments over the three-year period thereafter, subject to Executive's continued employment or service with the Company on each such date. Such stock options shall have a ten (10) year term and shall be subject to the terms and conditions of the Equity Plan and the stock option agreement pursuant to which such stock options are granted.

(ii) Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to members of senior management of the Company. Except as otherwise provided in this Agreement, Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) In the event of Executive's Involuntary Termination, the vesting and/or exercisability of each of Executive's outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive's Involuntary Termination as to the number of Stock Awards that would vest over the six (6) month period following the date of Executive's Involuntary Termination had Executive remained continuously employed by the Company during such period.

(ii) In the event of Executive's termination of employment as a result of Executive's death or following Executive's Permanent Disability, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the date of Executive's death or termination.

(iii) In the event of Executive's Involuntary Termination within ninety (90) days prior to or twelve (12) months following a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive's Involuntary Termination and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive's legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive's Involuntary Termination, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(iii), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(iv) The vesting pursuant to clauses (i), (ii) and (iii) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

4. Severance. Executive shall be entitled to receive benefits upon a termination of employment only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive his fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, all accrued but unused PTO, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive may be entitled pursuant to the terms of such plans or agreements at the time of Executive's Involuntary Termination (the "*Accrued Obligations*");

(ii) Executive shall be entitled to receive severance pay in an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, which amount will be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release (as defined below); and

(iii) for the period beginning on the date of Executive's Involuntary Termination and ending on the date which is six (6) full months following the date of Executive's Involuntary Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("*COBRA*") expires or (B) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "*COBRA Coverage Period*"), if Executive and his eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Involuntary Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall directly pay or reimburse Executive on a monthly basis for an amount equal to (1) the monthly premium Executive is required to pay for continuation coverage pursuant to COBRA for Executive and his eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination) less (2) the amount Executive would have had to pay to receive group health coverage for Executive and his covered dependents based on the cost sharing levels in effect on the date of Executive's Involuntary Termination. If any of the Company's health benefits are self-funded as of the date of Executive's Involuntary Termination, or if the Company cannot provide the foregoing benefits in a manner that

is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums. Executive shall notify the Company immediately if Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment.

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 9(o) and Executive's continued compliance with Section 5, in the event of Executive's Involuntary Termination during the ninety (90) days prior to, or twelve (12) month period following, a Change in Control:

(A) the reference to six (6) months in clause (ii) shall be increased to twelve (12) months, and Executive's severance pay under clause (ii) shall be payable as follows: (1) an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination shall be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release; and (2) an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination shall be payable in cash in a lump sum within ten (10) days following the later of (x) the effective date of Executive's Release (as defined below), and (y) the date of the Change in Control;

(B) the reference to six (6) months in clause (iii) shall be increased to twelve (12) months; and

(C) Executive shall be entitled to receive, in addition to the severance benefits described in clauses (ii) and (iii) above (as modified by this clause (iv)), an amount equal to Executive's Target Bonus for the year in which Executive's Involuntary Termination occurs, pro-rated to reflect the portion of such year that has elapsed prior to the date of Executive's Involuntary Termination, payable in cash in a lump sum within ten (10) days following the later of (1) the effective date of Executive's Release or (2) the date of the Change in Control.

(c) Termination for Cause, Voluntary Resignation Without Good Reason, Death or Permanent Disability. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause or Executive's resignation without Good Reason, or, except as provided in Section 3(g), as a result of Executive's death or termination of employment following Executive's Permanent Disability, the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive the Accrued Obligations. In addition, except as provided in Section 3(g), all vesting of Executive's unvested Stock Awards previously granted to him by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of, any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Sections 3(g) and 4(b) above (other than any Accrued Obligations), Executive (or in the event of his death or Permanent Disability, his estate or his legal representative) shall execute and not revoke a general release of all claims in favor of the Company and its affiliates (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the fifty-five (55) day period following the date of Executive's termination of employment, Executive shall not be entitled to the aforesaid payments and benefits.

(e) Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the WARN Act or the California WARN Act.

(f) No Mitigation. Except as otherwise provided in Section 4(b)(iii) above, Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

## 5. Certain Covenants.

(a) Noncompetition. Except as may otherwise be approved by the Board, during the term of Executive's employment, Executive shall not have any ownership interest (of record or beneficial) in, or have any interest as an employee, salesman, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership, proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly with the Company's business (as determined by the Board) in such county, city or part thereof, so long as the Company,

or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (i) is not a controlling person of, or a member of a group which controls, such entity; or (ii) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) Confidential Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(c) Solicitation of Employees. Executive shall not during the term of Executive's employment and for a period of one (1) year following Executive's termination of employment (the "***Restricted Period***"), directly or indirectly, solicit or attempt to solicit any employee of the Company or any of its affiliates to terminate his or her relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any employee of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to devote less than all of any such employee's efforts to the affairs of the Company.

(d) Solicitation of Consultants. Executive shall not during the term of Executive's employment and for the Restricted Period, directly or indirectly, solicit or attempt to solicit any consultant then under contract with the Company or any of its affiliates to terminate his, her or its relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any consultant of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to reduce his, her or its business relationship or time commitment to the Company.

(e) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "***Restrictive Covenants***"), the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity:

(i) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, all without the need to post a bond or any other security or to prove any amount of actual damage or that money damages would not provide an adequate remedy, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide adequate remedy to the Company; and

(ii) Accounting and Indemnification. The right and remedy to require Executive (A) to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive or any associated party deriving such benefits as a result of any such breach of the Restrictive Covenants; and (B) to indemnify the Company against any other losses, damages (including special and consequential

damages), costs and expenses, including actual attorneys' fees and court costs, which may be incurred by them and which result from or arise out of any such breach or threatened breach of the Restrictive Covenants.

(f) Severability of Covenants/Blue Pencilling. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, are unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced. Executive hereby waives any and all right to attack the validity of the Restrictive Covenants on the grounds of the breadth of their geographic scope or the length of their term.

(g) Enforceability in Jurisdictions. The Company and Executive intend to and do hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Company and Executive that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Whistleblower Provision. Nothing herein is intended to or shall prevent Executive from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to Executive's attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(i) Definitions. For purposes of this Section 5, the term "Company" means not only Oncternal Therapeutics, Inc., but also any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with Oncternal Therapeutics, Inc.

6. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health,

accident, “key-man” or other insurance covering Executive, in the name of the Company and at the Company’s expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for other similarly-situated employees.

7. Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive’s employment or this Agreement shall be settled by final and binding arbitration in San Diego County, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the “**Rules**”) of the American Arbitration Association (“**AAA**”), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys’ fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of Executive’s taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties’ obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the date of Executive’s termination of employment. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA’s administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 7 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to Executive’s employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers’ compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers’ compensation benefits or unemployment insurance benefits. This Agreement shall not limit either party’s right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party’s right to compel arbitration. Both Executive and the Company

expressly waive their right to a jury trial.

8. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

9. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof and supersede all existing agreements between them concerning such subject matter, including any offer letter or previous employment agreement provided to Executive by the Company. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7 and 9 of this Agreement shall survive any Executive's termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party's rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal



delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company's personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Sections 5 and 7, any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

(l) Counterparts. 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 Agreement.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and Other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of**

compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and 4(b)(iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive's first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code. Notwithstanding anything herein to the contrary, to the extent any payments to Executive pursuant to Sections 4(b)(ii) or 4(b)(iv) constitute "non-qualified deferred compensation" subject to Section 409A of the Code or are intended to be exempt from Section 409A of the Code pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), then, to the extent required by Section 409A of the Code or to satisfy such exception, no amount shall be payable pursuant to such sections unless Executive's termination of employment constitutes a "separation from service" with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto) (a "*Separation from Service*").

(ii) If Executive is a "specified employee" (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of Executive's Separation from Service, to the extent that the payments or benefits under this Agreement constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 9(o)(ii) shall be paid or distributed to Executive in a lump sum on the earlier of (A) the date that is six (6) months following Executive's Separation from Service, (B) the date of Executive's death or (C) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

(iii) To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an "additional tax" as defined in Section 409A(a)(1)(B) of the Code.

(iv) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive's taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive's shall not affect the amount eligible for

reimbursement or in-kind benefits payable in any other taxable year of Executive's, and Executive's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

(v) In the event that the amounts payable under Section 4(b)(ii) or Section 4(b)(iv) constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the timing of the delivery of Executive's Release could cause such amounts to be paid in one or another taxable year, then notwithstanding the payment timing set forth in such sections, such amounts shall not be payable until the later of (A) the payment date specified in such section or (B) the first business day of the taxable year following Executive's termination of employment.

(vi) If a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes "nonqualified deferred compensation," the transaction or event constituting the Change in Control must also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.

(Signature Page Follows)

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

**ONCTERNAL THERAPEUTICS, INC.**

By: /s/ James B. Breitmeyer Name: James B. Breitmeyer, M.D., Ph.D. Title: President and CEO

**EXECUTIVE**

/s/ Igor Bilinsky  
Igor Bilinsky, Ph.D.

SIGNATURE PAGE TO EMPLOYMENT AGREEMENT

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**EXHIBIT A**

**GENERAL RELEASE OF CLAIMS**

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims ("**Release**") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, between Igor Bilinsky, Ph.D. ("**Executive**"), and Oncternal Therapeutics, Inc., a Delaware corporation (the "**Company**") (collectively referred to herein as the "**Parties**").

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of September 9, 2019 (the "**Agreement**");

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive's execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of himself and his executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his employment with or service to the Company (collectively, the "**Company Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind

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that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “*ADEA*”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;
- (v) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement;
- (vi) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his right to secure any damages for such alleged discriminatory treatment;
- (vii) Claims Executive may have to vested or earned compensation and benefits; and
- (viii) Executive’s right to communicate or cooperate with any governmental agency.

(b) EXECUTIVE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

*[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]*

(c) Executive acknowledges that this Release was presented to him on the date indicated above and that Executive is entitled to have [twenty-one (21)][forty-five (45)] days' time in which to consider it. Executive further acknowledges that the Company has advised him that he is waiving her rights under the ADEA, and that Executive should consult with an attorney of his choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before [twenty-one (21)][forty-five (45)] days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after his execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is fifty-five (55) days following the date of Executive's termination of employment.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S.

Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

3. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

4. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

5. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

6. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in



personam jurisdiction over it and consents to service of process in any manner authorized by California law.

7. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

8. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

Exhibit 10.3

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE            ONCTERNAL THERAPEUTICS, INC.**

By:

Print Name: Igor Bilinsky, Ph.D.

Print Name:

Title:

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”) is entered into by and between Oncternal Therapeutics, Inc., a Delaware corporation (the “*Company*”), and James B. Breitmeyer, M.D, Ph.D. (“*Executive*”), and shall be effective as of September 12, 2019 (the “*Effective Date*”).

WHEREAS, the Company desires to continue to employ Executive, and Executive desires to continue employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Board*” means the Board of Directors of the Company.

(b) “*California WARN Act*” means California Labor Code Sections 1400 et seq.

(c) “*Cause*” means any of the following:

(i) the commission of an act of fraud, embezzlement or dishonesty by Executive, or the commission of some other illegal act by Executive;

(ii) a conviction of, or plea of “guilty” or “no contest” to, a felony by Executive;

(iii) any unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company or any successor or affiliate thereof;

(iv) Executive’s gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other material misconduct on the part of Executive;

(v) Executive’s ongoing and repeated failure or refusal to perform or neglect of Executive’s duties as required by this Agreement, which failure, refusal or neglect continues for fifteen (15) days following Executive’s receipt of written notice from the Board stating with specificity the nature of such failure, refusal or neglect; or

(vi) Executive’s breach of any Company policy or any material provision of this Agreement;

provided, however, that prior to the determination that “Cause” under this Section 1(c) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons

for the determination that such “Cause” exists, (B) other than with respect to clause (v) above which specifies the applicable period of time for Executive to remedy his breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive’s employment hereunder for such “Cause” and (D) make any decision that such “Cause” exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(d) “**Change in Control**” means and includes each of the following:

(i) A transaction or series of transactions (other than an offering of the Company’s common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (1) and (2) of subsection (iii) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(ii) During any period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) of the Company (other than a director of the Company designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (i) or (iii)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors of the Company then still in office who either were directors of the Company at the beginning of the two (2)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(1) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company

(the Company or such person, the “**Successor Entity**”) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(2)after which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (2) as beneficially owning fifty percent (50%) or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

(e)“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(f) “**Good Reason**” means the occurrence of any of the following events or conditions without Executive’s written consent:

(i)a material diminution in Executive’s authority, duties or responsibilities;

(ii)a material diminution in Executive’s base compensation, unless such a reduction is imposed across-the-board to senior management of the Company;

(iii)a material change in the geographic location at which Executive must perform his duties (and the parties agree that the relocation of the geographic location at which Executive must perform his duties by more than fifty (50) miles from the then-current such location without the Executive’s consent shall constitute a material change); or

(iv)any other action or inaction that constitutes a material breach by the Company or any successor or affiliate of its obligations to Executive under this Agreement.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive’s written consent within ninety (90) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive’s termination of employment by reason of resignation from employment with the Company for Good Reason must occur within thirty (30) days following the expiration of the foregoing thirty (30) day cure period.

(g) “**Involuntary Termination**” means (i) the termination of Executive’s employment by the Company other than for Cause, or (ii) Executive’s resignation of employment with the Company for Good Reason. Executive’s termination of employment by reason of Executive’s death or discharge by the Company following Executive’s Permanent Disability shall not constitute an Involuntary Termination.

(h) Executive's "***Permanent Disability***" shall be deemed to have occurred if Executive shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge his duties hereunder for a period of ninety (90) consecutive calendar days or for one hundred twenty (120) calendar days in any one hundred eighty (180) calendar-day period. The existence of Executive's Permanent Disability shall be determined by the Company on the advice of a physician chosen by the Company and the Company reserves the right to have Executive examined by a physician chosen by the Company at the Company's expense.

(j) "***Stock Awards***" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof; provided, however, "Stock Awards" shall not include the founders' shares issued to Executive pursuant to that certain Restricted Stock Purchase Agreement dated as of February 26, 2016, as amended, the terms of which agreement shall govern the accelerated vesting of such shares.

(k) "***WARN Act***" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder.

## 2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as Chief Executive Officer of the Company. In the performance of such duties, Executive shall report directly to the Board and shall be subject to the direction of the Board and to such limits upon Executive's authority as the Board may from time to time impose. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the Board. Executive shall be employed by the Company on a full-time basis. Executive's primary place of work shall be the Company's facility in San Diego, California, or such other locations designated by the Board from time to time. Executive shall also render services at such other places within or outside the United States as the Board may direct from time to time. Executive shall be subject to and comply with the policies and procedures generally applicable to senior management of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall at all times faithfully, industriously and to the best of his ability, experience and talent perform to the satisfaction of the Board all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(b), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with his duties to the Company, as determined in good faith by the Board. Executive may also serve as a member of the board of directors of other companies as long as these commitments do not interfere with his duties to the Company and such companies do not directly compete with the Company, with the prior approval of the Board, which shall not be unreasonably withheld.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$530,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Compensation Committee of the Board or its designee.

(b) Annual Bonus. Executive shall participate in any annual bonus plan that the Board or its designee may approve for the senior managers of the Company. In addition to Executive's base salary, Executive may be eligible to earn, for each fiscal year of the Company ending during the term of Executive's employment with the Company, an annual cash performance bonus under the Company's bonus plan, as approved from time to time by the Board. Executive's target bonus under any such annual bonus plan shall be fifty percent (50%) of Executive's base salary actually paid for the year to which such annual bonus relates (the "**Target Bonus**"). Executive's actual annual bonus will be determined on the basis of Executive's and/or the Company's or its affiliates' attainment of financial or other performance criteria established by the Board or its designee in accordance with the terms and conditions of such bonus plan. Except as otherwise provided in this Agreement, Executive must be employed by the Company on the date of payment of such annual bonus in order to be eligible to receive such annual bonus, unless considered eligible for some portion or all of such annual bonus by the Board or its Compensation Committee. Executive hereby acknowledges and agrees that nothing contained herein confers upon Executive any right to an annual bonus in any year, and that whether the Company pays Executive an annual bonus and the amount of any such annual bonus will be determined by the Company in its sole discretion. Executive's annual bonus for 2019 shall be pro-rated for partial year service.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to its senior management, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to its senior management and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his duties hereunder, subject to (i) such policies as the Company may from time to time establish, and (ii) Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off ("**PTO**") each year as provided from time to time under the Company's PTO policy and as otherwise provided for senior management, starting with twenty (20) days of PTO the first year of employment.

(f) Stock Awards and Plans.

(i) As soon as practicable following the Effective Date, and subject to the approval of the Compensation Committee of the Board, Executive shall receive stock options to purchase 100,000 shares of the Company's common stock pursuant to the Company's 2019 Incentive Award Plan (the "**Equity Plan**"). Such stock options shall have an exercise price equal

to the "Fair Market Value" per share of the Company's common stock on the date of grant, as determined pursuant to the Equity Plan. Such stock options shall be incentive stock options to the extent permitted under the Code. The shares subject to such stock options shall vest as follows: one-fourth (1/4th) of the shares subject to the stock options shall vest on the first anniversary of the Effective Date, and the remaining shares subject to the option shall vest in thirty-six (36) equal monthly installment over the three-year period thereafter, subject to Executive's continued employment or service with the Company on each such date. Such stock options shall have a ten (10) year term and shall be subject to the terms and conditions of the Equity Plan and the stock option agreement pursuant to which such stock options are granted.

(ii) Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to members of senior management of the Company. Except as otherwise provided in this Agreement, Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) Upon a Change in Control, fifty percent (50%) of Executive's unvested Stock Awards shall be automatically accelerated immediately prior to the occurrence of such Change in Control.

(ii) In the event of Executive's Involuntary Termination, the vesting and/or exercisability of each of Executive's outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive's Involuntary Termination as to the number of Stock Awards that would vest over the six (6) month period following the date of Executive's Involuntary Termination had Executive remained continuously employed by the Company during such period.

(iii) In the event of Executive's termination of employment as a result of Executive's death or following Executive's Permanent Disability, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the date of Executive's death or termination.

(iv) In the event of Executive's Involuntary Termination within ninety (90) days prior to or any time following a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive's Involuntary Termination and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive's legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive's Involuntary Termination, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(iv), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(v) The vesting pursuant to clauses (i), (ii), (iii) and (iv) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock



Award and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

4. Severance. Executive shall be entitled to receive benefits upon a termination of employment only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 10(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive his fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, all accrued but unused PTO, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive may be entitled pursuant to the terms of such plans or agreements at the time of Executive's Involuntary Termination (the "*Accrued Obligations*");

(ii) Executive shall be entitled to receive severance pay in an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, which amount will be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release (as defined below); and

(iii) for the period beginning on the date of Executive's Involuntary Termination and ending on the date which is six (6) full months following the date of Executive's Involuntary Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("*COBRA*") expires or (B) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "*COBRA Coverage Period*"), if Executive and his eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Involuntary Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall directly pay or reimburse Executive on a monthly basis for an amount equal to (1) the monthly premium Executive is required to pay for continuation coverage pursuant to COBRA for Executive and his eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination) less (2) the amount Executive would have had to pay to receive group health coverage for Executive and his covered dependents based on the cost sharing levels in effect on the date of Executive's Involuntary

Termination. If any of the Company's health benefits are self-funded as of the date of Executive's Involuntary Termination, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums. Executive shall notify the Company immediately if Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment.

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 10(o) and Executive's continued compliance with Section 5, in the event of Executive's Involuntary Termination during the ninety (90) days prior to, or twelve (12) month period following, a Change in Control:

(A) the reference to six (6) months in clause (ii) shall be increased to twelve (12) months, and Executive's severance pay under clause (ii) shall be payable as follows: (1) an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination shall be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release; and (2) an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination shall be payable in cash in a lump sum within ten (10) days following the later of (x) the effective date of Executive's Release (as defined below), and (y) the date of the Change in Control;

(B) the reference to six (6) months in clause (iii) shall be increased to twelve (12) months; and

(C) Executive shall be entitled to receive, in addition to the severance benefits described in clauses (ii) and (iii) above (as modified by this clause (iv)), an amount equal to Executive's Target Bonus for the year in which Executive's Involuntary Termination occurs, pro-rated to reflect the portion of such year that has elapsed prior to the date of Executive's Involuntary Termination, payable in cash in a lump sum within ten (10) days following the later of (1) the effective date of Executive's Release or (2) the date of the Change in Control.

(c) Termination for Cause, Voluntary Resignation Without Good Reason, Death or Permanent Disability. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause or Executive's resignation without Good Reason, or, except as provided in Section 3(g), as a result of Executive's death or termination of employment following Executive's Permanent Disability, the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive the Accrued Obligations. In addition, except as provided in Section 3(g), all vesting of Executive's unvested Stock Awards previously granted to him by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of,

any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Sections 3(g) and 4(b) above (other than any Accrued Obligations), Executive (or in the event of his death or Permanent Disability, his estate or his legal representative) shall execute and not revoke a general release of all claims in favor of the Company and its affiliates (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the fifty-five (55) day period following the date of Executive's termination of employment, Executive shall not be entitled to the aforesaid payments and benefits.

(e) Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the WARN Act or the California WARN Act.

(f) No Mitigation. Except as otherwise provided in Section 4(b)(iii) above, Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

## 5. Certain Covenants.

(a) Noncompetition. Except as may otherwise be approved by the Board, during the term of Executive's employment, Executive shall not have any ownership interest (of record or beneficial) in, or have any interest as an employee, salesman, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership,

proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly with the Company's business (as determined by the Board) in such county, city or part thereof, so long as the Company, or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (i) is not a controlling person of, or a member of a group which controls, such entity; or (ii) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) Confidential Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(c) Solicitation of Employees. Executive shall not during the term of Executive's employment and for a period of one (1) year following Executive's termination of employment (the "***Restricted Period***"), directly or indirectly, solicit or attempt to solicit any employee of the Company or any of its affiliates to terminate his or her relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any employee of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to devote less than all of any such employee's efforts to the affairs of the Company.

(d) Solicitation of Consultants. Executive shall not during the term of Executive's employment and for the Restricted Period, directly or indirectly, solicit or attempt to solicit any consultant then under contract with the Company or any of its affiliates to terminate his, her or its relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any consultant of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to reduce his, her or its business relationship or time commitment to the Company.

(e) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "***Restrictive Covenants***"), the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity:

(i) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, all without the need to post a bond or any other security or to prove any amount of actual damage or that money damages would not provide an adequate remedy, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide adequate remedy to the Company; and

(ii) Accounting and Indemnification. The right and remedy to require Executive (A) to account for and pay over to the Company all compensation, profits, monies,

accruals, increments or other benefits derived or received by Executive or any associated party deriving such benefits as a result of any such breach of the Restrictive Covenants; and (B) to indemnify the Company against any other losses, damages (including special and consequential damages), costs and expenses, including actual attorneys' fees and court costs, which may be incurred by them and which result from or arise out of any such breach or threatened breach of the Restrictive Covenants.

(f) Severability of Covenants/Blue Pencilling. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, are unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced. Executive hereby waives any and all right to attack the validity of the Restrictive Covenants on the grounds of the breadth of their geographic scope or the length of their term.

(g) Enforceability in Jurisdictions. The Company and Executive intend to and do hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Company and Executive that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Whistleblower Provision. Nothing herein is intended to or shall prevent Executive from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to Executive's attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(i) Definitions. For purposes of this Section 5, the term "Company" means not only Oncternal Therapeutics, Inc., but also any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with Oncternal Therapeutics, Inc.

6. Section 280G; Limitations on Payment.

(a) Limitations on Payments. If any payment or benefit Executive will or may receive from the Company or otherwise (a “**280G Payment**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then any such 280G Payments (a “**Payment**”) shall be equal to the Reduced Amount. The “**Reduced Amount**” shall be either (x) the largest portion of the Payments that would result in no portion of the Payments (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payments, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payments may be subject to the Excise Tax. If a reduction in the Payments is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “**Reduction Method**”) that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “**Pro Rata Reduction Method**”).

(b) Method of Reduction. Notwithstanding any provision herein to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payments being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) Method of Calculation. Unless Executive and the Company agree on an alternative accounting firm or law firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the Change in Control transaction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control transaction, the Company shall appoint a nationally recognized accounting or law firm to make the determinations. The Company shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting or law firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

(d) Return of Payments. If Executive receives a Payment for which the Reduced Amount was determined pursuant to clause (x) in Section 6(a) above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) in Section 6(a) above) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in Section 6(a) above, Executive shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

7. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, “key-man” or other insurance covering Executive, in the name of the Company and at the Company’s expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for other similarly-situated employees.

8. Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive’s employment or this Agreement shall be settled by final and binding arbitration in San Diego County, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the “**Rules**”) of the American Arbitration Association (“**AAA**”), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys’ fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of Executive’s taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties’ obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the date of Executive’s termination of employment. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA’s administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 8 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to Executive’s employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers’ compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or

from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Agreement shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both Executive and the Company expressly waive their right to a jury trial.

9. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

10. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof and supersede all existing agreements between them concerning such subject matter, including any offer letter or previous employment agreement provided to Executive by the Company. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7, 8 and 10 of this Agreement shall survive any Executive's termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.



(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party's rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company's personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Sections 5 and 8, any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

(l) Counterparts. 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 Agreement.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and Other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and 4(b)(iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive's first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.** Notwithstanding anything herein to the contrary, to the extent any payments to Executive pursuant to Sections 4(b)(ii) or 4(b)(iv) constitute "non-qualified deferred compensation" subject to Section 409A of the Code or are intended to be exempt from Section 409A of the Code pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), then, to the extent required by Section 409A of the Code or to satisfy such exception, no amount shall be payable pursuant to such sections unless Executive's termination of employment constitutes a "separation from service" with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto) (a "*Separation from Service*").

**(ii) If Executive is a "specified employee" (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of Executive's Separation from Service, to the extent that the payments or benefits under this Agreement constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 10(o)(ii) shall be paid or distributed to Executive in a lump sum on the earlier of (A) the date that is six (6) months following Executive's Separation from Service, (B) the date of Executive's death or (C) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.**

**(iii)** To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as

Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an “additional tax” as defined in Section 409A(a)(1)(B) of the Code.

(iv) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive’s taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive’s shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive’s, and Executive’s right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

(v) In the event that the amounts payable under Section 4(b)(ii) or Section 4(b)(iv) constitute “non-qualified deferred compensation” subject to Section 409A of the Code and the timing of the delivery of Executive’s Release could cause such amounts to be paid in one or another taxable year, then notwithstanding the payment timing set forth in such sections, such amounts shall not be payable until the later of (A) the payment date specified in such section or (B) the first business day of the taxable year following Executive’s termination of employment.

(vi) If a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.

(Signature Page Follows)

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

**ONCTERNAL THERAPEUTICS, INC.**

By: /s/ David F. Hale

Name: David F. Hale

Title: Chairman, Board of Directors

**EXECUTIVE**

/s/ James B. Breitmeyer

James B. Breitmeyer, M.D., Ph.D.

SIGNATURE PAGE TO EMPLOYMENT AGREEMENT

**EXHIBIT A**

**GENERAL RELEASE OF CLAIMS**

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims ("**Release**") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between James B. Breitmeyer, Ph.D. ("**Executive**"), and Oncternal Therapeutics, Inc., a Delaware corporation (the "**Company**") (collectively referred to herein as the "**Parties**").

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of September 12, 2019 (the "**Agreement**");

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive's execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of himself and his executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his employment with or service to the Company (collectively, the "**Company Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind

that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “*ADEA*”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;
- (v) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement;
- (vi) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his right to secure any damages for such alleged discriminatory treatment;
- (vii) Claims Executive may have to vested or earned compensation and benefits; and
- (viii) Executive’s right to communicate or cooperate with any governmental agency.

(b) EXECUTIVE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

*[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]*

(c) Executive acknowledges that this Release was presented to him on the date indicated above and that Executive is entitled to have [twenty-one (21)][forty-five (45)] days' time in which to consider it. Executive further acknowledges that the Company has advised him that he is waiving her rights under the ADEA, and that Executive should consult with an attorney of his choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before [twenty-one (21)][forty-five (45)] days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after his execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is fifty-five (55) days following the date of Executive's termination of employment.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S.

Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

3. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

4. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

5. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

6. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in



personam jurisdiction over it and consents to service of process in any manner authorized by California law.

7. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

8. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

Exhibit 10.4

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE            ONCTERNAL THERAPEUTICS, INC.**

By:

Print Name: James B. Breitmeyer, M.D., Ph.D.

Print Name:

Title:

**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”) is entered into by and between Oncternal Therapeutics, Inc., a Delaware corporation (the “*Company*”), and Richard Vincent (“*Executive*”), and shall be effective as of September 12, 2019 (the “*Effective Date*”).

WHEREAS, the Company desires to continue to employ Executive, and Executive desires to continue employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Board*” means the Board of Directors of the Company.

(b) “*California WARN Act*” means California Labor Code Sections 1400 et seq.

(c) “*Cause*” means any of the following:

(i) the commission of an act of fraud, embezzlement or dishonesty by Executive, or the commission of some other illegal act by Executive;

(ii) a conviction of, or plea of “guilty” or “no contest” to, a felony by Executive;

(iii) any unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company or any successor or affiliate thereof;

(iv) Executive’s gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other material misconduct on the part of Executive;

(v) Executive’s ongoing and repeated failure or refusal to perform or neglect of Executive’s duties as required by this Agreement, which failure, refusal or neglect continues for fifteen (15) days following Executive’s receipt of written notice from the Board or the Company’s Chief Executive Officer (the “*CEO*”) stating with specificity the nature of such failure, refusal or neglect; or

(vi) Executive’s breach of any Company policy or any material provision of this Agreement;

provided, however, that prior to the determination that “Cause” under this Section 1(c) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons for the determination that such “Cause” exists, (B) other than with respect to clause (v) above

which specifies the applicable period of time for Executive to remedy his breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive's employment hereunder for such "Cause" and (D) make any decision that such "Cause" exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(d) "**Change in Control**" means and includes each of the following:

(i) A transaction or series of transactions (other than an offering of the Company's common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (1) and (2) of subsection (iii) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

(ii) During any period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) of the Company (other than a director of the Company designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (i) or (iii)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors of the Company then still in office who either were directors of the Company at the beginning of the two (2)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(1) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "**Successor Entity**")) directly or indirectly, at least a majority of

the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(2) after which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (2) as beneficially owning fifty percent (50%) or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

(e) "**Code**" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(f) "**Good Reason**" means the occurrence of any of the following events or conditions without Executive's written consent:

(i) a material diminution in Executive's authority, duties or responsibilities;

(ii) a material diminution in Executive's base compensation, unless such a reduction is imposed across-the-board to senior management of the Company;

(iii) a material change in the geographic location at which Executive must perform his duties (and the parties agree that the relocation of the geographic location at which Executive must perform his duties by more than fifty (50) miles from the then-current such location without the Executive's consent shall constitute a material change); or

(iv) any other action or inaction that constitutes a material breach by the Company or any successor or affiliate of its obligations to Executive under this Agreement.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive's written consent within ninety (90) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive's termination of employment by reason of resignation from employment with the Company for Good Reason must occur within thirty (30) days following the expiration of the foregoing thirty (30) day cure period.

(g) "**Involuntary Termination**" means (i) the termination of Executive's employment by the Company other than for Cause, or (ii) Executive's resignation of employment with the Company for Good Reason. Executive's termination of employment by reason of Executive's death or discharge by the Company following Executive's Permanent Disability shall not constitute an Involuntary Termination.

(h) Executive's "**Permanent Disability**" shall be deemed to have occurred if Executive shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge his duties hereunder for a period of ninety (90) consecutive calendar days or for one hundred twenty (120) calendar days in any one hundred eighty (180) calendar-day period. The existence of Executive's Permanent Disability shall be determined by the Company on the advice of a physician chosen by the Company and the Company reserves the right to have Executive examined by a physician chosen by the Company at the Company's expense.

(j) "**Stock Awards**" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

(k) "**WARN Act**" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder.

## 2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as Chief Financial Officer of the Company. In the performance of such duties, Executive shall report directly to the CEO and shall be subject to the direction of the CEO and to such limits upon Executive's authority as the CEO may from time to time impose. In the event of the CEO's incapacity or unavailability, Executive shall be subject to the direction of the Board. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the CEO. Executive shall be employed by the Company on a full-time basis. Executive's primary place of work shall be the Company's facility in San Diego, California, or such other locations designated by the CEO from time to time. Executive shall also render services at such other places within or outside the United States as the CEO may direct from time to time. Executive shall be subject to and comply with the policies and procedures generally applicable to senior management of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall at all times faithfully, industriously and to the best of his ability, experience and talent perform to the satisfaction of the Board and the CEO all of the duties that may be assigned to Executive hereunder and shall devote substantially all of his productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(b), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with his duties to the Company, as determined in good faith by the CEO. Executive may join the boards of directors of other companies as long as these commitments do not interfere with his duties to the Company and such companies do not directly compete with the Company, with the prior approval of the CEO, which approval shall not be unreasonably withheld.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$375,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less

frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Compensation Committee of the Board or its designee.

(b) Annual Bonus. Executive shall participate in any annual bonus plan that the Board or its designee may approve for the senior managers of the Company. In addition to Executive's base salary, Executive may be eligible to earn, for each fiscal year of the Company ending during the term of Executive's employment with the Company, an annual cash performance bonus under the Company's bonus plan, as approved from time to time by the Board. Executive's target bonus under any such annual bonus plan shall be forty percent (40%) of Executive's base salary actually paid for the year to which such annual bonus relates (the "**Target Bonus**"). Executive's actual annual bonus will be determined on the basis of Executive's and/or the Company's or its affiliates' attainment of financial or other performance criteria established by the Board or its designee in accordance with the terms and conditions of such bonus plan. Except as otherwise provided in this Agreement, Executive must be employed by the Company on the date of payment of such annual bonus in order to be eligible to receive such annual bonus, unless considered eligible for some portion or all of such annual bonus by the Board or its Compensation Committee. Executive hereby acknowledges and agrees that nothing contained herein confers upon Executive any right to an annual bonus in any year, and that whether the Company pays Executive an annual bonus and the amount of any such annual bonus will be determined by the Company in its sole discretion. Executive's annual bonus for 2019 shall be pro-rated for partial year service.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to its senior management, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to its senior management and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of his duties hereunder, subject to (i) such policies as the Company may from time to time establish, and (ii) Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off ("**PTO**") each year as provided from time to time under the Company's PTO policy and as otherwise provided for senior management, starting with twenty (20) days of PTO in the year commencing on the Effective Date.

(f) Stock Awards and Plans.

(i) As soon as practicable following the Effective Date, and subject to the approval of the Compensation Committee of the Board, Executive shall receive stock options to purchase 75,000 shares of the Company's common stock pursuant to the Company's 2019 Incentive Award Plan (the "**Equity Plan**"). Such stock options shall have an exercise price equal to the "Fair Market Value" per share of the Company's common stock on the date of grant, as determined pursuant to the Equity Plan. Such stock options shall be incentive stock options to the

extent permitted under the Code. The shares subject to such stock options shall vest as follows: one-fourth (1/4th) of the shares subject to the stock options shall vest on the first anniversary of the Effective Date, and the remaining shares subject to the option shall vest in thirty-six (36) equal monthly installments over the three-year period thereafter, subject to Executive's continued employment or service with the Company on each such date. Such stock options shall have a ten (10) year term and shall be subject to the terms and conditions of the Equity Plan and the stock option agreement pursuant to which such stock options are granted.

(ii) Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to members of senior management of the Company. Except as otherwise provided in this Agreement, Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) Upon a Change in Control, fifty percent (50%) of Executive's unvested Stock Awards shall be automatically accelerated immediately prior to the occurrence of such Change in Control.

(ii) In the event of Executive's Involuntary Termination, the vesting and/or exercisability of each of Executive's outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive's Involuntary Termination as to the number of Stock Awards that would vest over the six (6) month period following the date of Executive's Involuntary Termination had Executive remained continuously employed by the Company during such period.

(iii) In the event of Executive's termination of employment as a result of Executive's death or following Executive's Permanent Disability, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the date of Executive's death or termination.

(iv) In the event of Executive's Involuntary Termination within ninety (90) days prior to or any time following a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive's Involuntary Termination and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive's legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive's Involuntary Termination, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(iv), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(v) The vesting pursuant to clauses (i), (ii), (iii) and (iv) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.



4. Severance. Executive shall be entitled to receive benefits upon a termination of employment only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 10(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive his fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, all accrued but unused PTO, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive may be entitled pursuant to the terms of such plans or agreements at the time of Executive's Involuntary Termination (the "*Accrued Obligations*");

(ii) Executive shall be entitled to receive severance pay in an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, which amount will be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release (as defined below); and

(iii) for the period beginning on the date of Executive's Involuntary Termination and ending on the date which is six (6) full months following the date of Executive's Involuntary Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("*COBRA*") expires or (B) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "*COBRA Coverage Period*"), if Executive and his eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Involuntary Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall directly pay or reimburse Executive on a monthly basis for an amount equal to (1) the monthly premium Executive is required to pay for continuation coverage pursuant to COBRA for Executive and his eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination) less (2) the amount Executive would have had to pay to receive group health coverage for Executive and his covered dependents based on the cost sharing levels in effect on the date of Executive's Involuntary Termination. If any of the Company's health benefits are self-funded as of the date of Executive's Involuntary Termination, or if the Company cannot provide the foregoing benefits in a manner that

is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such coverage and the timely payment of premiums. Executive shall notify the Company immediately if Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment.

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 10(o) and Executive's continued compliance with Section 5, in the event of Executive's Involuntary Termination during the ninety (90) days prior to, or twelve (12) month period following, a Change in Control:

(A) the reference to six (6) months in clause (ii) shall be increased to twelve (12) months, and Executive's severance pay under clause (ii) shall be payable as follows: (1) an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination shall be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release; and (2) an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination shall be payable in cash in a lump sum within ten (10) days following the later of (x) the effective date of Executive's Release (as defined below), and (y) the date of the Change in Control;

(B) the reference to six (6) months in clause (iii) shall be increased to twelve (12) months; and

(C) Executive shall be entitled to receive, in addition to the severance benefits described in clauses (ii) and (iii) above (as modified by this clause (iv)), an amount equal to Executive's Target Bonus for the year in which Executive's Involuntary Termination occurs, pro-rated to reflect the portion of such year that has elapsed prior to the date of Executive's Involuntary Termination, payable in cash in a lump sum within ten (10) days following the later of (1) the effective date of Executive's Release or (2) the date of the Change in Control.

(c) Termination for Cause, Voluntary Resignation Without Good Reason, Death or Permanent Disability. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause or Executive's resignation without Good Reason, or, except as provided in Section 3(g), as a result of Executive's death or termination of employment following Executive's Permanent Disability, the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive the Accrued Obligations. In addition, except as provided in Section 3(g), all vesting of Executive's unvested Stock Awards previously granted to him by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of, any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Sections 3(g) and 4(b) above (other than any Accrued Obligations), Executive (or in the event of his death or Permanent Disability, his estate or his legal representative) shall execute and not revoke a general release of all claims in favor of the Company and its affiliates (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become effective within the fifty-five (55) day period following the date of Executive's termination of employment, Executive shall not be entitled to the aforesaid payments and benefits.

(e) Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that he is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the WARN Act or the California WARN Act.

(f) No Mitigation. Except as otherwise provided in Section 4(b)(iii) above, Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate his offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

## 5. Certain Covenants.

(a) Noncompetition. Except as may otherwise be approved by the Board, during the term of Executive's employment, Executive shall not have any ownership interest (of record or beneficial) in, or have any interest as an employee, salesman, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership, proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly with the Company's business (as determined by the Board) in such county, city or part thereof, so long as the Company,

or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (i) is not a controlling person of, or a member of a group which controls, such entity; or (ii) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) Confidential Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(c) Solicitation of Employees. Executive shall not during the term of Executive's employment and for a period of one (1) year following Executive's termination of employment (the "***Restricted Period***"), directly or indirectly, solicit or attempt to solicit any employee of the Company or any of its affiliates to terminate his or her relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any employee of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to devote less than all of any such employee's efforts to the affairs of the Company.

(d) Solicitation of Consultants. Executive shall not during the term of Executive's employment and for the Restricted Period, directly or indirectly, solicit or attempt to solicit any consultant then under contract with the Company or any of its affiliates to terminate his, her or its relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any consultant of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to reduce his, her or its business relationship or time commitment to the Company.

(e) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "***Restrictive Covenants***"), the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity:

(i) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, all without the need to post a bond or any other security or to prove any amount of actual damage or that money damages would not provide an adequate remedy, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide adequate remedy to the Company; and

(ii) Accounting and Indemnification. The right and remedy to require Executive (A) to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive or any associated party deriving such benefits as a result of any such breach of the Restrictive Covenants; and (B) to indemnify the Company against any other losses, damages (including special and consequential

damages), costs and expenses, including actual attorneys' fees and court costs, which may be incurred by them and which result from or arise out of any such breach or threatened breach of the Restrictive Covenants.

(f) Severability of Covenants/Blue Pencilling. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, are unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced. Executive hereby waives any and all right to attack the validity of the Restrictive Covenants on the grounds of the breadth of their geographic scope or the length of their term.

(g) Enforceability in Jurisdictions. The Company and Executive intend to and do hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Company and Executive that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Whistleblower Provision. Nothing herein is intended to or shall prevent Executive from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to Executive's attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(i) Definitions. For purposes of this Section 5, the term "Company" means not only Oncternal Therapeutics, Inc., but also any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with Oncternal Therapeutics, Inc.

6. Section 280G; Limitations on Payment.

(a) Limitations on Payments. If any payment or benefit Executive will or may receive from the Company or otherwise (a “**280G Payment**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then any such 280G Payments (a “**Payment**”) shall be equal to the Reduced Amount. The “**Reduced Amount**” shall be either (x) the largest portion of the Payments that would result in no portion of the Payments (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payments, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payments may be subject to the Excise Tax. If a reduction in the Payments is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “**Reduction Method**”) that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “**Pro Rata Reduction Method**”).

(b) Method of Reduction. Notwithstanding any provision herein to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payments being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) Method of Calculation. Unless Executive and the Company agree on an alternative accounting firm or law firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the Change in Control transaction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control transaction, the Company shall appoint a nationally recognized accounting or law firm to make the determinations. The Company shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting or law firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

(d) Return of Payments. If Executive receives a Payment for which the Reduced Amount was determined pursuant to clause (x) in Section 6(a) above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) in Section 6(a) above) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in Section 6(a) above, Executive shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

7. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, “key-man” or other insurance covering Executive, in the name of the Company and at the Company’s expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to his work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for other similarly-situated employees.

8. Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive’s employment or this Agreement shall be settled by final and binding arbitration in San Diego County, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the “**Rules**”) of the American Arbitration Association (“**AAA**”), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys’ fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of Executive’s taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties’ obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the date of Executive’s termination of employment. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA’s administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 8 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to Executive’s employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers’ compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or

from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Agreement shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both Executive and the Company expressly waive their right to a jury trial.

9. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

10. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof and supersede all existing agreements between them concerning such subject matter, including any offer letter or previous employment agreement provided to Executive by the Company. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7, 8 and 10 of this Agreement shall survive any Executive's termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.



(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party's rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company's personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Sections 5 and 8, any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

(l) Counterparts. 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 Agreement.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and Other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and 4(b)(iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive's first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.** Notwithstanding anything herein to the contrary, to the extent any payments to Executive pursuant to Sections 4(b)(ii) or 4(b)(iv) constitute "non-qualified deferred compensation" subject to Section 409A of the Code or are intended to be exempt from Section 409A of the Code pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), then, to the extent required by Section 409A of the Code or to satisfy such exception, no amount shall be payable pursuant to such sections unless Executive's termination of employment constitutes a "separation from service" with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto) (a "*Separation from Service*").

**(ii) If Executive is a "specified employee" (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of Executive's Separation from Service, to the extent that the payments or benefits under this Agreement constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 10(o)(ii) shall be paid or distributed to Executive in a lump sum on the earlier of (A) the date that is six (6) months following Executive's Separation from Service, (B) the date of Executive's death or (C) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.**

**(iii)** To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as

Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an “additional tax” as defined in Section 409A(a)(1)(B) of the Code.

(iv) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive’s taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive’s shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive’s, and Executive’s right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

(v) In the event that the amounts payable under Section 4(b)(ii) or Section 4(b)(iv) constitute “non-qualified deferred compensation” subject to Section 409A of the Code and the timing of the delivery of Executive’s Release could cause such amounts to be paid in one or another taxable year, then notwithstanding the payment timing set forth in such sections, such amounts shall not be payable until the later of (A) the payment date specified in such section or (B) the first business day of the taxable year following Executive’s termination of employment.

(vi) If a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.

(Signature Page Follows)

Exhibit 10.5

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

**ONCTERNAL THERAPEUTICS, INC.**

By: /s/ James B. Breitmeyer  
President and CEO

Name: James B. Breitmeyer, M.D., Ph.D. Title:

**EXECUTIVE**

/s/ Richard G. Vincent  
Richard G. Vincent

SIGNATURE PAGE TO EMPLOYMENT AGREEMENT

## EXHIBIT A

**GENERAL RELEASE OF CLAIMS**

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims ("**Release**") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, between Richard Vincent ("**Executive**"), and Oncternal Therapeutics, Inc., a Delaware corporation (the "**Company**") (collectively referred to herein as the "**Parties**").

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of September 12, 2019 (the "**Agreement**");

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive's execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that he would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of himself and his executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of his employment with or service to the Company (collectively, the "**Company Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind

that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “*ADEA*”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;
- (v) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement;
- (vi) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release his right to secure any damages for such alleged discriminatory treatment;
- (vii) Claims Executive may have to vested or earned compensation and benefits; and
- (viii) Executive’s right to communicate or cooperate with any governmental agency.

(b) EXECUTIVE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

*[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]*

(c) Executive acknowledges that this Release was presented to him on the date indicated above and that Executive is entitled to have [twenty-one (21)][forty-five (45)] days' time in which to consider it. Executive further acknowledges that the Company has advised him that he is waiving her rights under the ADEA, and that Executive should consult with an attorney of his choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before [twenty-one (21)][forty-five (45)] days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after his execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after his execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is fifty-five (55) days following the date of Executive's termination of employment.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S.

Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

3. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

4. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

5. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

6. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in



personam jurisdiction over it and consents to service of process in any manner authorized by California law.

7. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

8. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

Exhibit 10.5

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE**      **ONCTERNAL THERAPEUTICS, INC.**

By:

Print Name: Richard Vincent

Print Name:

Title:

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”) is entered into by and between Oncternal Therapeutics, Inc., a Delaware corporation (the “*Company*”), and Hazel M. Aker (“*Executive*”), and shall be effective as of September 12, 2019 (the “*Effective Date*”).

WHEREAS, the Company desires to continue to employ Executive, and Executive desires to continue employment with the Company, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) “*Board*” means the Board of Directors of the Company.

(b) “*California WARN Act*” means California Labor Code Sections 1400 et seq.

(c) “*Cause*” means any of the following:

(i) the commission of an act of fraud, embezzlement or dishonesty by Executive, or the commission of some other illegal act by Executive;

(ii) a conviction of, or plea of “guilty” or “no contest” to, a felony by Executive;

(iii) any unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company or any successor or affiliate thereof;

(iv) Executive’s gross negligence, insubordination or material violation of any duty of loyalty to the Company or any successor or affiliate thereof, or any other material misconduct on the part of Executive;

(v) Executive’s ongoing and repeated failure or refusal to perform or neglect of Executive’s duties as required by this Agreement, which failure, refusal or neglect continues for fifteen (15) days following Executive’s receipt of written notice from the Board or the Company’s Chief Executive Officer (the “*CEO*”) stating with specificity the nature of such failure, refusal or neglect; or

(vi) Executive’s breach of any Company policy or any material provision of this Agreement;

provided, however, that prior to the determination that “Cause” under this Section 1(c) has occurred, the Company shall (A) provide to Executive in writing, in reasonable detail, the reasons

for the determination that such “Cause” exists, (B) other than with respect to clause (v) above which specifies the applicable period of time for Executive to remedy her breach, afford Executive a reasonable opportunity to remedy any such breach, (C) provide Executive an opportunity to be heard prior to the final decision to terminate Executive’s employment hereunder for such “Cause” and (D) make any decision that such “Cause” exists in good faith.

The foregoing definition shall not in any way preclude or restrict the right of the Company or any successor or affiliate thereof to discharge or dismiss Executive for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of this Agreement, to constitute grounds for termination for Cause.

(d) “**Change in Control**” means and includes each of the following:

(i) A transaction or series of transactions (other than an offering of the Company’s common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (1) and (2) of subsection (iii) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(ii) During any period of two (2) consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) of the Company (other than a director of the Company designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (i) or (iii)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors of the Company then still in office who either were directors of the Company at the beginning of the two (2)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(1) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company

(the Company or such person, the “**Successor Entity**”) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(2)after which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (2) as beneficially owning fifty percent (50%) or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto.

(e)“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations and other interpretive guidance issued thereunder.

(f) “**Good Reason**” means the occurrence of any of the following events or conditions without Executive’s written consent:

(i)a material diminution in Executive’s authority, duties or responsibilities;

(ii)a material diminution in Executive’s base compensation, unless such a reduction is imposed across-the-board to senior management of the Company;

(iii)a material change in the geographic location at which Executive must perform her duties (and the parties agree that the relocation of the geographic location at which Executive must perform her duties by more than fifty (50) miles from the then-current such location without the Executive’s consent shall constitute a material change); or

(iv)any other action or inaction that constitutes a material breach by the Company or any successor or affiliate of its obligations to Executive under this Agreement.

Executive must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Executive’s written consent within ninety (90) days of the occurrence of such event. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Executive. Executive’s termination of employment by reason of resignation from employment with the Company for Good Reason must occur within thirty (30) days following the expiration of the foregoing thirty (30) day cure period.

(g) “**Involuntary Termination**” means (i) the termination of Executive’s employment by the Company other than for Cause, or (ii) Executive’s resignation of employment with the Company for Good Reason. Executive’s termination of employment by reason of Executive’s death or discharge by the Company following Executive’s Permanent Disability shall not constitute an Involuntary Termination.

(h) Executive's "**Permanent Disability**" shall be deemed to have occurred if Executive shall become physically or mentally incapacitated or disabled or otherwise unable fully to discharge her duties hereunder for a period of ninety (90) consecutive calendar days or for one hundred twenty (120) calendar days in any one hundred eighty (180) calendar-day period. The existence of Executive's Permanent Disability shall be determined by the Company on the advice of a physician chosen by the Company and the Company reserves the right to have Executive examined by a physician chosen by the Company at the Company's expense.

(j) "**Stock Awards**" means all stock options, restricted stock and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof.

(k) "**WARN Act**" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101 et seq., and the Department of Labor regulations thereunder.

## 2. Services to Be Rendered.

(a) Duties and Responsibilities. Executive shall serve as General Counsel of the Company. In the performance of such duties, Executive shall report directly to the CEO and shall be subject to the direction of the CEO and to such limits upon Executive's authority as the CEO may from time to time impose. In the event of the CEO's incapacity or unavailability, Executive shall be subject to the direction of the Board. Executive hereby consents to serve as an officer and/or director of the Company or any subsidiary or affiliate thereof without any additional salary or compensation, if so requested by the CEO. Executive shall be employed by the Company on a half-time basis. Executive shall be subject to and comply with the policies and procedures generally applicable to senior management of the Company to the extent the same are not inconsistent with any term of this Agreement.

(b) Exclusive Services. Executive shall at all times faithfully, industriously and to the best of her ability, experience and talent perform to the satisfaction of the Board and the CEO all of the duties that may be assigned to Executive hereunder and shall devote substantially all of her productive time and efforts to the performance of such duties. Subject to the terms of the Proprietary Information and Inventions Agreement referred to in Section 5(b), this shall not preclude Executive from devoting time to personal and family investments or serving on community and civic boards, or participating in industry associations, provided such activities do not interfere with her duties to the Company, as determined in good faith by the CEO. Executive may join the boards of directors of other companies as long as these commitments do not interfere with her duties to the Company and such companies do not directly compete with the Company, with the prior approval of the CEO, which approval shall not be unreasonably withheld.

3. Compensation and Benefits. The Company shall pay or provide, as the case may be, to Executive the compensation and other benefits and rights set forth in this Section 3.

(a) Base Salary. The Company shall pay to Executive a base salary of \$200,000 per year, payable in accordance with the Company's usual pay practices (and in any event no less frequently than monthly). Executive's base salary shall be subject to review annually by and at the sole discretion of the Compensation Committee of the Board or its designee.

(b) Annual Bonus. Executive shall participate in any annual bonus plan that the Board or its designee may approve for the senior managers of the Company. In addition to Executive's base salary, Executive may be eligible to earn, for each fiscal year of the Company ending during the term of Executive's employment with the Company, an annual cash performance bonus under the Company's bonus plan, as approved from time to time by the Board. Executive's target bonus under any such annual bonus plan shall be forty percent (40%) of Executive's base salary actually paid for the year to which such annual bonus relates (the "**Target Bonus**"). Executive's actual annual bonus will be determined on the basis of Executive's and/or the Company's or its affiliates' attainment of financial or other performance criteria established by the Board or its designee in accordance with the terms and conditions of such bonus plan. Except as otherwise provided in this Agreement, Executive must be employed by the Company on the date of payment of such annual bonus in order to be eligible to receive such annual bonus, unless considered eligible for some portion or all of such annual bonus by the Board or its Compensation Committee. Executive hereby acknowledges and agrees that nothing contained herein confers upon Executive any right to an annual bonus in any year, and that whether the Company pays Executive an annual bonus and the amount of any such annual bonus will be determined by the Company in its sole discretion. Executive's annual bonus for 2019 shall be pro-rated for partial year service.

(c) Benefits. Executive shall be entitled to participate in benefits under the Company's benefit plans and arrangements, including, without limitation, any employee benefit plan or arrangement made available in the future by the Company to its senior management, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. The Company shall have the right to amend or delete any such benefit plan or arrangement made available by the Company to its senior management and not otherwise specifically provided for herein.

(d) Expenses. The Company shall reimburse Executive for reasonable out-of-pocket business expenses incurred in connection with the performance of her duties hereunder, subject to (i) such policies as the Company may from time to time establish, and (ii) Executive furnishing the Company with evidence in the form of receipts satisfactory to the Company substantiating the claimed expenditures.

(e) Paid Time Off. Executive shall be entitled to such periods of paid time off ("**PTO**") each year as provided from time to time under the Company's PTO policy and as otherwise provided for senior management.

(f) Stock Awards and Plans.

(i) As soon as practicable following the Effective Date, and subject to the approval of the Compensation Committee of the Board, Executive shall receive stock options to purchase 150,000 shares of the Company's common stock pursuant to the Company's 2019 Incentive Award Plan (the "**Equity Plan**"). Such stock options shall have an exercise price equal to the "Fair Market Value" per share of the Company's common stock on the date of grant, as determined pursuant to the Equity Plan. Such stock options shall be incentive stock options to the extent permitted under the Code. The shares subject to such stock options shall vest as follows: one-fourth (1/4<sup>th</sup>) of the shares subject to the stock options shall vest on the first anniversary of the Effective Date, and the remaining shares subject to the option shall vest in thirty-six (36) equal

monthly installment over the three-year period thereafter, subject to Executive's continued employment or service with the Company on each such date. Such stock options shall have a ten (10) year term and shall be subject to the terms and conditions of the Equity Plan and the stock option agreement pursuant to which such stock options are granted.

(ii) Executive shall be entitled to participate in any equity or other employee benefit plan that is generally available to members of senior management of the Company. Except as otherwise provided in this Agreement, Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.

(g) Stock Award Acceleration.

(i) In the event of Executive's Involuntary Termination, the vesting and/or exercisability of each of Executive's outstanding unvested Stock Awards shall be automatically accelerated on the date of Executive's Involuntary Termination as to the number of Stock Awards that would vest over the six (6) month period following the date of Executive's Involuntary Termination had Executive remained continuously employed by the Company during such period.

(ii) In the event of Executive's termination of employment as a result of Executive's death or following Executive's Permanent Disability, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the date of Executive's death or termination.

(iii) In the event of Executive's Involuntary Termination within ninety (90) days prior to or twelve (12) months following a Change in Control, the vesting and/or exercisability of any outstanding unvested portions of such Stock Awards shall be automatically accelerated on the later of (A) the date of Executive's Involuntary Termination and (B) the date of the Change in Control. In addition, with respect to Stock Awards granted to Executive on or after the Effective Date, such Stock Awards may be exercised by Executive (or Executive's legal guardian or legal representative) until the latest of (A) three (3) months after the date of Executive's Involuntary Termination, (B) with respect to any portion of the Stock Awards that become exercisable on the date of a Change in Control pursuant to this Section 3(g)(iii), three (3) months after the date of the Change in Control, or (C) such longer period as may be specified in the applicable Stock Award agreement; provided, however, that in no event shall any Stock Award remain exercisable beyond the original outside expiration date of such Stock Award.

(iv) The vesting pursuant to clauses (i), (ii) and (iii) of this Section 3(g) shall be cumulative. The foregoing provisions are hereby deemed to be a part of each Stock Award and to supersede any less favorable provision in any agreement or plan regarding such Stock Award.

4. Severance. Executive shall be entitled to receive benefits upon a termination of employment only as set forth in this Section 4:

(a) At-Will Employment; Termination. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either



party at any time for any or no reason, with or without notice. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided in this Agreement. Executive's employment under this Agreement shall be terminated immediately on the death of Executive.

(b) Severance Upon Involuntary Termination. Subject to Sections 4(d) and 10(o) and Executive's continued compliance with Section 5, if Executive's employment is Involuntarily Terminated, Executive shall be entitled to receive, in lieu of any severance benefits to which Executive may otherwise be entitled under any severance plan or program of the Company, the benefits provided below:

(i) the Company shall pay to Executive her fully earned but unpaid base salary, when due, through the date of Executive's Involuntary Termination at the rate then in effect, all accrued but unused PTO, plus all other benefits, if any, under any Company group retirement plan, nonqualified deferred compensation plan, equity award plan or agreement (other than any such plan or agreement pertaining to Stock Awards whose treatment is prescribed by Section 3(g) above), health benefits plan or other Company group benefit plan to which Executive may be entitled pursuant to the terms of such plans or agreements at the time of Executive's Involuntary Termination (the "*Accrued Obligations*");

(ii) Executive shall be entitled to receive severance pay in an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination, which amount will be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release (as defined below); and

(iii) for the period beginning on the date of Executive's Involuntary Termination and ending on the date which is six (6) full months following the date of Executive's Involuntary Termination (or, if earlier, (A) the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("*COBRA*") expires or (B) the date Executive becomes eligible to receive the equivalent or increased healthcare coverage from a subsequent employer) (such period, the "*COBRA Coverage Period*"), if Executive and her eligible dependents who were covered under the Company's health insurance plans as of the date of Executive's Involuntary Termination elect to have COBRA coverage and are eligible for such coverage, the Company shall directly pay or reimburse Executive on a monthly basis for an amount equal to (1) the monthly premium Executive is required to pay for continuation coverage pursuant to COBRA for Executive and her eligible dependents who were covered under the Company's health plans as of the date of Executive's Involuntary Termination (calculated by reference to the premium as of the date of Executive's Involuntary Termination) less (2) the amount Executive would have had to pay to receive group health coverage for Executive and her covered dependents based on the cost sharing levels in effect on the date of Executive's Involuntary Termination. If any of the Company's health benefits are self-funded as of the date of Executive's Involuntary Termination, or if the Company cannot provide the foregoing benefits in a manner that is exempt from Section 409A (as defined below) or that is otherwise compliant with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), instead of providing the payments or reimbursements as set forth above, the Company shall instead pay to Executive the foregoing monthly amount as a taxable monthly payment for the COBRA Coverage Period (or any remaining portion thereof). Executive shall be solely responsible for all matters relating to continuation of coverage pursuant to COBRA, including, without limitation, the election of such

coverage and the timely payment of premiums. Executive shall notify the Company immediately if Executive becomes eligible to receive the equivalent or increased healthcare coverage by means of subsequent employment or self-employment.

(iv) Notwithstanding anything to the contrary in this Section 4(b), and subject to Sections 4(d) and 10(o) and Executive's continued compliance with Section 5, in the event of Executive's Involuntary Termination during the ninety (90) days prior to, or twelve (12) month period following, a Change in Control:

(A) the reference to six (6) months in clause (ii) shall be increased to twelve (12) months, and Executive's severance pay under clause (ii) shall be payable as follows: (1) an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination shall be payable in cash in a lump sum within ten (10) days following the effective date of Executive's Release; and (2) an amount equal to six (6) multiplied by Executive's monthly base salary as in effect immediately prior to the date of Executive's Involuntary Termination shall be payable in cash in a lump sum within ten (10) days following the later of (x) the effective date of Executive's Release (as defined below), and (y) the date of the Change in Control;

(B) the reference to six (6) months in clause (iii) shall be increased to twelve (12) months; and

(C) Executive shall be entitled to receive, in addition to the severance benefits described in clauses (ii) and (iii) above (as modified by this clause (iv)), an amount equal to Executive's Target Bonus for the year in which Executive's Involuntary Termination occurs, pro-rated to reflect the portion of such year that has elapsed prior to the date of Executive's Involuntary Termination, payable in cash in a lump sum within ten (10) days following the later of (1) the effective date of Executive's Release or (2) the date of the Change in Control.

(c) Termination for Cause, Voluntary Resignation Without Good Reason, Death or Permanent Disability. In the event of Executive's termination of employment as a result of Executive's discharge by the Company for Cause or Executive's resignation without Good Reason, or, except as provided in Section 3(g), as a result of Executive's death or termination of employment following Executive's Permanent Disability, the Company shall not have any other or further obligations to Executive under this Agreement (including any financial obligations) except that Executive shall be entitled to receive the Accrued Obligations. In addition, except as provided in Section 3(g), all vesting of Executive's unvested Stock Awards previously granted to her by the Company shall cease and none of such unvested Stock Awards shall be exercisable following the date of such termination. The foregoing shall be in addition to, and not in lieu of, any and all other rights and remedies which may be available to the Company under the circumstances, whether at law or in equity.

(d) Release. As a condition to Executive's receipt of any post-termination benefits pursuant to Sections 3(g) and 4(b) above (other than any Accrued Obligations), Executive (or in the event of her death or Permanent Disability, her estate or her legal representative) shall execute and not revoke a general release of all claims in favor of the Company and its affiliates (the "**Release**") in the form attached hereto as Exhibit A. In the event the Release does not become

effective within the fifty-five (55) day period following the date of Executive's termination of employment, Executive shall not be entitled to the aforesaid payments and benefits.

(e) Exclusive Remedy. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein, all of Executive's rights to salary, severance, benefits, bonuses and other amounts hereunder (if any) accruing after the termination of Executive's employment shall cease upon such termination. In the event of Executive's termination of employment with the Company, Executive's sole remedy shall be to receive the payments and benefits described in this Section 4. In addition, Executive acknowledges and agrees that she is not entitled to any reimbursement by the Company for any taxes payable by Executive as a result of the payments and benefits received by Executive pursuant to this Section 4, including, without limitation, any excise tax imposed by Section 4999 of the Code. Any payments made to Executive under this Section 4 shall be inclusive of any amounts or benefits to which Executive may be entitled pursuant to the WARN Act or the California WARN Act.

(f) No Mitigation. Except as otherwise provided in Section 4(b)(iii) above, Executive shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer or self-employment or by retirement benefits; provided, however, that loans, advances or other amounts owed by Executive to the Company may be offset by the Company against amounts payable to Executive under this Section 4.

(g) Return of the Company's Property. In the event of Executive's termination of employment for any reason, the Company shall have the right, at its option, to require Executive to vacate her offices prior to or on the effective date of separation and to cease all activities on the Company's behalf. Upon Executive's termination of employment in any manner, as a condition to Executive's receipt of any severance benefits described in this Agreement, Executive shall immediately surrender to the Company all lists, books and records of, or in connection with, the Company's business, and all other property belonging to the Company, it being distinctly understood that all such lists, books and records, and other documents, are the property of the Company. Executive shall deliver to the Company a signed statement certifying compliance with this Section 4(g) prior to the receipt of any severance benefits described in this Agreement.

## 5. Certain Covenants.

(a) Noncompetition. Except as may otherwise be approved by the Board, during the term of Executive's employment, Executive shall not have any ownership interest (of record or beneficial) in, or have any interest as an employee, salesman, consultant, officer or director in, or otherwise aid or assist in any manner, any firm, corporation, partnership, proprietorship or other business that engages in any county, city or part thereof in the United States and/or any foreign country in a business which competes directly or indirectly with the Company's business (as determined by the Board) in such county, city or part thereof, so long as the Company, or any successor in interest of the Company to the business and goodwill of the Company, remains engaged in such business in such county, city or part thereof or continues to solicit customers or potential customers therein; provided, however, that Executive may own, directly or indirectly, solely as an investment, securities of any entity which are traded on any national securities exchange if Executive (i) is not a controlling person of, or a member of a group which controls,

such entity; or (ii) does not, directly or indirectly, own one percent (1%) or more of any class of securities of any such entity.

(b) Confidential Information. Executive and the Company have entered into the Company's standard employee proprietary information and inventions agreement (the "***Proprietary Information and Inventions Agreement***"). Executive agrees to perform each and every obligation of Executive therein contained.

(c) Solicitation of Employees. Executive shall not during the term of Executive's employment and for a period of one (1) year following Executive's termination of employment (the "***Restricted Period***"), directly or indirectly, solicit or attempt to solicit any employee of the Company or any of its affiliates to terminate his or her relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any employee of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to devote less than all of any such employee's efforts to the affairs of the Company.

(d) Solicitation of Consultants. Executive shall not during the term of Executive's employment and for the Restricted Period, directly or indirectly, solicit or attempt to solicit any consultant then under contract with the Company or any of its affiliates to terminate his, her or its relationship with the Company or its affiliates in order to become an employee or consultant to or for any other person or entity, or otherwise encourage or solicit any consultant of the Company or any of its affiliates to leave the Company or such affiliates for any reason or to reduce his, her or its business relationship or time commitment to the Company.

(e) Rights and Remedies Upon Breach. If Executive breaches or threatens to commit a breach of any of the provisions of this Section 5 (the "***Restrictive Covenants***"), the Company shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or in equity:

(i) Specific Performance. The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, all without the need to post a bond or any other security or to prove any amount of actual damage or that money damages would not provide an adequate remedy, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide adequate remedy to the Company; and

(ii) Accounting and Indemnification. The right and remedy to require Executive (A) to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive or any associated party deriving such benefits as a result of any such breach of the Restrictive Covenants; and (B) to indemnify the Company against any other losses, damages (including special and consequential damages), costs and expenses, including actual attorneys' fees and court costs, which may be incurred by them and which result from or arise out of any such breach or threatened breach of the Restrictive Covenants.

(f) Severability of Covenants/Blue Pencilling. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, are unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced. Executive hereby waives any and all right to attack the validity of the Restrictive Covenants on the grounds of the breadth of their geographic scope or the length of their term.

(g) Enforceability in Jurisdictions. The Company and Executive intend to and do hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the Company and Executive that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Whistleblower Provision. Nothing herein is intended to or shall prevent Executive from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to Executive's attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(i) Definitions. For purposes of this Section 5, the term "Company," means not only Oncternal Therapeutics, Inc., but also any company, partnership or entity which, directly or indirectly, controls, is controlled by or is under common control with Oncternal Therapeutics, Inc.

6. Section 280G; Limitations on Payment.

(a) Limitations on Payments. If any payment or benefit Executive will or may receive from the Company or otherwise (a “**280G Payment**”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then any such 280G Payments (a “**Payment**”) shall be equal to the Reduced Amount. The “**Reduced Amount**” shall be either (x) the largest portion of the Payments that would result in no portion of the Payments (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payments, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payments may be subject to the Excise Tax. If a reduction in the Payments is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “**Reduction Method**”) that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “**Pro Rata Reduction Method**”).

(b) Method of Reduction. Notwithstanding any provision herein to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payments being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(c) Method of Calculation. Unless Executive and the Company agree on an alternative accounting firm or law firm, the accounting firm engaged by the Company for general tax compliance purposes as of the day prior to the effective date of the Change in Control transaction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control transaction, the Company shall appoint a nationally recognized accounting or law firm to make the determinations. The Company shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. The Company shall use commercially reasonable efforts to cause the accounting or law firm engaged to make the determinations hereunder to provide its calculations, together with detailed supporting documentation, to Executive and the Company within fifteen (15) calendar days after the date on which Executive's right to a 280G Payment becomes reasonably likely to occur (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

(d) Return of Payments. If Executive receives a Payment for which the Reduced Amount was determined pursuant to clause (x) in Section 6(a) above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) in Section 6(a) above) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) in Section 6(a) above, Executive shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

7. Insurance; Indemnification.

(a) Insurance. The Company shall have the right to take out life, health, accident, “key-man” or other insurance covering Executive, in the name of the Company and at the Company’s expense in any amount deemed appropriate by the Company. Executive shall assist the Company in obtaining such insurance, including, without limitation, submitting to any required examinations and providing information and data required by insurance companies.

(b) Indemnification. Executive will be provided with indemnification against third party claims related to her work for the Company as required by Delaware law. The Company shall provide Executive with directors and officers liability insurance coverage at least as favorable as that which the Company may maintain from time to time for other similarly-situated employees.

8. Arbitration. Any dispute, claim or controversy based on, arising out of or relating to Executive’s employment or this Agreement shall be settled by final and binding arbitration in San Diego County, California, before a single neutral arbitrator in accordance with the National Rules for the Resolution of Employment Disputes (the “**Rules**”) of the American Arbitration Association (“**AAA**”), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The Rules may be found online at [www.adr.org](http://www.adr.org). Arbitration may be compelled pursuant to the California Arbitration Act (Code of Civil Procedure §§ 1280 et seq.). If the parties are unable to agree upon an arbitrator, one shall be appointed by the AAA in accordance with its Rules. Each party shall pay the fees of its own attorneys, the expenses of its witnesses and all other expenses connected with presenting its case; however, Executive and the Company agree that, to the extent permitted by law, the arbitrator may, in his or her discretion, award reasonable attorneys’ fees to the prevailing party; provided, further, that the prevailing party shall be reimbursed for such fees, costs and expenses within forty-five (45) days following any such award, but in no event later than the last day of Executive’s taxable year following the taxable year in which the fees, costs and expenses were incurred; provided, further, that the parties’ obligations pursuant to this sentence shall terminate on the tenth (10<sup>th</sup>) anniversary of the date of Executive’s termination of employment. Other costs of the arbitration, including the cost of any record or transcripts of the arbitration, AAA’s administrative fees, the fee of the arbitrator, and all other fees and costs, shall be borne by the Company. This Section 8 is intended to be the exclusive method for resolving any and all claims by the parties against each other for payment of damages under this Agreement or relating to Executive’s employment; provided, however, that Executive shall retain the right to file administrative charges with or seek relief through any government agency of competent jurisdiction, and to participate in any government investigation, including but not limited to (i) claims for workers’ compensation, state disability insurance or unemployment insurance; (ii) claims for unpaid wages or waiting time penalties brought before the California Division of Labor Standards Enforcement; provided, however, that any appeal from an award or

from denial of an award of wages and/or waiting time penalties shall be arbitrated pursuant to the terms of this Agreement; and (iii) claims for administrative relief from the United States Equal Employment Opportunity Commission and/or the California Department of Fair Employment and Housing (or any similar agency in any applicable jurisdiction other than California); provided, further, that Executive shall not be entitled to obtain any monetary relief through such agencies other than workers' compensation benefits or unemployment insurance benefits. This Agreement shall not limit either party's right to obtain any provisional remedy, including, without limitation, injunctive or similar relief, from any court of competent jurisdiction as may be necessary to protect their rights and interests pending the outcome of arbitration, including without limitation injunctive relief, in any court of competent jurisdiction pursuant to California Code of Civil Procedure § 1281.8 or any similar statute of an applicable jurisdiction. Seeking any such relief shall not be deemed to be a waiver of such party's right to compel arbitration. Both Executive and the Company expressly waive their right to a jury trial.

9. General Relationship. Executive shall be considered an employee of the Company within the meaning of all federal, state and local laws and regulations including, but not limited to, laws and regulations governing unemployment insurance, workers' compensation, industrial accident, labor and taxes.

10. Miscellaneous.

(a) Modification; Prior Claims. This Agreement and the Proprietary Information and Inventions Agreement set forth the entire understanding of the parties with respect to the subject matter hereof and supersede all existing agreements between them concerning such subject matter, including any offer letter or previous employment agreement provided to Executive by the Company. This Agreement may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

(b) Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Executive, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(c) Survival. The covenants, agreements, representations and warranties contained in or made in Sections 3(g), 4, 5, 6, 7, 8 and 10 of this Agreement shall survive any Executive's termination of employment.

(d) Third-Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.



(e) Waiver. The failure of either party hereto at any time to enforce performance by the other party of any provision of this Agreement shall in no way affect such party's rights thereafter to enforce the same, nor shall the waiver by either party of any breach of any provision hereof be deemed to be a waiver by such party of any other breach of the same or any other provision hereof.

(f) Section Headings. The headings of the several sections in this Agreement are inserted solely for the convenience of the parties and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

(g) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email, telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to Executive at the address listed on the Company's personnel records and to the Company at its principal place of business, or such other address as either party may specify in writing.

(h) Severability. All Sections, clauses and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any court, this Agreement shall be interpreted as if such invalid Sections, clauses or covenants were not contained herein.

(i) Governing Law and Venue. This Agreement is to be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Except as provided in Sections 5 and 8, any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(j) Non-transferability of Interest. None of the rights of Executive to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Executive. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Executive to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

(k) Gender. Where the context so requires, the use of the masculine gender shall include the feminine and/or neuter genders and the singular shall include the plural, and vice versa, and the word "person" shall include any corporation, firm, partnership or other form of association.

(l) Counterparts. 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 Agreement.

(m) Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

(n) Withholding and Other Deductions. All compensation payable to Executive hereunder shall be subject to such deductions as the Company is from time to time required to make pursuant to law, governmental regulation or order.

(o) Code Section 409A.

(i) **This Agreement is not intended to provide for any deferral of compensation subject to Section 409A of the Code, and, accordingly, the severance payments payable under Sections 4(b)(ii) and 4(b)(iv) shall be paid no later than the later of: (A) the fifteenth (15th) day of the third month following Executive's first taxable year in which such amounts are no longer subject to a substantial risk of forfeiture, and (B) the fifteenth (15th) day of the third month following first taxable year of the Company in which such amounts are no longer subject to substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. To the extent applicable, this Agreement shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. Each series of installment payments made under this Agreement is hereby designated as a series of "separate payments" within the meaning of Section 409A of the Code.** Notwithstanding anything herein to the contrary, to the extent any payments to Executive pursuant to Sections 4(b)(ii) or 4(b)(iv) constitute "non-qualified deferred compensation" subject to Section 409A of the Code or are intended to be exempt from Section 409A of the Code pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), then, to the extent required by Section 409A of the Code or to satisfy such exception, no amount shall be payable pursuant to such sections unless Executive's termination of employment constitutes a "separation from service" with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto) (a "*Separation from Service*").

**(ii) If Executive is a "specified employee" (as defined in Section 409A of the Code), as determined by the Company in accordance with Section 409A of the Code, on the date of Executive's Separation from Service, to the extent that the payments or benefits under this Agreement constitute "non-qualified deferred compensation" subject to Section 409A of the Code and the delayed payment or distribution of all or any portion of such amounts to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then such portion deferred pursuant to this Section 10(o)(ii) shall be paid or distributed to Executive in a lump sum on the earlier of (A) the date that is six (6) months following Executive's Separation from Service, (B) the date of Executive's death or (C) the earliest date as is permitted under Section 409A of the Code. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.**

**(iii)** To the extent applicable, this Agreement shall be interpreted in accordance with the applicable exemptions from Section 409A of the Code. If Executive and the Company determine that any payments or benefits payable under this Agreement intended to comply with Sections 409A(a)(2), (3) and (4) of the Code do not comply with Section 409A of the Code, Executive and the Company agree to amend this Agreement, or take such other actions as

Executive and the Company deem reasonably necessary or appropriate, to comply with the requirements of Section 409A of the Code and the Treasury Regulations thereunder (and any applicable transition relief) while preserving the economic agreement of the parties. To the extent that any provision in this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner that no payments payable under this Agreement shall be subject to an “additional tax” as defined in Section 409A(a)(1)(B) of the Code.

(iv) Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Executive’s taxable year following the taxable year in which Executive incurred the expenses. The amount of expenses reimbursed or in-kind benefits payable during any taxable year of Executive’s shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Executive’s, and Executive’s right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

(v) In the event that the amounts payable under Section 4(b)(ii) or Section 4(b)(iv) constitute “non-qualified deferred compensation” subject to Section 409A of the Code and the timing of the delivery of Executive’s Release could cause such amounts to be paid in one or another taxable year, then notwithstanding the payment timing set forth in such sections, such amounts shall not be payable until the later of (A) the payment date specified in such section or (B) the first business day of the taxable year following Executive’s termination of employment.

(vi) If a Change in Control would give rise to a payment or settlement event with respect to any payment or benefit that constitutes “nonqualified deferred compensation,” the transaction or event constituting the Change in Control must also constitute a “change in control event” (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such payment or benefit, to the extent required by Section 409A.

(Signature Page Follows)

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

**ONCTERNAL THERAPEUTICS, INC.**

By: /s/ James B. Breitmeyer Name: James B. Breitmeyer, M.D., Ph.D. Title: President and CEO

**EXECUTIVE**

/s/ Hazel M. Aker

Hazel M. Aker

SIGNATURE PAGE TO EMPLOYMENT AGREEMENT

**EXHIBIT A**

**GENERAL RELEASE OF CLAIMS**

*[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]*

This General Release of Claims ("**Release**") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between Hazel M. Aker ("**Executive**"), and Oncternal Therapeutics, Inc., a Delaware corporation (the "**Company**") (collectively referred to herein as the "**Parties**").

WHEREAS, Executive and the Company are parties to that certain Employment Agreement dated as of September 12, 2019 (the "**Agreement**");

WHEREAS, the Parties agree that Executive is entitled to certain severance benefits under the Agreement, subject to Executive's execution of this Release; and

WHEREAS, the Company and Executive now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Executive pursuant to the Agreement, the adequacy of which is hereby acknowledged by Executive, and which Executive acknowledges that she would not otherwise be entitled to receive, Executive and the Company hereby agree as follows:

1. General Release of Claims by Executive.

(a) Executive, on behalf of herself and her executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Executive is or has been a participant by virtue of her employment with or service to the Company (collectively, the "**Company Releasees**"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "**Claims**"), which Executive has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Executive's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind

that may be brought in any court or administrative agency including, without limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “*ADEA*”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Executive does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers’ compensation insurance benefits under the terms of any worker’s compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California law or under any applicable insurance policy with respect to Executive’s liability as an employee, director or officer of the Company;
- (v) Claims based on any right Executive may have to enforce the Company’s executory obligations under the Agreement;
- (vi) Executive’s right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Executive does release her right to secure any damages for such alleged discriminatory treatment;
- (vii) Claims Executive may have to vested or earned compensation and benefits; and
- (viii) Executive’s right to communicate or cooperate with any governmental agency.

(b) EXECUTIVE ACKNOWLEDGES THAT SHE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS SHE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

*[Note: Clauses (c), (d) and (e) apply only if Executive is age 40 or older at time of termination]*

(c) Executive acknowledges that this Release was presented to her on the date indicated above and that Executive is entitled to have [twenty-one (21)][forty-five (45)] days' time in which to consider it. Executive further acknowledges that the Company has advised her that she is waiving her rights under the ADEA, and that Executive should consult with an attorney of her choice before signing this Release, and Executive has had sufficient time to consider the terms of this Release. Executive represents and acknowledges that if Executive executes this Release before [twenty-one (21)][forty-five (45)] days have elapsed, Executive does so knowingly, voluntarily, and upon the advice and with the approval of Executive's legal counsel (if any), and that Executive voluntarily waives any remaining consideration period.

(d) Executive understands that after executing this Release, Executive has the right to revoke it within seven (7) days after her execution of it. Executive understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Executive does not revoke the Release in writing. Executive understands that this Release may not be revoked after the seven (7) day revocation period has passed. Executive also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Executive understands that this Release shall become effective, irrevocable, and binding upon Executive on the eighth (8<sup>th</sup>) day after her execution of it, so long as Executive has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Executive further understands that Executive will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is fifty-five (55) days following the date of Executive's termination of employment.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S.

Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

2. Whistleblower Provision. Nothing herein shall be construed to prohibit Executive from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Executive acknowledges that the Company has provided Executive with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Executive files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

3. No Assignment. Executive represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Executive may have against the Company Releasees. Executive agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Executive.

4. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

5. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Executive has participated in the negotiation of its terms. Furthermore, Executive acknowledges that Executive has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

6. Governing Law and Venue. This Release will be governed by and construed in accordance with the laws of the United States of America and the State of California applicable to contracts made and to be performed wholly within such State, and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in San Diego County, California, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in



personam jurisdiction over it and consents to service of process in any manner authorized by California law.

7. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Executive and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.

8. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

Exhibit 10.6

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing Release as of the date first written above.

**EXECUTIVE**      **ONCTERNAL THERAPEUTICS, INC.**

By:

Print Name: Hazel M. Aker

Print Name:

Title:

**ONCTERNAL THERAPEUTICS INC.**  
**AMENDED AND RESTATED ANNUAL INCENTIVE PLAN**  
**Sept. 12, 2019 / Effective: FY 2019**

1. PURPOSE

This Amended and Restated Oncternal Therapeutics, Inc. Annual Incentive Plan (the “*Plan*”) is intended to provide an incentive for eligible employees and certain consultants of Oncternal Therapeutics Inc. (the “*Company*”) to perform to the best of their abilities and achieve the Company’s corporate objectives, to further the growth, development and financial success of the Company, and to enable the Company to attract and retain highly qualified employees and consultants.

2. PARTICIPANTS

All employees of the Company and its subsidiaries meeting the eligibility requirements set forth in this Section 2, and certain consultants to the Company approved by the Committee, shall be eligible to receive a bonus award (an “*Award*”) hereunder (each such eligible employee or consultant, a “*Participant*”). To receive an Award under the Plan with respect to any Incentive Plan Year (as defined below), a Participant must:

- (a) Be an “*Active*” employee or consultant as of the date of payment of his or her Award. For purposes of this Plan, “*Active*” shall mean an employee who is actively employed by, or a consultant actively engaged by, the Company, including an employee on an approved leave of absence, such as medical, personal or military leave, but not an employee who has been moved to “inactive” status pursuant to the Company’s employee handbook or a consultant who has ceased providing services to the Company.
- (b) In the case of employees, be a “*Regular Full-Time Employee*” at the end of the relevant Incentive Plan Year. For purposes of this Plan, “*Regular Full-Time Employee*” shall mean an employee who is regularly scheduled to work at least 20 hours per week. The preceding hours requirement will be prorated for employees out on a medical leave of absence covered by the federal Family and Medical Leave Act or similar state law, and will not apply to consultants. Temporary or seasonal employees, interns, independent contractors and consultants are ineligible to participate in the Plan, except for consultants approved by the Committee.
- (c) Have been an eligible employee of, or consultant to, the Company for at least three consecutive months prior to the end of the relevant Incentive Plan Year.
- (d) Be an employee or consultant in good standing (e.g., not on a performance improvement plan) as of the last day of the Incentive Plan Year or the date the Awards are paid and performing at a minimum level of “Needs Improvement” or higher at the time his or her Award is paid.
- (e) Not engage in, and/or be involuntarily terminated as a result of, serious misconduct (e.g., theft, dishonesty, workplace violence) or a violation of Company policy during the Incentive Plan Year or prior to the payment of his or her Award, as determined by the Company.

3. THE COMMITTEE

The Plan shall be administered by the Compensation Committee (the “*Committee*”) of the Board of Directors of the Company (the “*Board*”). The Committee shall have the discretion and authority to (a) administer and interpret the Plan, including the authority to establish one or more bonus programs under the Plan from time to time containing such terms and conditions as the Committee may determine or deem appropriate in its discretion, and (b) delegate authority to administer the Plan with respect to Awards to employees below the

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level of Vice President to the Company’s Chief Executive Officer.

4. PERFORMANCE GOALS.

The Plan is intended to provide incentive for the achievement of approved annual corporate and individual objectives (the “*Performance Goals*”) with respect to each calendar year during the term of the Plan (each an “*Incentive Plan Year*”).

- (a) *Corporate Performance Goals.* Prior to or at the beginning of each Incentive Plan Year, the Committee shall review the Corporate Performance Goals recommended by the Company’s Chief Executive Officer for such Incentive Plan Year, and approve such Corporate Performance Goals in the Committee’s sole discretion. It is intended that the Corporate Performance Goals be objectively determinable and based upon metrics set forth in the Company’s annual business plan or strategic objectives consistent with the Company’s annual business plan, with the weighting of the various objectives to be approved by the Committee.
- (b) *Individual Performance Goals.* Commencing with the Company’s fiscal year beginning on January 1, 2020, all Participants in the Plan will work with their managers to develop a list of key Individual Performance Goals, which Individual Performance Goals will be subject to the approval of each Participant’s manager. The Individual Performance Goals for the executive officers of the Company, if applicable, will be approved by the Chief Executive Officer of the Company.

5. TARGET AWARD PERCENTAGES

Each Participant who is an employee will be assigned a “*Target Award Percentage*” based on his or her job classification and responsibilities. An employee Participant’s Target Award Percentage for any given Incentive Plan Year will be based on his or her job classification as of December 31 of such Incentive Plan Year. The Target Award Percentages will be reviewed annually by the Committee and adjusted as necessary or appropriate. The initial Target Award Percentages for purposes of the Plan will be as follows:

<u>Position</u>	<u>Target Award Percentage (% of base salary).</u>
Chief Executive Officer	50%
EVP/C Level	40%
Senior Vice President / Vice President	35%
Senior Director / Director	20%
Manager	10%
Professional	7.5%
Clerical	5%

A “*Target Award*” for each Participant who is an employee for each Incentive Plan Year will be determined by multiplying his or her “*Target Award Percentage*” by his or her base salary as of December 31 of such Incentive Plan Year.

The Target Award for each Participant who is a consultant for each Incentive Plan Year will be determined by the Committee in its sole discretion.

6. WEIGHTINGS

Other than the Chief Executive Officer of the Company, whose Award will be determined solely by reference to Corporate Performance Goal achievement as set forth below, a portion of each Participant’s Award will be based on Corporate Performance Goal achievement and a portion will be based on Individual Performance Goal achievement. The relative weight between these goals will vary based on levels within

the organization. The weighting will be reviewed annually by the Committee and be adjusted, as necessary or appropriate.

The initial weightings for purposes of the Plan will be as follows:

	<u>Corporate</u>	<u>Individual</u>
Chief Executive Officer	100%	0%
Other C-level	80%	20%
Senior Vice President / Vice President	70%	30%
Senior Director / Director	60%	40%
All other employees	50%	50%
Consultants	<i>To be determined by the Committee</i>	

## 7. PERFORMANCE MEASUREMENT

Separate “**Performance Factors**” will be established for each of the Corporate and Individual Performance Goals applicable to each Award for each Incentive Plan Year.

- (a) *Corporate Performance Factor.* The Chief Executive Officer of the Company will present to the Committee for its approval his or her assessment of the level of the Company’s achievement of its Corporate Performance Goals, in the Committee’s sole discretion. The corporate “Performance Factor” shall be expressed as a percentage within the range specified by the Committee with respect to each Incentive Plan Year, which percentage may exceed 100%. The same corporate “Performance Factor,” as approved by the Committee, shall be used for the corporate component of each Participant’s Award.
- (b) *Individual Performance Factor.* A Participant’s achievement level relative to his or her Individual Performance Goals will be used to calculate a Performance Factor for such Participant, which shall be expressed as a percentage within the range specified by the Committee or its designee with respect to each Incentive Plan Year, which percentage may exceed 100%. While a Participant’s direct manager shall take a Participant’s achievement with respect to his or her Individual Performance Goals for the Incentive Plan Year into account in determining the individual Performance Factor, any such determination remains in the sole discretion of the direct manager based on their subjective assessment of a Participant’s overall performance. The proposed individual Performance Factors for the executive officers of the Company will be presented by the Chief Executive Officer of the Company to the Committee for its approval, which shall retain the sole discretion to determine such executives’ individual Performance Factors based on its subjective assessment of each executive’s overall performance.
- (c) *Performance Measurement.* Unless otherwise determined by the Committee, the corporate Performance Factor and each individual Performance Factor will be within the following ranges:

<u>Performance Category</u>	<u>Performance Factor</u>
1. Performance for the year was outstanding and exceeded objectives	125% to 150%
2. Performance for the year met or exceeded objectives or was excellent in view of prevailing conditions	100% to 125%

[Type here]

- |   |             |
|---|-------------|
| 3. Performance generally met the year's objectives or was acceptable in view of prevailing conditions | 50% to 100% |
| 4. Performance for the year met some but not all objectives   | 1% to 50%   |
| 5. The goal was not achieved and performance was not acceptable in view of prevailing conditions      | 0%          |

Unless otherwise determined by the Committee, each goal will be evaluated separately, the appropriate weighting applied and a total Performance Factor determined.

8. AWARD CALCULATIONS

The actual Award for a Participant will be calculated by allocating the Target Award for such Participant between the corporate and individual weightings for the relevant Incentive Plan Year, and then applying the corresponding corporate and individual Performance Factors to each such amount, respectively.

The example below shows a sample Award calculation under the Plan. First, a total Target Award is calculated by multiplying the Plan Participant's base salary by the Target Award Percentage. The resulting amount is then divided into its corporate component and its individual component, if any, based on the relative weightings for that Participant's specific position. This calculation establishes specific dollar Target Award for the Plan year for each component of the Award.

<i>Example:</i>	Position:	Vice President
	Base Salary:	\$200,000
	Target Award Percentage:	35 %
	Target Award (in dollars):	\$70,000

Assumed Performance Factors based on the following assessment of corporate and individual performance:

Corporate Performance Factor	90%
Individual Performance Factor	100%

*Award Calculation:*

Target Award components (based on weightings): Corporate performance (70%):	\$49,000
Individual performance (30%):	\$21,000
Corporate component (\$49,000 x 90%)	\$44,100
Individual component (\$21,000 x 100%)	<u>\$21,000</u>

**Total Award: \$65,100 (93% of Target Award)**

Award calculations for employee Participants will be based on such Participant's base salary as of the last day of the applicable Incentive Plan Year.

A Participant who has been an eligible employee or consultant for less than a year, but who is an

eligible employee or consultant for at least three months prior to the end of an Incentive Plan Year and remains continuously employed or engaged as a consultant through the end of such Incentive Plan Year, will receive a pro-rata Award based on the portion of the Incentive Plan Year he or she was an eligible employee or consultant. Award payments may also be prorated for any time during an Incentive Plan Year an otherwise eligible employee was not classified as an Active employee or Regular Full-Time Employee during such Incentive Plan Year, in the discretion of the Committee. Other than as stated above, Awards will not be prorated for partial year service.

The Committee may, in its discretion, reduce or eliminate an Award otherwise payable to any Participant. Any such reduction or elimination may be made based on such objective or subjective determinations as the Committee determines appropriate.

9. PAYMENT OF AWARDS

The payment of Awards under the Plan shall be made after the issuance of the Company's year-end audited financial statements for the Incentive Plan Year, but not later than December 31 of the year following the Incentive Plan Year, and shall be subject to such terms and conditions as may be determined by the Committee in its sole discretion. As provided in Section 2, a Participant must be an Active employee or eligible consultant of the Company or its subsidiaries and in good standing as of the date on which the Award is paid in order to be entitled to receive such Award. If a Participant dies, or a Participant's employment with, or engagement by, the Company is terminated for any reason prior to the payment of his or her Award, the payment of any Award (and in the case of death, the person or persons to whom such payment shall be made) shall be determined at the sole discretion of the Committee.

Any Award that becomes payable under the Plan may be paid in the form of cash, shares of the Company's common stock, stock options and/or another form of equity award, or a combination thereof, as determined by the Committee in its sole discretion. To the extent that the Committee determines to pay an Award in the form of shares of the Company's common stock, such shares shall be awarded under the Company's Incentive Award Plan, as amended from time to time, and shall be subject to the terms and conditions thereof.

10. AMENDMENT, SUSPENSION AND TERMINATION

The Compensation Committee may amend, suspend or terminate the Plan at any time in its sole discretion. Such discretion may be exercised any time before, during, and after the Plan Year is completed. In the event of the Plan's termination prior to the payment of an Award, such Award will not be payable under this Plan. Such discretion may be exercised any time before, during and after the Incentive Plan Year is completed. No Participant shall have any vested right to receive any payment until actual delivery of such compensation.

11. MISCELLANEOUS

- (a) The Company shall deduct all federal, state, and local taxes required by law or Company policy from any Award paid hereunder.
- (b) In no event shall the Company be obligated to pay to any Participant an Award for any period by reason of the Company's payment of an Award to such Participant in any other period, or by reason of the Company's payment of an Award to any other Participant or Participants in such period or in any other period.
- (c) This Plan does not, and Company policies and practices in administering this Plan do not, constitute an express or implied contract or other agreement concerning the payment of any Award or the

duration of any Participant's employment with, or engagement by, the Company. The employment relationship of each employee Participant is "at will" and may be terminated at any time by the Company or by the Participant, with or without cause.

- (d) The Plan shall be unfunded. Amounts payable under the Plan are not and will not be transferred into a trust or otherwise set aside. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Award under the Plan. Any accounts under the Plan are for bookkeeping purposes only and do not represent a claim against the specific assets of the Company.
- (e) No rights of any Participant to payments of any amounts under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated. All rights with respect to an Award granted to a Participant under the Plan shall be available during his or her lifetime only to the Participant.
- (f) Any provision of the Plan that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Plan.
- (g) The Plan shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of California (without regard to principles of conflicts of law).



**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James B. Breitmeyer, certify that:

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

/s/ James B. Breitmeyer  
President and Chief Executive Officer  
(Principal Executive Officer)

Dated: November 8, 2019

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard G. Vincent, certify that:

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

/s/ Richard G. Vincent  
Chief Financial Officer  
(Principal Financial Officer)

Dated: November 8, 2019

**CERTIFICATION**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report on Form 10-Q of Oncternal Therapeutics, Inc. (the “Company”) for the period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James B. Breitmeyer, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/ James B. Breitmeyer  
President and Chief Executive Officer  
(Principal Executive Officer)

Dated: November 8, 2019

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report on Form 10-Q of Oncternal Therapeutics, Inc. (the "Company") for the period ended September 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard G. Vincent, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/ Richard G. Vincent  
Chief Financial Officer  
(Principal Financial Officer)

Dated: November 8, 2019

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.