

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

PROVECTUS BIOPHARMACEUTICALS, INC.

Form: 10-Q

Date Filed: 2017-05-10

Corporate Issuer CIK: 315545

**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 March 31, 2017

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

For the transition period from _____ to _____

Commission file number 001-36457

PROVECTUS BIOPHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7327 Oak Ridge Highway, Suite A,
Knoxville, Tennessee
(Address of principal executive offices)

90-0031917
(I.R.S. Employer
Identification No.)

37931
(Zip Code)

866-594-5999

(Registrant's telephone number, including area code)

N/A

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

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

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

The number of shares outstanding of the registrant's common stock, par value \$0.001 per share, as of May 4, 2017, was 370,354,643.

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

Cautionary Note Regarding Forward-Looking Statements	1
Item 1. Financial Statements (unaudited)	
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statements of Operations	3
Condensed Consolidated Statements of Cash Flows	4
Notes to Condensed Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 3. Quantitative and Qualitative Disclosures About Market Risk	16
Item 4. Controls and Procedures	16

PART II OTHER INFORMATION

Item 1. Legal Proceedings	19
Item 1A. Risk Factors	20
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 3. Defaults Upon Senior Securities	20
Item 4. Mine Safety Disclosures	20
Item 5. Other Information	20
Item 6. Exhibits	21

<u>SIGNATURES</u>	22
--------------------------	----

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” as defined under U.S. federal securities laws. These statements reflect management’s current knowledge, assumptions, beliefs, estimates, and expectations and express management’s current views of future performance, results, and trends and may be identified by their use of terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” and other similar terms. Forward-looking statements are subject to a number of risks and uncertainties that could cause our actual results to materially differ from those described in the forward-looking statements. Readers should not place undue reliance on forward-looking statements. Such statements are made as of the date of this Quarterly Report on Form 10-Q, and we undertake no obligation to update such statements after this date.

Risks and uncertainties that could cause our actual results to materially differ from those described in forward-looking statements include those discussed in our filings with the Securities and Exchange Commission (including those described in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016), and the following:

- our potential receipt of sales from PV-10 and PH-10, transaction fees, licensing and royalty payments; payments in connection with the Company’s liquidation, dissolution or winding up, or any sale, lease, conveyance or other disposition of any intellectual property relating to PV-10 or PH-10;
- our ability to raise additional capital if we determine to commercialize PV-10 and/or PH-10 on our own; and
- our ability to close on additional tranches of the financing from a group of the Company’s stockholders (the “PRH Group”) pursuant to the Definitive Financing Commitment Term Sheet we entered into with the PRH Group effective as of March 19, 2017.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PROVECTUS BIOPHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2017 (Unaudited)	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	\$ 436,952	\$ 1,165,738
Short-term receivable - settlement	200,000	300,000
Other current assets	250,515	360,562
Total Current Assets	887,467	1,826,300
Equipment and furnishings, less accumulated depreciation of \$466,772 and \$464,140, respectively	69,402	72,033
Patents, net of accumulated amortization of \$9,641,758 and \$9,473,978, respectively	2,073,687	2,241,467
Long-term receivable – reimbursable legal fees, net of reserve for uncollectibility of \$455,500	455,500	455,500
Long-term receivable – settlement, net of discount and reserve for uncollectibility of \$1,549,043	1,024,345	1,015,710
Total Assets	<u>\$ 4,510,401</u>	<u>\$ 5,611,010</u>
Liabilities and Stockholders' (Deficiency) Equity		
Current Liabilities:		
Accounts payable - trade	\$ 2,770,860	\$ 1,919,870
Other accrued expenses	159,855	221,956
Convertible note payable - related party	2,500,000	—
Total Liabilities	<u>5,430,715</u>	<u>2,141,826</u>
Commitments and contingencies		
Stockholders' (Deficiency) Equity:		
Preferred stock; par value \$0.001 per share; 25,000,000 shares authorized; Series B Convertible Preferred Stock; 240,000 shares designated; 100 and 8,600 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively; aggregate liquidation preference of \$3,500 and \$301,000 at March 31, 2017 and December 31, 2016, respectively	—	9
Common stock; par value \$0.001 per share; 1,000,000,000 shares authorized; 370,354,643 and 364,773,297 shares issued and outstanding, respectively	370,355	364,773
Additional paid-in capital	208,322,249	208,327,822
Accumulated deficit	(209,612,918)	(205,223,420)
Total Stockholder's (Deficiency) Equity	<u>(920,314)</u>	<u>3,469,184</u>
Total Liabilities and Stockholders' (Deficiency) Equity	<u>\$ 4,510,401</u>	<u>\$ 5,611,010</u>

See accompanying notes to condensed consolidated financial statements.

PROVECTUS BIOPHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	March 31,	
	2017	2016
Operating Expenses		
Research and development	\$ 1,853,573	\$ 2,407,984
General and administrative	2,544,600	6,099,232
Total Operating Loss	(4,398,173)	(8,507,216)
Investment income	8,675	913
Net Loss	(4,389,498)	(8,506,303)
Dividend paid-in kind to preferred shareholders	(14,007)	—
Net Loss Applicable to Common Shareholders	\$ (4,403,505)	\$ (8,506,303)
Basic and Diluted Loss Per Common Share	\$ (0.01)	\$ (0.04)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	365,207,402	205,278,509

See accompanying notes to condensed consolidated financial statements.

PROVECTUS BIOPHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Cash Flows From Operating Activities		
Net loss	\$(4,389,498)	\$ (8,506,303)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,631	3,496
Amortization of patents	167,780	167,780
Warrant incentive expense	—	2,718,407
Issuance of stock for services	—	20,163
Changes in operating assets and liabilities		
Settlement receivable	91,365	127,446
Other current assets	110,047	(295,699)
Accounts payable - trade	850,990	(489,304)
Accrued settlement expense	—	(1,850,000)
Other accrued expenses	(62,101)	51,069
Net Cash Used In Operating Activities	<u>(3,228,786)</u>	<u>(8,052,945)</u>
Cash Flows From Financing Activities		
Net proceeds from the issuance of common stock and warrants pursuant to warrant exchange offer	—	3,635,040
Proceeds from issuance of convertible note payable - related party	2,500,000	—
Net Cash Provided By Financing Activities	<u>2,500,000</u>	<u>3,635,040</u>
Net Change In Cash and Cash Equivalents	<u>(728,786)</u>	<u>(4,417,905)</u>
Cash and Cash Equivalents, Beginning of Period	<u>1,165,738</u>	<u>14,178,902</u>
Cash and Cash Equivalents, End of Period	<u>\$ 436,952</u>	<u>\$ 9,760,997</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ —	\$ —
Taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Conversion of preferred stock into common stock	\$ 5,582	\$ —
Issuance in-kind of preferred stock dividends	\$ 14,007	\$ —

See accompanying notes to condensed consolidated financial statements.

PROVECTUS BIOPHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Business Organization, Nature of Operations and Basis of Presentation

Provectus Biopharmaceuticals, Inc., a Delaware corporation (together with its subsidiaries, "Provectus" or the "Company"), is a biopharmaceutical company that is focusing on developing minimally invasive products for the treatment of psoriasis and other topical diseases, and certain forms of cancer including melanoma, breast cancer, and cancers of the liver. To date, the Company has not generated any revenues from planned principal operations. The Company's activities are subject to significant risks and uncertainties, including failing to successfully develop and license or commercialize the Company's prescription drug candidates, or sell or license the Company's over-the-counter ("OTC") products or non-core technologies.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information pursuant to Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be reviewed in conjunction with the Company's audited consolidated financial statements included in Form 10-K for the year ended December 31, 2016 filed with the U.S. Securities and Exchange Commission ("SEC") on March 31, 2017. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

2. Liquidity and Financial Condition

The Company's cash and cash equivalents were \$436,952 at March 31, 2017, compared with \$1,165,738 at December 31, 2016. The Company continues to incur significant operating losses and management expects that significant on-going operating expenditures will be necessary to successfully implement the Company's business plan and develop and market its products. These circumstances raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. Implementation of the Company's plans and its ability to continue as a going concern will depend upon the Company's ability to develop PV-10 and raise additional capital.

Term Sheet for 2017 Financing

On March 23, 2017, the Company entered into an exclusive Definitive Financing Commitment Term Sheet with a group of the Company's stockholders (the "PRH Group"), which was amended and restated effective as of March 19, 2017 (the "Term Sheet"), which sets forth the terms on which the PRH Group will use their best efforts to arrange for a financing of a minimum of \$10,000,000 and maximum of \$20,000,000 (the "2017 Financing"), \$2,500,000 of which was funded into Escrow (as defined below) upon the execution of definitive documents, and the \$2,500,000 Wachter Note (as defined below) was exchanged for a PRH Note (as defined below) on the terms described below upon the funding of such First Tranche into Escrow.

The 2017 Financing will be in the form of a secured convertible loan (the "Loan") from the PRH Group or other investors in the 2017 Financing (the "Investors"). The Loan will be evidenced by secured convertible promissory notes (individually a "PRH Note" and collectively, the "PRH Notes") from the Company to the PRH Group or the Investors. In addition to the customary provisions, the PRH Note shall contain the following provisions:

- (i) It will be secured by a first priority security interest on the Company's intellectual property (the "IP");
- (ii) The Loan will bear interest at the rate of eight percent (8%) per annum on the outstanding principal amount of the Loan that has been funded to the Company;
- (iii) The Loan proceeds will be held in one or more accounts (the "Escrow") pending the funding of the tranches of the 2017 Financing pursuant to borrowing requests made by the Company;
- (iv) In the event there is a change of control of the Company's board of directors ("Board") as proposed by any person or group other than the Investors, the term of the PRH Note will be accelerated and all amounts due under the PRH Note will be immediately due and payable, plus interest at the rate of eight percent (8%) per annum, plus a penalty in the amount equal to ten times (10x) the outstanding principal amount of the Loan that has been funded to the Company;
- (v) The outstanding principal amount and interest payable under the Loan will be convertible at the sole discretion of the Investors into shares of the Company's Series D Preferred Stock, a new series of preferred stock to be designated by the Board, at a price per share equal to \$0.2862; and

- (vi) Notwithstanding (v) above, the principal amount of the PRH Note and the interest payable under the Loan will automatically convert into shares of the Company's Series D Preferred Stock at a price per share equal to \$0.2862 effective on the 18 month anniversary of the funding of the final tranche of the 2017 Financing subject to certain exceptions.

The Series D Preferred Stock shall have a first priority right to receive proceeds from the sale, liquidation or dissolution of the Company or any of the Company's assets (each, a "Company Event"). If a Company Event occurs within two (2) years of the date of issuance of the Series D Preferred Stock (the "Date of Issuance"), the holders of Series D Preferred Stock shall receive a preference of four times (4x) their respective investment amount. If a Company Event occurs after the second (2nd) anniversary of the Date of Issuance, the holders of the Series D Preferred Stock shall receive a preference of six times (6x) their respective investment amount.

The Series D Preferred Stock shall be convertible at the option of the holders thereof into shares of the Company's common stock based on a formula to achieve a one-for-one conversion ratio. The Series D Preferred Stock shall automatically convert into shares of Common Stock upon the fifth anniversary of the Date of Issuance. On an as-converted basis, the Series D Preferred Stock shall carry the right to one (1) vote per share. The Series D Preferred Stock shall not have any dividend preference but shall be entitled to receive, on a pari passu basis, dividends, if any, that are declared and paid on any other class of the Company's capital stock. The holders of Series D Preferred Stock shall not have anti-dilution protection.

Subsequent to March 31, 2017, the Company received an aggregate of \$3,000,000 in the form of secured convertible loans in connection with the First Tranche and Second Tranche, as described in the Term Sheet. See Note 7 – Subsequent Events.

The Company plans to access capital resources through possible public or private equity offerings, including the 2017 Financing, exchange offers, debt financings, corporate collaborations or other means. In addition, the Company continues to explore opportunities to strategically monetize its lead drug candidates, PV-10 and PH-10, through potential co-development and licensing transactions, although there can be no assurance that the Company will be successful with such plans. The Company has historically been able to raise capital through equity offerings, although no assurance can be provided that it will continue to be successful in the future. If the Company is unable to raise sufficient capital through the 2017 Financing or otherwise, it will not be able to pay its obligations as they become due.

NYSE Delisting

On October 13, 2016, the Company received notice from NYSE MKT that NYSE MKT commenced delisting procedures and immediately suspended trading in the Company's common stock and class of warrants that was listed on NYSE MKT ("Listed Warrants") and on October 17, 2016, our common stock began trading on the OTCQB Marketplace. On October 20, 2016, the Company submitted a request for a review of such delisting determination and on November 10, 2016, the Company submitted to the Listing Qualifications Panel its written submission in connection with its appeal. In addition, on November 23, 2016, the Company received notice from NYSE MKT stating that the Company is not in compliance with the Exchange's continued listing standards. Specifically, the Company is not in compliance with Section 1003(a)(iii) of the NYSE MKT Company Guide (requiring stockholders' equity of \$6.0 million or more if the Company has reported losses from continuing operations and/or net losses in its five most recent fiscal years). As of December 31, 2016, the Company had stockholders' equity of approximately \$3.5 million.

The hearing before the Listing Qualifications Panel occurred on January 25, 2017. On January 31, 2017, the Company received notice from the Listing Qualifications Panel that it affirmed NYSE MKT's original determination to delist the Company's common stock and Listed Warrants. On February 14, 2017, the Company submitted a request for the Committee for Review to reconsider the Listing Qualification Panel's decision. The Committee for Review considered the Company's request for review on March 30, 2017. On April 21, 2017, the NYSE MKT filed a Form 25 with the SEC, notifying the SEC of the NYSE MKT's intention to remove the Company's shares of common stock and Listed Warrants from listing and registration on the NYSE MKT effective May 1, 2017, pursuant to the provisions of Rule 12d2-2(b) of the Securities Exchange Act of 1934, as amended. The Company's common stock and Listed Warrants continue to trade on the OTCQB following the delisting from the NYSE MKT under the trading symbols "PVCT" and "PVCTWS," respectively. The Company can provide no assurance that its common stock and Listed Warrants will continue to trade on the OTCQB in the future, however.

3. Significant Accounting Policies

The Company's significant accounting policies are disclosed in Note 3 – Significant Accounting Policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. Since the date of the Annual Report, there have been no material changes to the Company's significant accounting policies, except as disclosed below.

Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-03, "Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments," which clarifies the requirements for assessing whether contingent call or put options that can accelerate the repayment of principal on debt instruments are clearly and

closely related to their debt hosts. This guidance will be effective for annual reporting periods beginning after December 15, 2016, including interim periods within those annual reporting periods, and early adoption is permitted. The adoption of this ASU did not have a material impact on the Company's condensed consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." This ASU makes targeted amendments to the accounting for employee share-based payments. This guidance is to be applied using various transition methods such as full retrospective, modified retrospective, and prospective based on the criteria for the specific amendments as outlined in the guidance. The guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2016. Early adoption is permitted, as long as all of the amendments are adopted in the same period. The Company intends to apply this ASU prospectively and its adoption is not expected to have a material impact on the Company's condensed consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810) – Interests Held through Related Parties That Are under Common Control" ("ASU 2016-17"). ASU 2016-17 requires, when assessing which party is the primary beneficiary in a VIE, that the decision maker considers interests held by entities under common control on a proportionate basis instead of treating those interests as if they were that of the decision maker itself, as current GAAP requires. The ASU is effective for annual periods, and interim periods therein, beginning after December 15, 2016. Early application is permitted in any interim or annual period. The adoption of this ASU did not have a material impact on the Company's condensed consolidated financial statements.

4. Related Party Transactions

Convertible Promissory Note

On February 21, 2017, the Company issued a promissory note in favor of Eric A. Wachter, the Company's Chief Technology Officer ("Lender"), evidencing an unsecured loan from Lender to the Company in the original principal amount of up to \$2,500,000 (the "Wachter Note"). Interest accrues on the outstanding balance of the Wachter Note at six percent (6%) per annum calculated on a 360-day basis.

Pursuant to the terms of the Wachter Note, in the event that, prior to the repayment in full of the Wachter Note, the Company consummates a bona fide equity financing conducted with the principal purpose of raising capital, pursuant to which the Company sells shares or units of an equity security or preferred equity approved by the board of directors, which board of directors must consist of at least a majority of the members on the board of directors serving as of the date of the Wachter Note (a "Qualified Equity Financing"), then such amount of the outstanding principal due under the Wachter Note plus all accrued but unpaid interest that may be included in the Qualified Equity Financing shall automatically convert into the equity securities or securities convertible into equity securities of the Company issued in such Qualified Equity Financing ("New Securities") at the price per New Security at which the Company issues any New Securities in any public or private offering during the period that the Wachter Note is outstanding and otherwise on the same terms (including the same rights, preferences and privileges) as the other investors that purchase New Securities in such Qualified Equity Financing.

The Wachter Note matures on the earlier of (i) May 22, 2017, (ii) the date upon which the Company defaults under the Wachter Note or (iii) the date on which the Wachter Note is converted into New Securities (the earliest of such dates, the "Maturity Date"). In lieu of repayment on the Maturity Date, Lender may elect in his sole discretion to apply any and all amounts due and owing to Lender under the Wachter Note to Lender's obligations under that certain Settlement Agreement dated June 6, 2014 by and between Lender and the Company.

As of March 31, 2017, the Company has borrowed the entire \$2,500,000 principal amount under the Wachter Note. The Company evaluated the terms of the Wachter Note and determined that since the conversion price is not yet fixed and will be based upon the price per New Security issued upon the completion of a future Qualified Equity Financing, that the measurement of a beneficial conversion feature cannot be completed. The Wachter Note was amended and restated on April 3, 2017. See Note 7 – Subsequent Events.

Further, under the Wachter Note, the Company has agreed to pay to Lender up to \$25,000 for Lender's reasonable legal fees and expenses incurred in connection with the transactions contemplated by the Wachter Note. As of March 31, 2017, the Company has not paid any of Lender's legal expenses. The Company may prepay principal and interest under the Wachter Note at any time, in whole or in part, without premium or other prepayment charges.

Pursuant to a Waiver of Rights Agreement, Lender further agreed to waive his rights (A) to foreclose on the assets of the Company or (B) to initiate, or cause the initiation of, any proceeding in bankruptcy or the appointment of any custodian, trustee or liquidator of the Company or of all or a portion of the Company's assets in the event of default under the Wachter Note so long as (i) any shares of Series C Preferred Stock of the Company issued pursuant to the Rights Offering commenced by the Company on January 30, 2017 remain outstanding (other than such shares of Series C Preferred Stock held by Lender) and (ii) a change in control of the Company has not occurred, which is any transaction that results in either (a) the shareholders of the Company not continuing to hold at least 50% of the voting interest in the Company after such transaction or (b) the directors of the Company serving on the board of directors as of February 21, 2017 no longer represent a majority of the outstanding board members.

5. Stockholders' Deficiency

Termination of Rights Offering

On October 5, 2016, the Company filed a registration statement on Form S-1 with the SEC, as amended on November 1, 2016, November 22, 2016, December 6, 2016, December 21, 2016, January 19, 2017 and January 26, 2017 to issue subscription rights ("Rights") to the Company's existing common stockholders and holders of the Company's class of warrants with an exercise price of \$0.85 expiring June 19, 2020 (the "Listed Warrants") to purchase units ("Units") consisting of shares of common stock and Series C Preferred Stock (the "Rights Offering"). Each share of Series C Preferred Stock was to be convertible into eight (8) shares of common stock. Each Right would have entitled holders of the Company's common stock and Listed Warrants to purchase one Unit. On March 20, 2017, the Company announced the termination of the Rights Offering without accepting any funds from investors. Broadridge Corporate Issuer Solutions, Inc., the subscription agent for the Rights Offering ("Broadridge"), returned all subscription payments received by Broadridge to investors, without interest or penalty. All subscription rights expired upon termination of the Rights Offering. On March 24, 2017, the Company filed a Certificate of Elimination to cancel the Series C Preferred Stock with the Secretary of State of the State of Delaware.

Conversion of Series B Preferred Stock

During the three months ended March 31, 2017, holders converted 8,500 shares of Series B Preferred Stock into 3,986,676 shares of common stock such that they were entitled to dividends, including a make-whole payment, that the Company elected to pay in shares of common stock. As a result, the Company issued 1,594,670 shares of common stock related to the Series B Preferred Stock dividends during the three months ended March 31, 2017. The Company recorded aggregate dividends paid in kind of \$14,007 during the three months ended March 31, 2017.

6. Litigation

Kleba Shareholder Derivative Lawsuit

On January 2, 2013, Glenn Kleba, derivatively on behalf of the Company, filed a shareholder derivative complaint in the Circuit Court for the State of Tennessee, Knox County (the "Court"), against Dr. Dees, Timothy C. Scott, Eric A. Wachter, and Peter R. Culpepper (collectively, the "Executives"), Stuart Fuchs, Kelly M. McMasters, and Alfred E. Smith, IV (collectively, together with the Executives, the "Individual Defendants"), and against the Company as a nominal defendant (the "Shareholder Derivative Lawsuit"). The Shareholder Derivative Lawsuit alleged (i) breach of fiduciary duties, (ii) waste of corporate assets, and (iii) unjust enrichment, all three claims based on Mr. Kleba's allegations that the defendants authorized and/or accepted stock option awards in violation of the terms of the Company's 2002 Stock Plan (the "Plan") by issuing stock options in excess of the amounts authorized under the Plan and delegated to defendant Dr. Dees the sole authority to grant himself and the other Executives cash bonuses that Mr. Kleba alleges to be excessive.

In April 2013, the Company's Board of Directors appointed a special litigation committee to investigate the allegations of the Shareholder Derivative Complaint and make a determination as to how the matter should be resolved. The special litigation committee conducted its investigation, and proceedings in the case were stayed pending the conclusion of the committee's investigation. At that time, the Company established a reserve of \$100,000 for potential liabilities because such is the amount of the self-insured retention of its insurance policy. On February 21, 2014, an Amended Shareholder Derivative Complaint was filed which added Don B. Dale ("Mr. Dale") as a plaintiff.

On March 6, 2014, the Company filed a Joint Notice of Settlement (the "Notice of Settlement") in the Shareholder Derivative Lawsuit. In addition to the Company, the parties to the Notice of Settlement are Mr. Kleba, Mr. Dale and the Individual Defendants.

On June 6, 2014, the Company, in its capacity as a nominal defendant, entered into a Stipulated Settlement Agreement and Mutual Release (the "Settlement") in the Shareholder Derivative Lawsuit. In addition to the Company and the Individual Defendants, Plaintiffs Glenn Kleba and Don B. Dale are parties to the Settlement.

By entering into the Settlement, the settling parties resolved the derivative claims to their mutual satisfaction. The Individual Defendants have not admitted the validity of any claims or allegations and the settling plaintiffs have not admitted that any claims or allegations lack merit or foundation. Under the terms of the Settlement, (i) the Executives each agreed (A) to re-pay to the Company \$2.24 million of the cash bonuses they each received in 2010 and 2011, which amount equals 70% of such bonuses or an estimate of

the after-tax net proceeds to each Executive; provided, however, that subject to certain terms and conditions set forth in the Settlement, the Executives are entitled to a 2:1 credit such that total actual repayment may be \$1.12 million each; (B) to reimburse the Company for 25% of the actual costs, net of recovery from any other source, incurred by the Company as a result of the Shareholder Derivative Lawsuit; and (C) to grant to the Company a first priority security interest in 1,000,000 shares of the Company's common stock owned by each such Executive to serve as collateral for the amounts due to the Company under the Settlement; (ii) Drs. Dees and Scott and Mr. Culpepper agreed to retain incentive stock options for 100,000 shares but shall forfeit 50% of the nonqualified stock options granted to each such Executive in both 2010 and 2011. The Settlement also requires that each of the Executives enter into new employment agreements with the Company, which were entered into on April 28, 2014, and that the Company adhere to certain corporate governance principles and processes in the future. Under the Settlement, Messrs. Fuchs and Smith and Dr. McMasters have each agreed to pay the Company \$25,000 in cash, subject to reduction by such amount that the Company's insurance carrier pays to the Company on behalf of such defendant pursuant to such defendant's directors and officers liability insurance policy. The Settlement also provides for an award to plaintiffs' counsel of attorneys' fees and reimbursement of expenses in connection with their role in this litigation, subject to Court approval.

On July 24, 2014, the Court approved the terms of the proposed Settlement and awarded \$911,000 to plaintiffs' counsel for attorneys' fees and reimbursement of expenses in connection with their role in the Shareholder Derivative Lawsuit. The payment to plaintiff's counsel was made by the Company during October 2014 and was recorded as other current assets at December 31, 2014, as the Company is seeking reimbursement of the full amount from its insurance carrier. If the full amount is not received from insurance, the amount remaining will be reimbursed to the Company from the Individual Defendants. As of March 31, 2017 and December 31, 2016, the net amount of the receivable of \$455,500 is reported as non-current assets on the condensed consolidated balance sheets.

On October 3, 2014, the Settlement was effective and stock options for Dr. Dees, Dr. Scott and Mr. Culpepper were rescinded, totaling 2,800,000. \$900,000 was repaid by the Executives as of December 31, 2015 and \$600,000 was repaid by the Executives during the year ended December 31, 2016. The remaining cash settlement amounts will continue to be repaid to the Company over the next three years with the final payment to be received by October 3, 2019. The remaining balance due the Company as of March 31, 2017 is \$1,224,345, including a reserve for uncollectibility of \$1,549,043 in connection with the resignation of Dr. Dees and termination of Mr. Culpepper, with a present value discount remaining of \$57,623. As a result of his resignation, Dr. Dees is no longer entitled to the 2:1 credit, such that his total repayment obligation of \$2,040,000 (the total \$2.24 million owed by Dr. Dees pursuant to the Settlement less the \$200,000 that he repaid) plus Dr. Dees's proportionate share of the litigation costs is immediately due and payable. The Company sent Dr. Dees a notice of default in March 2016 for the total amount he owes the Company. As a result of his termination "for cause", Mr. Culpepper is no longer entitled to the 2:1 credit, such that his total repayment obligation of \$2,051,083 (the total \$2,240,000 owed by Mr. Culpepper pursuant to the Settlement plus Mr. Culpepper's proportionate share of the litigation cost of \$227,750 less the \$416,667 that he repaid) is immediately due and payable. The Company sent Mr. Culpepper a notice of default in January 2017 for the total amount he owes the Company. Mr. Culpepper disputes that he was terminated "for cause" and thus disputes that he owes the full \$2,051,083 repayment amount under the Settlement.

Dees Collection Lawsuit

On May 5, 2016, the Company filed a lawsuit in the United States District Court for the Eastern District of Tennessee at Knoxville against Dr. Dees and his wife, Virginia Godfrey (together with Dr. Dees, the "Defendants"). The Company alleges that between 2013 and the present, Dr. Dees received approximately \$2.4 million in advanced or reimbursed travel and entertainment expenses from the Company and that Dr. Dees did not use these funds for legitimate travel and entertainment expenses as he requested and the Company intended. Instead, the Company alleges that Dr. Dees created false receipts and documentation for the expenses and applied the funds to personal use. The Company and Dr. Dees are parties to a Stipulated Settlement Agreement dated June 6, 2014 (the "Kleba Settlement Agreement") that was negotiated to resolve certain claims asserted against Dr. Dees derivatively. Pursuant to the terms of the Kleba Settlement Agreement, Dr. Dees agreed to repay the Company compensation that was paid to him along with legal fees and other expenses incurred by the Company. As of the date of his resignation, Dr. Dees still owed the Company \$2,267,750 under the Kleba Settlement Agreement. Dr. Dees has failed to make such payment, and the Company has notified him that he is in default and demanded payment in full. The Company has established a reserve of \$2,267,750 as of March 31, 2017 and December 31, 2016, which amount represents the amount the Company currently believes Dr. Dees owes to the Company, while the Company pursues collection of this amount. Therefore, the Company is alleging counts of conversion, fraud, breach of fiduciary duty, breach of contract, breach of Kleba Settlement Agreement, unjust enrichment and punitive damages in this lawsuit. The Company is seeking that the Defendants be prohibited from disposing of any property that may have been paid for with the misappropriated funds, the Defendants be disgorged of any funds shown to be fraudulently misappropriated and that the Company be awarded compensatory damages in an amount not less than \$5 million. Furthermore, the Company is seeking for the damages to be joint and several as to the Defendants and that punitive damages be awarded against Dr. Dees in the Company's favor. The Company is also seeking foreclosure of the Company's first-priority security interest in the 1,000,000 shares of common stock granted by Dr. Dees to the Company as collateral pursuant to that certain Stock Pledge Agreement dated October 3, 2014, between Dr. Dees and the Company in order to secure Dr. Dees' obligations under the Kleba Settlement Agreement. The United States District Court for the Eastern District of Tennessee at Knoxville entered a default judgment against the Defendants on July 20, 2016; however, the Company cannot predict when these

shares will be recovered by the Company. The Court recently issued a Temporary Restraining Order upon the Company's application for same upon notice that Dr. Dees was attempting to sell his shares of the Company's common stock. The Temporary Restraining Order was converted to a Preliminary Injunction on September 16, 2016, which order will remain in place until the resolution of the underlying lawsuit absent further court order or agreement of the parties. On March 15, 2017, the Court granted Ms. Godfrey's motion to set aside the default judgment against her and set a deadline of March 30, 2017 for Ms. Godfrey to file an answer to the Company's complaint. Ms. Godfrey filed her answer on March 28, 2017 demanding that the complaint against her be dismissed. The Court held a hearing on April 26, 2017 to determine damages with respect to the motion for default judgment against Dr. Dees. The Court requested additional briefing on damages. The Company's brief is due on May 26, 2017.

Mr. Culpepper Travel Expenses and Related Collection Efforts

On December 27, 2016, the Company's Board of Directors unanimously voted to terminate Peter R. Culpepper, effective immediately, from all positions he held with the Company and each of its subsidiaries, including Interim Chief Executive Officer and Chief Operating Officer of the Company, for cause, in accordance with the terms of the Amended and Restated Executive Employment Agreement entered into by Peter R. Culpepper and the Company on April 28, 2014 (the "Culpepper Employment Agreement") based on the results of the investigation conducted by a Special Committee of the Board of Directors regarding improper travel expense advancements and reimbursements to Mr. Culpepper.

The Special Committee retained independent counsel and an advisory firm with forensic accounting expertise to assist the Special Committee in conducting the investigation. The Special Committee found that Mr. Culpepper received \$294,255 in travel expense reimbursements and advances that were unsubstantiated. The Company seeks to recover from Mr. Culpepper the entire \$294,255 in unsubstantiated travel expense reimbursements and advances, as well as all attorney's fees and auditors'/experts' fees incurred by the Company in connection with the examination of his travel expense reimbursements.

Under the terms of the Culpepper Employment Agreement, Mr. Culpepper is owed no severance payments as a result of his termination "for cause" as that term is defined in the Culpepper Employment Agreement. Under section 6 of the Culpepper Employment Agreement, "Effect of Termination," a termination "for cause" terminates any payments due to Mr. Culpepper as of the last day of his employment. Furthermore, Mr. Culpepper is no longer entitled to the 2:1 credit under the Kleba Settlement Agreement (see Note 11 to the financial statements), such that the total \$2,240,000 owed by Mr. Culpepper pursuant to the Kleba Settlement Agreement plus Mr. Culpepper's proportionate share of the litigation cost in the amount of \$227,750 less the amount that he repaid as of December 31, 2016 is immediately due and payable. The Company sent Mr. Culpepper a notice of default in January 2017 for the total amount he owes the Company and intends to resolve these claims pursuant to the alternative dispute resolution provision of the Culpepper Employment Agreement. The Company has established a reserve of \$2,051,083 as of March 31, 2017 and December 31, 2016, which amount represents the amount the Company currently believes Mr. Culpepper owes to the Company, while the Company pursues collection of this amount.

Mr. Culpepper disputes that he was terminated "for cause" under the Culpepper Employment Agreement and Mr. Culpepper has demanded this issue be resolved by mediation in accordance with the Culpepper Employment Agreement. The Company is in the process of responding to Mr. Culpepper's demand, and the mediation has been scheduled for June 28, 2017. Concurrently, the Company is seeking from Mr. Culpepper immediate payment of amounts due under the Kleba Settlement Agreement as noted above.

The Bible Harris Smith Lawsuit

On November 17, 2016, the Company filed a lawsuit in the Circuit Court for Knox County, Tennessee against Bible Harris Smith PC ("BHS") for professional negligence, common law negligence and breach of fiduciary duty arising from accounting services provided by BHS to the Company. The Company alleges that between 2013 and the present, Dr. Dees received approximately \$2.4 million in advanced or reimbursed travel and entertainment expenses from the Company and that Dr. Dees did not submit back-up documentation in support of substantially all of the advances he received purportedly for future travel and entertainment expenses. The Company further alleges that had BHS provided competent accounting and tax preparation services, it would have discovered Dr. Dees's failure to submit back-up documentation supporting the advanced travel funds at the inception of Dr. Dees's conduct, and prevented the misuse of these and future funds. The Company has made a claim for damages against BHS in an amount in excess of \$3 million. The Complaint against BHS has been filed and served, an answer has been received and the parties have begun discovery.

Other Regulatory Matters

The Company has received a subpoena from the staff of the SEC related to the travel expense advancements and reimbursements received by H. Craig Dees, the Company's former Chief Executive Officer, and the Company has received a subsequent subpoena from the staff of the SEC related to the travel expense advancements and reimbursements received by Peter R. Culpepper, the Company's former Interim Chief Executive Officer and Chief Operating Officer and former Chief Financial Officer. At this time, the staff's investigation into these matters remains ongoing. The Company is cooperating with the staff but cannot predict with any certainty what the outcome of the foregoing may be.

7. Subsequent Events

The Company has evaluated subsequent events through the date of the filing of these financial statements.

First Tranche of 2017 Financing

In connection with the funding of the First Tranche of the 2017 Financing, as described in the Term Sheet, on April 3, 2017, the Company entered into a PRH Note with Cal Enterprises LLC, a Nevada limited liability company, an affiliate of Dominic Rodrigues, a director of the Company (the "Rodrigues Note"), in the principal amount of up to \$2.5 million. In addition, the Wachter Note was amended and restated in order to modify the terms of the Wachter Note to mirror the PRH Notes. See Note 2 – Liquidity and Financial Condition for terms of the PRH Notes. On April 3, 2017, the Company received \$500,000 under the Rodrigues Note.

Second Tranche of 2017 Financing

In connection with the funding of the Second Tranche of the 2017 Financing, as described in the Term Sheet, on April 20, 2017, the Company entered into a PRH Note with an accredited investor (the "Second Tranche Note"), in the principal amount of up to \$2.5 million. See Note 2 – Liquidity and Financial Condition for terms of the PRH Note. As of May 1, 2017, the Company had received the entire \$2,500,000 under the Second Tranche Note.

Director Resignations and Appointments

On April 3, 2017, each of Alfred E. Smith, IV, Timothy C. Scott and Kelly M. McMasters, MD notified the Company of their decision to resign from the Board effective immediately, and in connection therewith, the Board reduced the size of the Board to four directors. On April 3, 2017, the Board appointed each of Dominic Rodrigues and Bruce Horowitz to the Board to fill two vacancies.

NYSE Delisting

See Note 2 - Liquidity and Financial Condition – NYSE Delisting for details.

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

The following discussion is intended to assist in the understanding and assessment of significant changes and trends related to our results of operations and our financial condition together with our consolidated subsidiaries. This discussion and analysis should be read in conjunction with the accompanying unaudited financial statements, our Annual Report on Form 10-K for the year ended December 31, 2016 ("2016 Form 10-K"), which includes additional information about our critical accounting policies and practices and risk factors, and Item 1A of Part II of this report. Historical results and percentage relationships set forth in the statement of operations, including trends which might appear, are not necessarily indicative of future operations.

Plan of Operation

We have implemented our integrated business plan, including execution of the current and next phases in clinical development of our pharmaceutical products and continued execution of research programs for new research initiatives.

We believe that our investigational drugs PV-10 and PH-10 provide us with two products in multiple indications, which have completed early phase clinical trials for serious cancers and diseases of the skin, and important immunologic data has been corroborated and characterized by institutions such as Moffitt Cancer Center in Tampa, Florida and the University of Illinois at Chicago. We continue to conduct clinical trials for these products to show their safety and efficacy, which we believe will be shown based on data in previous studies, and which may result in one or more license transactions with pharmaceutical and/or biotech companies. Together with our non-core technologies, which we intend to sell or license in the future, we believe this combination represents the foundation for maximizing shareholder value this year and beyond.

Results of Operations

Comparison of Three Months Ended March 31, 2017 and March 31, 2016

Research and Development

Research and development costs of \$1,853,573 for the three months ended March 31, 2017 included amortization of patents of \$167,780, payroll of \$92,949, consulting and contract labor of \$1,379,799, legal of \$99,925, insurance of \$77,841, lab supplies and pharmaceutical preparations of \$9,877, rent and utilities of \$19,224, depreciation expense of \$2,631 and conference expenses of \$3,549. Research and development costs of \$2,407,984 for the three months ended March 31, 2016 included amortization of patents of \$167,780, payroll of \$317,053, consulting and contract labor of \$1,736,129, legal of \$81,955, insurance of \$54,263, lab supplies and pharmaceutical preparations of \$17,867, rent and utilities of \$29,441, and depreciation expense of \$3,496.

The overall decrease in research and development costs is due primarily to the decrease consulting and contract labor of approximately \$356,000 which was primarily due to startup costs for sites in 2016 as well the decrease in payroll expense of approximately \$224,000 which was primarily due to reduced salary and other benefits associated with the departure of certain of our executives in 2016.

General and Administrative

General and administrative expenses decreased by \$3,554,632 in the three months ended March 31, 2017 to \$2,544,600 from \$6,099,232 for the three months ended March 31, 2016. The decrease was primarily attributable to the following: (i) expense of approximately \$2.7 million of warrant incentive expense which was recognized during the three months ended March 31, 2016; (ii) an approximate \$200,000 decrease in payroll expense during the three months ended March 31, 2017 due to departure of certain of our executives in 2016; and (iii) an approximate \$717,000 decrease in professional fees due to the termination and reduction in scope of certain contracts.

Investment Income

Investment income is immaterial for all periods presented.

Liquidity and Capital Resources

The Company's cash and cash equivalents were \$436,952 at March 31, 2017, compared with \$1,165,738 at December 31, 2016. The condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q have been prepared on a basis that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. We have continuing net losses and negative cash flows from operating activities. In addition, we have an accumulated deficit of \$209,612,918 as of March 31, 2017. These conditions raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements included elsewhere in this Quarterly Report on Form 10-Q are issued. Our

financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern. Our ability to continue as a going concern depends on our ability to obtain additional financing as may be required to fund current operations. Management's plans include selling its equity securities and obtaining other financing to fund its capital requirement and on-going operations, including the 2017 Financing discussed below; however, there can be no assurance the Company will be successful in these efforts. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern. Significant funds will be needed for the Company to continue and complete its Phase 3 clinical trials.

Convertible Promissory Note

On February 21, 2017, we issued a convertible promissory note in favor of Eric A. Wachter, the Company's Chief Technology Officer ("Lender"), evidencing an unsecured loan from Lender to the Company in the original principal amount of up to \$2,500,000 (the "Wachter Note"). Interest accrues on the outstanding balance of the Wachter Note at six percent (6%) per annum calculated on a 360-day basis.

The Wachter Note matures on the earlier of (i) May 22, 2017, (ii) the date upon which the Company defaults under the Wachter Note or (iii) the date on which the Wachter Note is converted into New Securities (the earliest of such dates, the "Maturity Date"). In lieu of repayment on the Maturity Date, Lender may elect in his sole discretion to apply any and all amounts due and owing to Lender under the Wachter Note to Lender's obligations under that certain Settlement Agreement dated June 6, 2014 by and between Lender and the Company in connection with the settlement of the Kleba shareholder derivative lawsuit (see Note 6 to the financial statements).

As of March 31, 2017, we had borrowed the entire \$2,500,000 principal amount under the Wachter Note.

Pursuant to the terms of the Wachter Note, in the event that, prior to the repayment in full of the Wachter Note, the Company consummates a bona fide equity financing conducted with the principal purpose of raising capital, pursuant to which the Company sells shares or units of an equity security or preferred equity approved by the board of directors, which board of directors must consist of at least a majority of the members on the board of directors serving as of the date of the Wachter Note (a "Qualified Equity Financing"), then such amount of the outstanding principal due under the Wachter Note plus all accrued but unpaid interest that may be included in the Qualified Equity Financing shall automatically convert into the equity securities or securities convertible into equity securities of the Company issued in such Qualified Equity Financing ("New Securities") at the price per New Security at which the Company issues any New Securities in any public or private offering during the period that the Wachter Note is outstanding and otherwise on the same terms (including the same rights, preferences and privileges) as the other investors that purchase New Securities in such Qualified Equity Financing.

Further, under the Wachter Note, we have agreed to pay to Lender up to \$25,000 for Lender's reasonable legal fees and expenses incurred in connection with the transactions contemplated by the Wachter Note. We may prepay principal and interest under the Wachter Note at any time, in whole or in part, without premium or other prepayment charges.

Pursuant to a Waiver of Rights Agreement, Lender further agreed to waive his rights (A) to foreclose on the assets of the Company or (B) to initiate, or cause the initiation of, any proceeding in bankruptcy or the appointment of any custodian, trustee or liquidator of the Company or of all or a portion of the Company's assets in the event of default under the Wachter Note so long as (i) any shares of Series C Preferred Stock of the Company issued pursuant to the Rights Offering commenced by the Company on January 30, 2017 remain outstanding (other than such shares of Series C Preferred Stock held by Lender) and (ii) a change in control of the Company has not occurred, which is any transaction that results in either (a) the shareholders of the Company not continuing to hold at least 50% of the voting interest in the Company after such transaction or (b) the directors of the Company serving on the board of directors as of February 21, 2017 no longer represent a majority of the outstanding board members. On March 24, 2017, the Company filed a Certificate of Elimination to cancel the Series C Preferred Stock with the Secretary of State of the State of Delaware since no shares of Series C Preferred Stock were issued or outstanding after the Company terminated the Rights Offering without accepting any subscriptions.

The Wachter Note was amended and restated on April 3, 2017 in order to match the terms of the Wachter Note to the PRH Notes (as defined below).

Term Sheet for 2017 Financing

On March 23, 2017, the Company entered into an exclusive Definitive Financing Commitment Term Sheet with a group of the Company's stockholders (the "PRH Group"), which was amended and restated effective as of March 19, 2017 (the "Term Sheet"), which sets forth the terms on which the PRH Group will use their best efforts to arrange for a financing of a minimum of \$10,000,000 and maximum of \$20,000,000 (the "2017 Financing"), \$2,500,000 of which was funded into Escrow (as defined below) upon the execution of definitive documents, and the \$2,500,000 Wachter Note (as defined below) was exchanged for a PRH Note (as defined below) on the terms described below upon the funding of such First Tranche into Escrow.

Table of Contents

The 2017 Financing will be in the form of a secured convertible loan (the "Loan") from the PRH Group or other investors in the 2017 Financing (the "Investors"). The Loan will be evidenced by secured convertible promissory notes (individually a "PRH Note" and collectively, the "PRH Notes") from the Company to the PRH Group or the Investors. In addition to the customary provisions, the PRH Note shall contain the following provisions:

- (i) It will be secured by a first priority security interest on the Company's intellectual property (the "IP");
- (ii) The Loan will bear interest at the rate of eight percent (8%) per annum on the outstanding principal amount of the Loan that has been funded to the Company;
- (iii) The Loan proceeds will be held in one or more accounts (the "Escrow") pending the funding of the tranches of the 2017 Financing pursuant to borrowing requests made by the Company;
- (iv) In the event there is a change of control of the Company's board of directors ("Board") as proposed by any person or group other than the Investors, the term of the PRH Note will be accelerated and all amounts due under the PRH Note will be immediately due and payable, plus interest at the rate of eight percent (8%) per annum, plus a penalty in the amount equal to ten times (10x) the outstanding principal amount of the Loan that has been funded to the Company;
- (v) The outstanding principal amount and interest payable under the Loan will be convertible at the sole discretion of the Investors into shares of the Company's Series D Preferred Stock, a new series of preferred stock to be designated by the Board, at a price per share equal to \$0.2862; and
- (vi) Notwithstanding (v) above, the principal amount of the PRH Note and the interest payable under the Loan will automatically convert into shares of the Company's Series D Preferred Stock at a price per share equal to \$0.2862 effective on the 18 month anniversary of the funding of the final tranche of the 2017 Financing subject to certain exceptions.

The Series D Preferred Stock shall have a first priority right to receive proceeds from the sale, liquidation or dissolution of the Company or any of the Company's assets (each, a "Company Event"). If a Company Event occurs within two (2) years of the date of issuance of the Series D Preferred Stock (the "Date of Issuance"), the holders of Series D Preferred Stock shall receive a preference of four times (4x) their respective investment amount. If a Company Event occurs after the second (2nd) anniversary of the Date of Issuance, the holders of the Series D Preferred Stock shall receive a preference of six times (6x) their respective investment amount.

The Series D Preferred Stock shall be convertible at the option of the holders thereof into shares of the Company's common stock based on a formula to achieve a one-for-one conversion ratio. The Series D Preferred Stock shall automatically convert into shares of Common Stock upon the fifth anniversary of the Date of Issuance. On an as-converted basis, the Series D Preferred Stock shall carry the right to one (1) vote per share. The Series D Preferred Stock shall not have any dividend preference but shall be entitled to receive, on a pari passu basis, dividends, if any, that are declared and paid on any other class of the Company's capital stock. The holders of Series D Preferred Stock shall not have anti-dilution protection.

First Tranche of 2017 Financing

In connection with the funding of the First Tranche of the 2017 Financing, as described in the Term Sheet, on April 3, 2017, the Company entered into a PRH Note with Cal Enterprises LLC, a Nevada limited liability company, an affiliate of Dominic Rodrigues, a director of the Company (the "Rodrigues Note"), in the principal amount of up to \$2.5 million. In addition, the Wachter Note was amended and restated in order to match the terms of the Wachter Note to the PRH Notes. See Note 2 – Liquidity and Financial Condition for terms of the PRH Notes. On April 17, 2017, the Company received \$500,000 under the Rodrigues Note.

Second Tranche of 2017 Financing

In connection with the funding of the Second Tranche of the 2017 Financing, as described in the Term Sheet, on April 20, 2017, the Company entered into a PRH Note with an accredited investor (the "Second Tranche Note"), in the principal amount of up to \$2.5 million. See Note 2 – Liquidity and Financial Condition for terms of the PRH Note. As of May 1, 2017, the Company had received the entire \$2,500,000 under the Second Tranche Note.

NYSE Delisting

On October 13, 2016, the Company received notice from NYSE MKT that NYSE MKT commenced delisting procedures and immediately suspended trading in the Company's common stock and class of warrants that was listed on NYSE MKT ("Listed Warrants") and on October 17, 2016, our common stock began trading on the OTCQB Marketplace. On October 20, 2016, the Company submitted a request for a review of such delisting determination and on November 10, 2016, the Company submitted to the Listing Qualifications Panel its written submission in connection with its appeal. In addition, on November 23, 2016, the Company received notice from NYSE MKT stating that the Company is not in compliance with the Exchange's continued listing standards. Specifically, the Company is not in compliance with Section 1003(a)(iii) of the NYSE MKT Company Guide (requiring stockholders'

[Table of Contents](#)

equity of \$6.0 million or more if the Company has reported losses from continuing operations and/or net losses in its five most recent fiscal years). As of December 31, 2016, the Company had stockholders' equity of approximately \$3.5 million.

The hearing before the Listing Qualifications Panel occurred on January 25, 2017. On January 31, 2017, the Company received notice from the Listing Qualifications Panel that it affirmed NYSE MKT's original determination to delist the Company's common stock and Listed Warrants. On February 14, 2017, the Company submitted a request for the Committee for Review to reconsider the Listing Qualification Panel's decision. The Committee for Review considered the Company's request for review on March 30, 2017. On April 21, 2017, the NYSE MKT filed a Form 25 with the SEC, notifying the SEC of the NYSE MKT's intention to remove the Company's shares of common stock and Listed Warrants from listing and registration on the NYSE MKT effective May 1, 2017, pursuant to the provisions of Rule 12d2-2(b) of the Securities Exchange Act of 1934, as amended. The Company's common stock and Listed Warrants continue to trade on the OTCQB following the delisting from the NYSE MKT under the trading symbols "PVCT" and "PVCTWS," respectively. The Company can provide no assurance that its common stock and Listed Warrants will continue to trade on the OTCQB in the future, however.

Termination of Rights Offering

On October 5, 2016, the Company filed a registration statement on Form S-1 with the SEC, as amended on November 1, 2016, November 22, 2016, December 6, 2016, December 21, 2016, January 19, 2017 and January 26, 2017 to issue subscription rights ("Rights") to the Company's existing common stockholders and holders of the Company's class of warrants with an exercise price of \$0.85 expiring June 19, 2020 (the "Listed Warrants") to purchase units ("Units") consisting of shares of common stock and Series C Preferred Stock (the "Rights Offering"). Each share of Series C Preferred Stock was to be convertible into eight (8) shares of common stock. Each Right would have entitled holders of the Company's common stock and Listed Warrants to purchase one Unit. On March 20, 2017, the Company announced the termination of the Rights Offering without accepting any funds from investors. Broadridge Corporate Issuer Solutions, Inc., the subscription agent for the Rights Offering ("Broadridge"), returned all subscription payments received by Broadridge to investors, without interest or penalty. All subscription rights expired upon termination of the Rights Offering. On March 24, 2017, the Company filed a Certificate of Elimination to cancel the Series C Preferred Stock with the Secretary of State of the State of Delaware.

Access to Capital

Management plans to access capital resources through possible public or private equity offerings, including the 2017 Financing, exchange offers, debt financings, corporate collaborations or other means. We expect that the existing and forthcoming clinical and nonclinical mechanism of action data for both PV-10 and PH-10 will further aid in both regulatory clarity and transactions with potential partners. In addition, the Company continues to explore opportunities to strategically monetize its lead drug candidate, PV-10, through potential licensing transactions, although there can be no assurance provided that the Company will be successful with such plans. The Company has historically been able to raise capital through equity offerings, although no assurance can be provided that it will continue to be successful in the future. If the Company is unable to raise sufficient capital through the 2017 Financing or otherwise, it will not be able to pay its obligations as they become due.

The primary financial objective of our company is to strategically monetize the core value of PV-10 and PH-10 through the various transactions discussed elsewhere in this report. However, we cannot assure you that we will be successful in licensing either PV-10 or PH-10, entering into any equity transaction, or selling a majority stake of the OTC and other non-core assets via a spin-out transaction and licensing our existing non-core products. Moreover, even if we are successful in improving our current cash flow position, we nonetheless plan to seek additional funds to meet our long-term requirements in 2017 and beyond. We anticipate that these funds will otherwise come from the proceeds of private placements, the exercise of existing warrants and outstanding stock options, or public offerings of debt or equity securities, including the 2017 Financing. While we believe that we have a reasonable basis for our expectation that we will be able to raise additional funds, we cannot assure you that we will be able to complete additional financing in a timely manner. In addition, any such financing may result in significant dilution to stockholders.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management bases its estimates on historical experience and assumptions that are believed to be 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 believe there have been no material changes to the items that we disclosed as our critical accounting policies under Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2016 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We had no holdings of financial or commodity instruments as of March 31, 2017, other than cash and cash equivalents, short-term deposits, money market funds, and interest bearing investments in U.S. governmental debt securities. We have accounted for certain warrants issued in March and April 2010, January 2011, February 2013 and August 2016 as liabilities at their fair value upon issuance, which were remeasured at each period end with the change in fair value recorded in the statement of operations. All such warrants were valued at \$0 as of March 31, 2017.

All of our business is transacted in U.S. dollars and, accordingly, foreign exchange rate fluctuations have not had a significant impact on us, and they are not expected to have a significant impact on us in the foreseeable future. The formation of our Australian subsidiary is initially for the purpose of enabling lower clinical developments costs in Australia and will not impact our financial statements.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures. Our president (principal executive officer) and interim chief financial officer have evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" (as that term is defined in Rule 13a-15(e) under the Exchange Act) as of March 31, 2017, the end of the fiscal quarter covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our president (principal executive officer) and interim chief financial officer have concluded that our disclosure controls and procedures are not effective.

(b) Changes in Internal Controls. There has been no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our principal executive officer and principal financial officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act at December 31, 2016. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures along with the related internal controls over financial reporting were not effective to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and 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. Our remediation plan is still in process and as such, these material weaknesses continued to exist at March 31, 2017.

Inherent Limitations on Effectiveness of Controls

Even assuming the effectiveness of our controls and procedures, our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error or all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. In general, our controls and procedures are designed to provide reasonable assurance that our control system's objective will be met, and our principal executive officer and principal financial officer has concluded that our disclosure controls and procedures are not effective at the reasonable assurance level. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls in future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our

[Table of Contents](#)

assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures by us are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Management's review of the year's activities in combination with its assessment of internal controls at December 31, 2016 identified the below-described material weaknesses:

- 1) Our former executives failed to set an appropriate "Tone at the Top." Specifically, our former executives failed to act in accordance with our Code of Ethics and Conduct as well as our travel and entertainment expense reimbursement policy.
- 2) Inadequate design of controls over period end financial reporting and disclosure processes.
- 3) Certain control procedures were not in place while others were unable to be verified due to performance of the procedure not being sufficiently documented. As an example, some procedures requiring review of certain reports could not be verified due to there being no written documentation of such review.
- 4) The Company did not maintain adequate segregation of duties related to the approval and execution of certain transactions impacting our financial reporting. Management believes that all transactions have been duly authorized, however there was a lack of written evidence of such authorization, review and approval.
- 5) The Company failed to maintain general control activities over its Information Technology ("IT") environment to support its objectives. Specifically, the Company has not properly completed an IT risk or security assessment, resulting in deficiencies in data protection, vendor management, completeness, accuracy and availability of technology processing.

Our 2015 internal control testing identified inadequate supporting documentation and lack of adequate review for travel advances and expense reimbursements. The Audit Committee conducted a review of Company procedures, policies and practices, including travel expense advancements and reimbursements to H. Craig Dees, our former Chief Executive Officer. The Audit Committee retained independent counsel and an advisory firm with forensic accounting expertise to assist the Audit Committee in conducting the investigation. As part of the investigation, the Audit Committee reviewed our financial policies and procedures, including management expenses. The Audit Committee concluded that Dr. Dees did not produce receipts for most of the travel expense advances he received from 2013 to 2015, and some receipts produced by Dr. Dees during this period appear to have been altered.

A subsequent investigation conducted by a special committee of the Board of Directors regarding Mr. Culpepper's travel expenses concluded that Mr. Culpepper, our Interim Chief Executive Officer and former Chief Financial Officer, did not produce receipts and/or proof of travel for certain travel expense advances he received.

Remediation

Our remediation plan is still in process and, as such, most of these material weaknesses continued to exist at March 31, 2017 and as of the date of this filing. We have put in place more clearly defined, tighter controls, including a clear process for limiting, approving and documenting travel advances and expenses and appropriately managing them. Specifically, we have:

- Adopted a control enhancement to require the provision of all invoice copies along with the check register for appropriate approval, including all travel reimbursements separately approved;
- Established a policy so travel advances are no longer permitted; and
- Implemented a more formal and detailed travel and expense reimbursement policy.
- Rolled out a quarterly financial close checklist.

In addition, we have replaced the independent consulting group previously utilized by management to aid in our documentation and testing of internal controls over financial reporting and appointed John Glass as our Interim Chief Financial Officer to assist in the organization and strategic operation of the Company as to its procedures and daily operations of the Company. We are also in the process of implementing many of the other recommendations made by counsel to the Audit Committee to remediate these issues, including the identification and recruitment of a permanent Chief Executive Officer and any other positions necessary. We believe the foregoing actions will continue to improve our internal control over financial reporting as well as our disclosure controls and

[Table of Contents](#)

procedures. We will continue to monitor the effectiveness of our internal control over financial reporting in the areas affected by the material weaknesses discussed above, and will perform any additional procedures, as well as implement any new resources and policies, deemed necessary by our management to remediate the material weaknesses.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Except as described below, we are not involved in any legal proceedings nor are we party to any pending claims that we believe could reasonably be expected to have a material adverse effect on our business, financial condition, or results of operations.

Dees Collection Lawsuit

On May 5, 2016, the Company filed a lawsuit in the United States District Court for the Eastern District of Tennessee at Knoxville against Dr. Dees and his wife, Virginia Godfrey (together with Dr. Dees, the "Defendants"). The Company alleges that between 2013 and the present, Dr. Dees received approximately \$2.4 million in advanced or reimbursed travel and entertainment expenses from the Company and that Dr. Dees did not use these funds for legitimate travel and entertainment expenses as he requested and the Company intended. Instead, the Company alleges that Dr. Dees created false receipts and documentation for the expenses and applied the funds to personal use. The Company and Dr. Dees are parties to a Stipulated Settlement Agreement dated June 6, 2014 (the "Kleba Settlement Agreement") that was negotiated to resolve certain claims asserted against Dr. Dees derivatively. Pursuant to the terms of the Kleba Settlement Agreement, Dr. Dees agreed to repay the Company compensation that was paid to him along with legal fees and other expenses incurred by the Company. As of the date of his resignation, Dr. Dees still owed the Company \$2,267,750 under the Kleba Settlement Agreement. Dr. Dees has failed to make such payment, and the Company has notified him that he is in default and demanded payment in full. Therefore, the Company is alleging counts of conversion, fraud, breach of fiduciary duty, breach of contract, breach of Kleba Settlement Agreement, unjust enrichment and punitive damages in this lawsuit. The Company is seeking that the Defendants be prohibited from disposing of any property that may have been paid for with the misappropriated funds, the Defendants be disgorged of any funds shown to be fraudulently misappropriated and that the Company be awarded compensatory damages in an amount not less than \$5 million. Furthermore, the Company is seeking for the damages to be joint and several as to the Defendants and that punitive damages be awarded against Dr. Dees in the Company's favor. The Company is also seeking foreclosure of the Company's first-priority security interest in the 1,000,000 shares of common stock granted by Dr. Dees to the Company as collateral pursuant to that certain Stock Pledge Agreement dated October 3, 2014, between Dr. Dees and the Company in order to secure Dr. Dees' obligations under the Kleba Settlement Agreement. The United States District Court for the Eastern District of Tennessee at Knoxville entered a default judgment against the Defendants on July 20, 2016; however, the Company cannot predict when these shares will be recovered by the Company. The Court recently issued a Temporary Restraining Order upon the Company's application for same upon notice that Dr. Dees was attempting to sell his shares of the Company's common stock. The Temporary Restraining Order was converted to a Preliminary Injunction on September 16, 2016, which order will remain in place until the resolution of the underlying lawsuit absent further court order or agreement of the parties. On March 15, 2017, the Court granted Ms. Godfrey's motion to set aside the default judgment against her and set a deadline of March 30, 2017 for Ms. Godfrey to file an answer to the Company's complaint. Ms. Godfrey filed her answer on March 28, 2017 demanding that the complaint against her be dismissed. The Court held a hearing on April 26, 2017 to determine damages with respect to the motion for default judgment against Dr. Dees for April 26, 2017. The Court requested additional briefing on damages. The Company's brief is due on May 26, 2017.

Mr. Culpepper Travel Expenses and Related Collection Efforts

On December 27, 2016, the Company's Board of Directors unanimously voted to terminate Peter R. Culpepper, effective immediately, from all positions he held with the Company and each of its subsidiaries, including Interim Chief Executive Officer and Chief Operating Officer of the Company, for cause, in accordance with the terms of the Amended and Restated Executive Employment Agreement entered into by Peter R. Culpepper and the Company on April 28, 2014 (the "Culpepper Employment Agreement") based on the results of the investigation conducted by a Special Committee of the Board of Directors regarding improper travel expense advancements and reimbursements to Mr. Culpepper.

The Special Committee retained independent counsel and an advisory firm with forensic accounting expertise to assist the Special Committee in conducting the investigation. The Special Committee found that Mr. Culpepper received \$294,255 in travel expense reimbursements and advances that were unsubstantiated. The Company seeks to recover from Mr. Culpepper the entire \$294,255 in unsubstantiated travel expense reimbursements and advances, as well as all attorney's fees and auditors'/experts' fees incurred by the Company in connection with the examination of his travel expense reimbursements.

Under the terms of the Culpepper Employment Agreement, Mr. Culpepper is owed no severance payments as a result of his termination "for cause" as that term is defined in the Culpepper Employment Agreement. Under section 6 of the Culpepper Employment Agreement, "Effect of Termination," a termination "for cause" terminates any payments due to Mr. Culpepper as of the last day of his employment. Furthermore, Mr. Culpepper is no longer entitled to the 2:1 credit under the Kleba Settlement Agreement (see Note 11 to the financial statements), such that the total \$2,240,000 owed by Mr. Culpepper pursuant to the Kleba Settlement Agreement plus Mr. Culpepper's proportionate share of the litigation cost in the amount of \$227,750 less the amount that he repaid as of December 31, 2016 is immediately due and payable. The Company sent Mr. Culpepper a notice of default in January 2017 for the total amount he owes the Company and intends to resolve these claims pursuant to the alternative dispute resolution provision of the

[Table of Contents](#)

Culpepper Employment Agreement. The Company has established a reserve of \$2,051,083 as of March 31, 2017, which amount represents the amount the Company currently believes Mr. Culpepper owes to the Company, while the Company pursues collection of this amount.

Mr. Culpepper disputes that he was terminated “for cause” under the Culpepper Employment Agreement and Mr. Culpepper has demanded this issue be resolved by mediation in accordance with the Culpepper Employment Agreement. The Company is in the process of responding to Mr. Culpepper’s demand, and the mediation has been scheduled for June 28, 2017. Concurrently, the Company is seeking from Mr. Culpepper immediate payment of amounts due under the Kleba Settlement Agreement as noted above.

The Bible Harris Smith Lawsuit

On November 17, 2016, the Company filed a lawsuit in the Circuit Court for Knox County, Tennessee against Bible Harris Smith PC (BHS) for professional negligence, common law negligence and breach of fiduciary duty arising from accounting services provided by BHS to the Company. The Company alleges that between 2013 and the present, Dr. Dees received approximately \$2.4 million in advanced or reimbursed travel and entertainment expenses from the Company and that Dr. Dees did not submit back-up documentation in support of substantially all of the advances he received purportedly for future travel and entertainment expenses. The Company further alleges that had BHS provided competent accounting and tax preparation services, it would have discovered Dr. Dees’s failure to submit back-up documentation supporting the advanced travel funds at the inception of Dr. Dees’s conduct, and prevented the misuse of these and future funds. The Company has made a claim for damages against BHS in an amount in excess of \$3 million. The Complaint against BHS has been filed and served, an answer has been received and the parties have begun discovery.

Other Regulatory Matters

From time to time the Company receives subpoenas and/or requests for information from governmental agencies with respect to our business. We have received a subpoena from the staff of the SEC related to the travel expense advancements and reimbursements received by H. Craig Dees, our former Chief Executive Officer, and we have received a subsequent subpoena from the staff of the SEC related to the travel expense advancements and reimbursements received by Peter R. Culpepper, our former Interim Chief Executive Officer and Chief Operating Officer and former Chief Financial Officer. At this time, the staff’s investigation into these matters remains ongoing. The Company is cooperating with the staff but cannot predict with any certainty what the outcome of the foregoing may be.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1	Convertible Promissory Note dated February 21, 2017 (incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K filed on February 21, 2017).
10.2**	Definitive Financing Commitment Term Sheet dated March 19, 2017.
31.1**	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) (Section 302 Certification).
31.2**	Certification of Interim Chief Financial Officer Pursuant to Rule 13a-14(a) (Section 302 Certification).
32**	Certification of Principal Executive Officer and Interim Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 (Section 906 Certification).
101**	Interactive Data Files.

** Filed herewith.

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.

May 10, 2017

PROVECTUS BIOPHARMACEUTICALS, INC.

By: /s/ Timothy C. Scott, Ph.D.

Timothy C. Scott, Ph.D.

On behalf of the registrant and as President (Principal Executive Officer)

EXHIBIT INDEX

Exhibit No.	Description
10.1	Convertible Promissory Note dated February 21, 2017 (incorporated by reference to Exhibit 10.1 of the Company's current report on Form 8-K filed on February 21, 2017).
10.2**	Definitive Financing Commitment Term Sheet dated March 19, 2017.
31.1**	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) (Section 302 Certification).
31.2**	Certification of Interim Chief Financial Officer Pursuant to Rule 13a-14(a) (Section 302 Certification).
32**	Certification of Principal Executive Officer and Interim Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 (Section 906 Certification).
101**	Interactive Data Files.

** Filed herewith.

CONFIDENTIAL
AMENDED AND RESTATED DEFINITIVE FINANCING COMMITMENT
TERM SHEET
TO
PROVECTUS BIOPHARMACEUTICALS, INC.
DATED EFFECTIVE: March 19, 2017

The following is a summary of the terms and conditions of a proposed financing plan (the “**Plan**”) offered by certain individuals to Provectus Biopharmaceuticals, Inc. (the “**Company**”). The Plan supersedes the proposal to the Board of Directors (the “**Board**”) dated March 2, 2017 and made by Transition Advisory Team to the Company on March 3, 2017. Solely for ease of reference in this Term Sheet, the Transition Advisory Team shall hereinafter be referred to as the “**PRH Group**”. The PRH Group specifically disclaims that it is a “Group” as defined in the Federal securities laws. It is the goal of the PRH Group to work with the Company to rebuild and reestablish confidence in the Company and the Company’s ability to execute a strategic business plan that maximizes shareholder value with the Company as an ongoing operating enterprise.

On or about January 27, 2017, Peter Culpepper, the Company’s former Interim Chief Executive Officer and former Chief Operating Officer (“**Culpepper**”), whose employment was terminated for cause by the Company on December 27, 2016, and a group of investors (including Culpepper, the “**Culpepper Group**”) filed a definitive Schedule 14A proxy statement proposing its own slate of directors for the Company’s Board of Directors at the next Annual Meeting of Shareholders of the Company (the “**Culpepper Proxy Statement**”). Also, the Culpepper Group submitted its own financing plan to the Company before the PRH Group’s March 2, 2017 proposal. On March 8, 2017, the Culpepper Group withdrew its financing proposal.

Total Financing Commitment

Subject to the Company’s acceptance and agreement to the terms of this Financing Term Sheet (the “**Term Sheet**”) and satisfaction of the terms and conditions of the Closing of the First Tranche of the Financing (the “**Conditions**”) enumerated below under “Terms and Conditions Precedent to Funding the First Tranche of the Financing”, the PRH Group will use its best efforts to arrange for a financing of a minimum of \$10 million and maximum of \$20 million (the “**Financing**”), which amounts will be provided in several tranches as described herein. The total amount of the proposed Financing is based on confidential information provided to the PRH Group by the Company to fund its estimated near term general and administrative expenses needs and by Eric Wachter of the estimated financing the Company will need to complete its clinical development program as currently constituted and envisioned as well as the due diligence the PRH Group conducted through discussions with the Company’s management, consultants and advisors and the review of documents in the Company’s data room, as permitted pursuant to the terms of those certain Non-Disclosure Agreements entered into between the Company and each of Edward Pershing, Dominic Rodrigues and Bruce Horowitz in January 2017.

Structure of the Financing

The structure of the Financing will be in the form of a secured convertible loan (the “**Loan**”) from the PRH Group, Eric Wachter, and from investors (which may include, but not be limited to, institutional investors, family offices and accredited investors “together with the PRH Group and Eric Wachter, the “**Investors**”) introduced by the PRH Group. The Loan will be evidenced by one or more secured convertible promissory notes (the “**Notes**”) from the Company to each Investor.

Pursuant to the Loan, the Company’s Board of Directors shall have the right to request to borrow any portion of the Financing at any time until two weeks prior to the expiration of the Financing commitment by submitting a borrowing request to PRH Group at least 5 business days prior to the requested borrowing date; provided, that it is in the PRH Group’s (and the Investor’s) sole discretion to grant any subsequent borrowing request of the Company, which will not be unreasonably withheld.

In addition to the customary provisions, the Note shall contain the following provisions:

- (i) that the Loan will be secured by a first lien security interest in the Company’s intellectual property and such first lien shall be evidenced in writing and recorded in the county where the Company’s principal offices are located;
- (ii) that the Loan will bear interest at the rate of 8% per annum on the outstanding principal amount of the Loan that has been funded to the Company;
- (iii) that the Loan proceeds will be held in one or more accounts (the “**Escrow**”) reasonably acceptable to the Company and the PRH Group pending the Company’s take down of tranches of the Financing as contemplated herein and as determined by the Board of Directors with the approval of the PRH Group, which approval shall not be unreasonably withheld;
- (iv) that pending the take down of tranches of the Financing, the interest earned on amounts in the Escrow shall inure to the benefit of the Investor(s);
- (v) that in the event there is a change of control of the Company’s Board of Directors as proposed by any person or group other than the PRH Group, the term of the Note will be accelerated and all amounts due under the Note will be immediately due and payable and that any proceeds received by the Company from

any financing source will be used to first repay the outstanding principal amount of the Notes that have been funded to the Company plus interest at the rate of 8% per annum, plus a penalty in the amount equal to ten times (10x) the outstanding principal amount of the Loan that has been funded to the Company;

- (vi) that the principal amount of the Loan and the interest payable under the Loan will be convertible at the sole discretion of the PRH Group in to shares of the Company's Series D Preferred Stock (with the rights and preferences set forth in this Financing Term Sheet, see "Rights and Preferences of the Series D Stock" below) at a price per share equal to ten times (10x) the average of the closing sale prices of the Company's common stock for (1) the ten (10) trading days preceding the public announcement of the terms of this Term Sheet, or (2) if no such public announcement is made, the ten (10) trading days preceding March 20, 2017 (subject to final negotiation of the Series D Pricing); and
- (vii) notwithstanding (vi) above, the principal amount of the Note and the interest payable under the Loan will automatically convert into shares of the Company's Series D Preferred Stock (with the rights and preferences set forth in this Financing Term Sheet, see "Rights and Preferences of the Series D Stock" below) at a price per share equal to ten times (10x) the average of the closing sale prices of the Company's common stock for (1) the ten (10) trading days preceding the public announcement of the terms of this Term Sheet, or (2) if no such public announcement is made, the ten (10) trading days preceding March 20, 2017 (subject to final negotiation of the Series D Pricing) effective on the 18 month anniversary of the Company's take down of the Final Tranche of the Financing unless the Culpepper Group or any member or affiliate of the Culpepper Group has commenced a proxy contest against the Company or a lawsuit against the Company relating to the Financing in which case such automatic conversion shall not occur pending the outcome of such proxy contest and then only occur if the Culpepper Group loses the proxy contest.
- (viii) Upon conversion of the Loan into the Series D Preferred Stock, the PRH Group (including any Investors) agree to release their first lien on the Intellectual Property.

The PRH Group

The PRH Group includes Edward Pershing (exclusively in an advisory capacity only), Dominic Rodrigues, Bruce Horowitz, and additional members as the PRH Group may determine in their sole discretion.

First Tranche of the Financing

The Company agrees that (i) the first tranche of the Financing to be arranged by the PRH Group shall be \$2,500,000 (the **"First Tranche"**), (ii) subject to (1) the Company's acceptance and agreement to the terms of this Term Sheet, (2) satisfaction of the Conditions to the extent applicable prior to the funding of the First Tranche into Escrow, and (3) the execution of the Promissory Note and related loan documents acceptable to the PRH Group, the PRH Group shall use its best efforts to have the First Tranche deposited into the Escrow on or before the expiration of 30 days from the date of the Company's acceptance and agreement of this Term Sheet, and (iii) the Company acknowledges and understands that it shall have access to the First Tranche amount as the Company shall require to fund its operations as determined in good faith by the Board of Directors and subject to the reasonable approval of the PRH Group, which approval will not be unreasonably withheld.

Timing of Subsequent Financing; Tranches

Subject to the Company's acceptance and agreement to the terms of this Term Sheet and satisfaction of the Conditions, the PRH Group shall use its best efforts to arrange the Second Tranche of Financing in the amount of \$5,000,000 on or before June 30, 2017 (the **"Second Tranche"**).

The funding of the Second Tranche into the Escrow, shall be subject to the Conditions to the extent the Conditions have not already been satisfied to the reasonable satisfaction of the PRH Group.

Additionally, the second and subsequent tranches of the Financings shall be subject to the following conditions:

- a. The election of the Company's slate of directors to the Board as contemplated in this Term Sheet at the Company's 2017 annual stockholders meeting; and
- b. the PRH Group's receipt of the satisfactory evidence of the recording of the lien on the Company's intellectual property in favor of the PRH Group as contemplated herein.

The PRH Group will arrange for the balance of the Financing at such times and in such amounts as the Company and the PRH Group shall mutually agree.

The Rights and Preferences of the Series D Convertible Preferred Stock

In addition to the following rights and preferences, the Series D Preferred Stock shall also include Sections (i) – (viii) set forth under “Structure of the Financing” above.

No subsequently issued Senior Equity Securities: No series or class of Capital Stock shall be issued by the Company after the date of the acceptance of this Financing Term Sheet that is senior to the rights and preferences of the Series D Preferred Stock (including but not limited to voting rights, conversion, dividends, anti-dilution, etc.).

Preference on Proceeds from the Sale, Liquidation or Dissolution of the Company: The Series D Preferred stock shall have a first priority right to receive proceeds/distribution from the sale, liquidation or dissolution of the Company or any of the Company’s assets before proceeds from such an event are distributed to holders of other class of the Company’s Capital Stock.

If the event occurs within 2 years of the date of issuance of the Series D Preferred Stock, the Series D Preferred Stock shall receive a preference of 4 times the investment amount; if the event occurs longer than 2 years of the Closing, the Series D Preferred Stock shall receive a preference of 6 times the investment amount (subject to final negotiations with prospective investors and financing sources).

Conversion to Common Stock: The Series D Preferred Stock shall be convertible at the option of the holders into shares of the Company’s Common Stock based on a formula to achieve a 1-for-1 conversion, provided the Company has sufficient number of authorized but unissued shares of Series D Preferred Stock (otherwise the pricing of the Series D Preferred Stock and the conversion formula into common stock will be revised accordingly). Any fractional shares issuable pursuant to the formula will be rounded up to the next whole share of Common Stock. The Series D Preferred Stock shall automatically convert into shares of Common Stock upon the fifth anniversary of the date of issuance of the Series D Preferred Stock.

Voting Rights: Customary, and on an as-converted basis (i.e., 1 vote per share of Series D Preferred Stock assuming a 1-for-1 conversion).

No Dividend Preference: No Dividend Preference. However, the Series D Preferred Stock shall be entitled to receive dividends when any dividends are declared and paid on the Common Stock or other series or class of Preferred Stock and on a *pari passu* basis.

Anti-dilution Protection: None**Representations and warranties
of the Company**

Customary representations and warranties by Provectus and the PRH Group to each other.

**Terms and Conditions Precedent to Funding the
First Tranche of the Financing or to the
Company's first draw down of any amount of the
First Tranche.**

The following are the terms and conditions precedent to Funding the First Tranche of the Financing or to the Company's first draw down of any amount of the First Tranche, as applicable. The PRH Group reserves the right to waive and modify in its sole discretion any of the following conditions.

1. Eric Wachter has agreed in writing that, upon the Board's approval of this Term Sheet, he will fund the balance of his \$2,500,000 loan to the Company upon the execution of this Term Sheet by the PRH Group and the Company, and, upon the PRH Group's funding of the First Tranche into the Escrow, he will convert his entire financing of \$2,500,000 into a promissory note having the same terms as the Note issued to the Investors as contemplated in this Term Sheet.
2. The Company has provided to the PRH Group sufficient information acceptable to the PRH Group to validate the financial requirements of the Company's clinical development program and operating capital needs.
3. The Company has provided to the PRH Group sufficient information acceptable to the PRH Group to validate the Company's ownership of the intellectual property free and clear of all liens, claims and encumbrances.
4. There are no material adverse changes in the financial condition, operations or prospects of the Company prior to the first draw down of any amount of the First Tranche.
5. Prior to the funding of the First Tranche into Escrow, the Company has provided to the PRH Group the Secured Convertible Promissory Note, and such other documents required to evidence the terms of the Loan satisfactory to the PRH Group and to the PRH Group's legal counsel.
6. Prior to the first draw down of any amount of the First Tranche, the PRH Group has completed its customary due diligence examination of the Company and the Company has provided such information and documents as reasonably requested by the PRH Group to conduct customary due diligence examination and such due diligence examination has not revealed any material adverse information previously unknown to the PRH Group.

7. Prior to the first draw down of any amount of the First Tranche, the PRH Group shall have received satisfactory evidence that there are no liens on the Company's assets except as disclosed in writing by the Company to the PRH Group Investor and agreed to by the PRH Group and the Investor.
8. There are no changes to the management of the Company and the Company's Board except as approved by the PRH Group prior to the date of the funding of the First Tranche of the Financing into the Escrow.
9. The Company has provided satisfactory evidence to the PRH Group that the Company has formally cancelled and terminated the current rights offering effective March 17, 2017 and that all monies deposited with Broadridge and/or Maxim and/or any other securities firm shall be immediately returned to the investors.
10. The PRH Group acknowledges that the Company has provided to it a copy of the fully executed Consent and Waiver of Rights Agreement with Maxim dated March 8, 2017 and, if requested by the PRH Group, the Company shall have provided to the PRH Group any additional documentation reasonably requested by the PRH Group to further evidence that the Company has terminated the Maxim Group relationship effective March 31, 2017 with no 30-day extension.
11. Prior to the first draw down of any amount of the First Tranche, the Company hereby agrees and the Board of Directors hereby agrees that the Board of Directors will take such action which shall be effective simultaneously with the funding of the First Tranche into the Escrow, so that (i) Al Smith, Tim Scott and Kelly McMasters shall resign as directors of the Company, (ii) Bruce Horowitz, Dominic Rodrigues and a third candidate as shall be nominated by the PRH Group as soon as practicable and approved by the Board shall be appointed as Directors, (iii) Dominic Rodrigues shall be appointed as Chairman of the Board of Directors and (iv) the current Board will take such action as may be required to allow for the Board to have 4 Directors until such time as PRH's third director is nominated and appointed for the Board to have 5 Directors.

12. The Company hereby agrees and the Board of Directors hereby agrees that the Board of Directors will take such action which shall be effective simultaneously with the funding of the Second Tranche into the Escrow, so that (i) Jan Koe and Eric Wachter shall resign as directors of the Company as soon as practicable but no Later than 12 months from the closing of the First Tranche, (ii) Edward Pershing and 2 candidates as shall be nominated by the PRH Group and approved by the Board shall be appointed as Directors and (iii) Edward Pershing shall be appointed as Chairman of the Board of Directors and Dominic Rodrigues shall be appointed as Vice-Chairman of the Board of Directors. However, in the event Mr. Pershing is unable to join the Board of Directors upon Closing of the Second Tranche of the Financing, the PRH Group shall nominate a director in Mr. Pershing's stead subject to the approval of the PRH Group, which nominee shall be nominated and elected as a director by the Board of Directors until such time as Mr. Pershing can accept his nomination to join the Board of Directors.
13. As soon as practicable after the Company's acceptance and agreement of this Term Sheet and the funding of the First Tranche of the Financing in the Escrow, the Company shall publicly announce including via press release a summary of the term of the Term Sheet subject to the approval of the PRH Group, which approval will not be unreasonably withheld.
14. Until the reconstitution of the Board of Directors as set forth in 11 above, the Company agrees that it will not (and the Board will not approve) without the approval of the PRH Group, which approval will not be unreasonably withheld: (i) enter into any material contracts (which term will be defined in the definitive documents evidencing the Financing, for example any new personnel contracts or extensions of any existing material contracts); (ii) recapitalize the Company's equity securities, except to allow for the designation of the Series D Preferred Stock; (iii) reclassify or amend any

existing securities except for the cancellation of the Series C Preferred Stock; (iv) encumber or create any form of indebtedness except as contemplated by the Wachter financing and the Financing; (v) create any form of lien or other security interest on any of the Company's assets except as described above for the Financing; (vi) enter into any contingent financing arrangement with other financing sources or (vii) hire any officers, employees, consultants or advisors.

15. Eric Wachter, Tim Scott, and John Glass agree to stay employed in their current capacities prior to the first draw down of any amount of the First Tranche, unless otherwise determined by the Board.
16. The Company will continue to include the resigning current directors on the funding of the First Tranche into the Escrow, namely Al Smith, Tim Scott and Kelly McMasters, and the resigning directors on the funding of the Second Tranche into the Escrow, namely Jan Koe and Eric Wachter, under the Company's long-term D&O liability insurance coverage; and said resigning directors shall receive complimentary public announcements of their respective past service to the Company.
17. The Company will place all the new directors under any and all current and planned D&O insurance policies.
18. The Company will indemnify and hold harmless, Bruce Horowitz, Dominic Rodrigues and Edward Pershing.
19. Prior to the first draw down of any amount of the First Tranche, the Board shall take all actions necessary to effect any changes in the Company, effective as of the funding of the First Tranche into the Escrow, including if necessary to allow for the change in the number of Directors of the Company and if necessary to designate the new series of preferred stock as the Series D Preferred Stock and to adopt the rights and preferences of the Series D Preferred Stock as described above under the Rights and Preferences of the Series D Preferred Stock.
20. Except as has been publicly disclosed in the Company's filings with the Securities and Exchange Commission, there are no (i) law suits pending or threatened against the Company, except as any action that may result from the Company's actions against Mr. H. Craig Dees and Mr. Culpepper in response to the Company's actions against

such individuals as described herein and the Company's filing with the SEC and except for the lawsuit filed by Porter, LeVay & Rose, Inc. and (ii) no administrative or government investigation of the Company except for the current SEC investigation and (iii) no administrative or government investigation of the Company except for the current SEC investigation and (iv) no actual or threatened conflict with, or violation of, any statute, rule, regulation or standard applicable to the Company, its present or future operations, or the Company's products and/or services. The Company shall notify the PRH Group in writing of any of the actions listed in items (i) through (iv) above filed or threatened against the Company within 48 hours of the Company's receipt of notice of such an action.

21. Prior to the first draw down of any amount of the First Tranche, the Board of Directors shall have set a date for the annual meeting of shareholders.
22. Unless otherwise agreed by the PRH Group, prior to the first draw down of any amount of the First Tranche, the Company shall have filed a proxy statement regarding its 2017 annual meeting of stockholders and such proxy statement shall, if required, discuss the Culpepper Group proxy statement and the Board shall recommend that shareholders reject the Culpepper Proxy Statement and the Culpepper Group's proposed slate of directors.
23. Immediately upon the execution and delivery of the Promissory Note, the Company will provide to the PRH Group such evidence as reasonably necessary to evidence the recording of the lien on the Company's intellectual property in favor of the PRH Group as security for the Loan, which lien will be released upon the earliest to occur of (i) the repayment in full of the outstanding amount of the Loan or (ii) the conversion of the Loan into Series D Preferred Stock.

Exclusivity

Upon the execution of this Financing Term Sheet on behalf of the Company, the Board agrees that that it will not negotiate or enter into discussions with any other party or offer shares of the Company's equity or debt or any interest therein for sale to any other party from the date of the Company's acceptance of this Financing Term Sheet and until the funding of the First Tranche into the Escrow, except as otherwise required pursuant to the Board's fiduciary duty under Delaware corporation law.

Use of Proceeds

The Company agrees to use the proceeds from the Financing to fund (i) the completion of the Company's clinical development program as currently constituted and envisioned as to be determined by the Board of Directors with the approval of the PRH Group and (ii) general corporate and administrative expenses approved by the PRH Group, which approval, in each case, will not be unreasonably withheld.

Access to Information

Immediately upon execution of this Financing Term Sheet, the PRH Group and its advisors will have full access during normal business hours to, or the Company will deliver to the PRH Group, copies of all documents (the "**Materials**") pertaining to the operations of the Company as may be required by the PRH Group.

Counterparts

This Financing Term Sheet may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument. Delivery to the PRH Group of an executed copy of this Financing Term Sheet by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery to us of this Financing Term Sheet as of the date of successful transmission to us.

Good Faith Negotiations

Each of the Company and the PRH Group will act honestly, diligently and in good faith in their respective endeavors to negotiate and execute any required formal documentation within 45 days following the execution of this Financing Term Sheet.

Confidentiality

Except as required by the Company's disclosure and reporting obligations and the anti-fraud provisions under the Securities Exchange Act of 1934 and related laws pursuant to all negotiations regarding the financing transaction set forth in this Financing Term Sheet will be confidential and will not be disclosed to anyone other than respective advisors and internal staff of the parties and necessary third parties. No press or other publicity release will be issued to the general public concerning the proposed transaction without mutual consent unless required by law, and then only upon prior written notice to the other party.

Expenses

All reasonable legal and other expenses incurred by the PRH Group in connection with the negotiation of this Term Sheet and to execute the Financing plan, including reasonable attorneys' fees, will be payable by the Company after the First Tranche is deposited in Escrow.

No Fees or Commissions

No fees or commissions will be payable by the Company to the PRH Group for providing or arranging for the Financing.

Standstill Agreement

Except as contemplated in this Term Sheet, following the execution of this Term Sheet, the Company will not, directly or indirectly, sell any of its securities until the funding of the Second Tranche, and the PRH Group will not sell any securities of the Company until 90 days after the funding in full of the Financing.

[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY. SIGNATURE PAGE FOLLOWS.]

SIGNATURE PAGE TO THE
AMENDED AND RESTATED DEFINITIVE FINANCING COMMITMENT
TERM SHEET
TO
PROVECTUS BIOPHARMACEUTICALS, INC.
DATED: March 19, 2017

AGREED by the Company:
Provectus Biopharmaceuticals, Inc.

By: /s/ Timothy C. Scott Dated: March 23, 2017

Timothy C. Scott
print name

AGREED by the PRH Group:

By: /s/ Bruce Horowitz Dated: March 19, 2017
Bruce Horowitz

By: /s/ Dominic Rodrigues Dated: March 19, 2017
Dominic Rodrigues

CERTIFICATION

I, Timothy C. Scott, Ph.D., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Provectus Biopharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 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;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2017

By: /s/ Timothy C. Scott, Ph.D.

Timothy C. Scott, Ph.D.

President (principal executive officer)

CERTIFICATION

I, John R. Glass, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Provectus Biopharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 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;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2017

By: /s/ John R. Glass

John R. Glass

Interim Chief Financial Officer (principal financial officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(b) UNDER
THE SECURITIES EXCHANGE ACT OF 1934 AND
SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

Each of the undersigned, Timothy C. Scott, Ph.D., the President (principal executive officer) of Provectus Biopharmaceuticals, Inc. (the "Company"), and John R. Glass, the Interim Chief Financial Officer of the Company, certifies, pursuant to Rule 13a-14(b) under the Securities and Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, that (1) this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and (2) the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This Certification is signed on May 10, 2017.

By: /s/ Timothy C. Scott, Ph.D.

Timothy C. Scott, Ph.D.
President (principal executive officer)

By: /s/ John R. Glass

John R. Glass
Interim Chief Financial Officer (principal financial officer)