

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

FORM 10-Q

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

For the quarterly period ended **September 30, 2020**

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

For the transition period from _____ to _____

Commission file number: **000-55413**

Cell Source, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

32-0379665

(I.R.S. Employer
Identification No.)

**57 West 57th Street, Suite 400
New York, NY 10019**

(Address of principal executive offices)

(646) 416-7896

(Issuer's telephone number)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
None	N/A	N/A

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of November 9, 2020, the registrant had 31,960,419 shares of \$0.001 par value common stock outstanding.

CELL SOURCE, INC. AND SUBSIDIARY
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2020

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

CELL SOURCE, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2020 (Unaudited)	December 31, 2019
Assets		
Current Assets:		
Cash	\$ 54,736	\$ 27,908
Prepaid expenses	135,269	57,196
Other current assets	20,324	29,679
Total Assets	<u>\$ 210,329</u>	<u>\$ 114,783</u>
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable	\$ 376,346	\$ 135,415
Accrued expenses	1,037,866	1,051,961
Accrued expenses - related parties	148,737	195,334
Accrued interest	404,285	426,516
Accrued interest - related parties	183,199	146,491
Accrued compensation	642,401	603,520
Advances payable	225,500	235,500
Advances payable - related party	100,000	100,000
Notes payable, net of debt discount of \$0 and \$1,292, as of September 30, 2020 and December 31, 2019, respectively	1,013,000	1,111,708
Notes payable - related parties	150,000	150,000
Convertible notes payable, net of debt discount of \$108,451 and \$1,467 as of September 30, 2020 and December 31, 2019, respectively	2,492,105	966,533
Convertible notes payable - related parties	225,000	225,000
Derivative liabilities	-	351,900
Accrued dividend payable	230,321	11,846
Total Current Liabilities	<u>7,228,760</u>	<u>5,711,724</u>
Convertible notes payable - non-current portion	-	145,000
Total Liabilities	<u>7,228,760</u>	<u>5,856,724</u>
Commitments and contingencies (Note 9)	-	-
Stockholders' Deficiency:		
Convertible Preferred Stock, \$0.001 par value, 10,000,000 shares authorized; Series A Convertible Preferred Stock, 1,335,000 shares designated, 1,342,195 and 1,245,083 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively; liquidation preference of \$10,296,784 and \$9,349,969 as of September 30, 2020 and December 31, 2019, respectively	1,342	1,245
Common Stock, \$0.001 par value, 200,000,000 shares authorized; 29,965,043 and 27,076,762 shares issued and outstanding as of September 30, 2020 and December 31, 2019, respectively	29,965	27,077
Additional paid-in capital	17,382,155	15,375,565
Accumulated deficit	<u>(24,431,893)</u>	<u>(21,145,828)</u>
Total Stockholders' Deficiency	<u>(7,018,431)</u>	<u>(5,741,941)</u>
Total Liabilities and Stockholders' Deficiency	<u>\$ 210,329</u>	<u>\$ 114,783</u>

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

CELL SOURCE, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating Expenses:				
Research and development	\$ 257,546	\$ 1,158,757	\$ 675,017	\$ 2,269,269
Research and development - related party	-	33,333	111,667	83,333
General and administrative	908,099	168,906	2,015,624	909,334
Total Operating Expenses	1,165,645	1,360,996	2,802,308	3,261,936
Loss From Operations	(1,165,645)	(1,360,996)	(2,802,308)	(3,261,936)
Other (Expense) Income:				
Interest expense	(114,040)	(53,209)	(271,687)	(185,993)
Interest expense - related parties	(12,827)	(49,595)	(36,708)	(50,889)
Amortization of debt discount	(146,109)	(3,566)	(190,639)	(10,095)
Change in fair value of derivative liabilities	-	33,500	16,977	118,500
Warrant modification expense	-	(54,100)	-	(283,500)
Loss on exchange of notes payable for Series A Convertible Preferred Stock	-	-	-	(262,470)
Loss on extinguishment of notes payable	(1,511)	-	(134,202)	(1,504)
Gain on exchange of accrued interest for common stock	132,502	-	132,502	-
Gain on forgiveness of accrued expenses	-	-	-	38,427
Total Other Expense	(141,985)	(126,970)	(483,757)	(637,524)
Net Loss	(1,307,630)	(1,487,966)	(3,286,065)	(3,899,460)
Dividend attributable to Series A preferred stockholders	(226,191)	(197,911)	(649,381)	(534,919)
Net Loss Applicable to Common Stockholders	\$ (1,533,821)	\$ (1,685,877)	\$ (3,935,446)	\$ (4,434,379)
Net Loss Per Common Share - Basic and Diluted	\$ (0.05)	\$ (0.06)	\$ (0.13)	\$ (0.16)
Weighted Average Common Shares Outstanding - Basic and Diluted	31,846,661	28,523,306	30,334,852	28,262,759

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

CELL SOURCE, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY
(Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Convertible Preferred Stock - Series A		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficiency
	Shares	Amount	Shares	Amount			
Balance, January 1, 2020	1,245,083	\$ 1,245	27,076,762	\$ 27,077	\$ 15,375,565	\$ (21,145,828)	\$ (5,741,941)
Issuance of Series A Convertible Preferred Stock for cash	13,333	13	-	-	99,987	-	100,000
Series A Convertible Preferred Stock dividends: Accrual of earned dividends	-	-	-	-	(211,305)	-	(211,305)
Issuance of common stock in connection with extension of notes payable	-	-	227,500	227	56,648	-	56,875
Reclassification of derivative liabilities to equity	-	-	-	-	345,830	-	345,830
Stock-based compensation: Common stock	-	-	25,671	26	6,392	-	6,418
Net loss	-	-	-	-	-	(813,747)	(813,747)
Balance, March 31, 2020	1,258,416	\$ 1,258	27,329,933	\$ 27,330	\$ 15,673,117	\$ (21,959,575)	\$ (6,257,870)
Issuance of Series A Convertible Preferred Stock for cash	3,333	3	-	-	24,997	-	25,000
Issuance of common stock in connection with extension of notes payable	-	-	525,000	525	130,725	-	131,250
Issuance of warrants in connection with issuance of notes payable	-	-	-	-	161,256	-	161,256
Issuance of warrants in connection with issuance of advance payable	-	-	-	-	24,386	-	24,386
Series A Convertible Preferred Stock dividends: Accrual of earned dividends	-	-	-	-	(211,885)	-	(211,885)
Payment of dividends in kind	-	-	574,576	574	430,331	-	430,905
Stock-based compensation: Common stock	-	-	1,270,000	1,270	316,230	-	317,500
Warrants	-	-	-	-	16,129	-	16,129
Net loss	-	-	-	-	-	(1,164,688)	(1,164,688)
Balance, June 30, 2020	1,261,749	\$ 1,261	29,699,509	\$ 29,699	\$ 16,565,286	\$ (23,124,263)	\$ (6,528,017)
Issuance of Series A Convertible Preferred Stock for cash	80,446	81	-	-	603,266	-	603,347
Issuance of common stock in exchange of accrued interest	-	-	265,534	266	66,383	-	66,649
Issuance of warrants in connection with issuance of notes payable	-	-	-	-	20,098	-	20,098
Series A Convertible Preferred Stock dividends: Accrual of earned dividends	-	-	-	-	(226,191)	-	(226,191)
Stock-based compensation: Options	-	-	-	-	103,600	-	103,600
Warrants	-	-	-	-	249,713	-	249,713
Net loss	-	-	-	-	-	(1,307,630)	(1,307,630)
Balance, September 30, 2020	1,342,195	\$ 1,342	29,965,043	\$ 29,965	\$ 17,382,155	\$ (24,431,893)	\$ (7,018,431)

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Convertible Preferred Stock - Series A		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficiency
	Shares	Amount	Shares	Amount			
Balance, January 1, 2019	860,291	\$ 860	26,077,611	\$ 26,078	\$ 11,723,224	\$ (16,670,333)	\$ (4,920,171)
Issuance of Series A Convertible Preferred Stock for cash	43,331	43	-	-	324,957	-	325,000
Issuance of Series A Convertible Preferred Stock in exchange for notes payable	145,367	145	-	-	1,090,109	-	1,090,254
Series A Convertible Preferred Stock dividends: Accrual of earned dividends	-	-	-	-	(148,035)	-	(148,035)
Net loss	-	-	-	-	-	(1,458,509)	(1,458,509)
Balance, March 31, 2019	1,048,989	\$ 1,048	26,077,611	\$ 26,078	\$ 12,990,255	\$ (18,128,842)	\$ (5,111,461)
Issuance of Series A Convertible Preferred Stock for cash	106,437	107	-	-	798,162	-	798,269
Series A Convertible Preferred Stock dividends: Accrual of earned dividends	-	-	-	-	(188,973)	-	(188,973)
Payment of dividends in kind	-	-	401,860	401	300,978	-	301,379
Net loss	-	-	-	-	-	(952,985)	(952,985)
Balance, June 30, 2019	1,155,426	\$ 1,155	26,479,471	\$ 26,479	\$ 13,900,422	\$ (19,081,827)	\$ (5,153,771)
Issuance of Series A Convertible Preferred Stock for cash	13,333	14	-	-	99,986	-	100,000
Series A Convertible Preferred Stock dividends: Accrual of earned dividends	-	-	-	-	(197,911)	-	(197,911)
Stock-based compensation: Options	-	-	-	-	825,100	-	825,100
Net loss	-	-	-	-	-	(1,487,966)	(1,487,966)
Balance, September 30, 2019	1,168,759	\$ 1,169	26,479,471	\$ 26,479	\$ 14,627,597	\$ (20,569,793)	\$ (5,914,548)

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

CELL SOURCE, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For The Nine Months Ended September 30,	
	2020	2019
Cash Flows From Operating Activities:		
Net loss	\$ (3,286,065)	\$ (3,899,460)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative liabilities	(16,977)	(118,500)
Warrant modification expense	-	283,500
Amortization of debt discount	190,639	10,095
Loss on exchange of notes payable for preferred shares	-	262,470
Loss on extinguishment of debt	134,202	1,504
Gain on forgiveness of accrued expenses	-	(38,427)
Gain on exchange of accrued interest for common stock	(132,502)	-
Non-cash interest expense - warrants	60,769	75,769
Stock-based compensation:		
Warrants	263,476	3,684
Common stock	319,396	1,750
Options	103,600	825,100
Changes in operating assets and liabilities:		
Prepaid expenses	(72,687)	(1,389)
Other current assets	9,355	(20,369)
Accounts payable	240,931	170,737
Accrued expenses	(46,990)	455,602
Accrued expenses - related parties	(46,597)	33,333
Accrued interest	207,889	159,127
Accrued interest - related parties	2,252	1,775
Accrued compensation	51,290	69,827
Net Cash Used In Operating Activities	(2,018,019)	(1,723,872)
Cash Flows From Financing Activities:		
Proceeds from advances payable	100,000	275,500
Proceeds from issuance of notes payable	100,000	120,000
Proceeds from issuance of convertible notes payable [1]	1,572,500	165,000
Proceeds from issuance of Series A Preferred Stock	728,347	1,223,269
Repayment of notes payable	(200,000)	(70,000)
Repayment of convertible notes payable	(146,000)	-
Repayment of advances payable	(110,000)	-
Net Cash Provided By Financing Activities	2,044,847	1,713,769
Net Increase (Decrease) In Cash	26,828	(10,103)
Cash - Beginning of Period	27,908	18,934
Cash - End of Period	\$ 54,736	\$ 8,831

[1] The amount for the nine months ended September 30, 2020 includes gross proceeds of \$1,575,000, less issuance costs of \$2,500 deducted directly from the proceeds.

Supplemental Disclosures of Cash Flow Information:

Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash investing and financing activities:		
Original issue discount in connection with convertible note payable	\$ 58,556	\$ 6,000
Common stock issued in connection with payment of Series A Convertible Preferred Stock dividends in-kind	\$ -	\$ 301,379
Preferred stock issued in exchange for notes and advances payable	\$ -	\$ 1,090,254
Accrual of earned preferred stock dividends	\$ (649,381)	\$ (534,919)
Reclassification of derivative liabilities to equity	\$ 345,830	\$ -
Issuance of placement agent warrants	\$ 10,907	\$ -
Issuance of common stock as debt discount in connection with extension of notes payable	\$ 188,125	\$ -
Repayment of convertible note payable and accrued interest by third party	\$ 100,896	\$ 133,488
Warrants and conversion options issued in connection with issuance and extension of notes payable	\$ 181,354	\$ 15,600
Warrants issued in connection with issuance of advance payable	\$ 24,386	\$ -
Extinguishment of conversion option in connection with repayment of notes payable	\$ -	\$ 1,000
Issuance of common stock in exchange of accrued interest	\$ 66,649	\$ -

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

CELL SOURCE, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 - Business Organization, Nature of Operations and Basis of Presentation

Organization and Operations

Cell Source, Inc. ("Cell Source", "CSI" or the "Company") is a Nevada corporation formed on June 6, 2012 that is the parent company of Cell Source Limited ("CSL"), a wholly owned subsidiary which was founded in Israel in 2011 in order to commercialize a suite of inventions relating to certain cancer treatments. The Company is a biotechnology company focused on developing cell therapy treatments based on the management of immune tolerance. The Company's lead prospective product is its patented Veto Cell immune system management technology, which is an immune tolerance biotechnology that enables the selective blocking of immune responses. CSL's Veto Cell immune system management technology is based on technologies patented, owned, and licensed to CSL by Yeda Research and Development Company Limited, an Israeli corporation ("Yeda") (see Note 8, *Related Party Transactions*). The Company's target indications include: lymphoma, leukemia and multiple myeloma through the facilitation of safer and more accessible stem cell (e.g. bone marrow) transplantation acceptance, treatment of end stage kidney disease and other non-malignant organ diseases through improved organ transplantation (broadened donor pool, reduced dependence on post-transplant anti-rejection therapy), and ultimately treating a variety of cancers and non-malignant diseases.

Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19") as a pandemic which continues to spread throughout the United States. The Company is closely monitoring the outbreak of COVID-19 and its impact on the Company's operations, financial position, cash flows and its industry in general. The Company considered the impact of COVID-19 on its business and operational assumptions and estimates, and determined there were no material adverse impacts on the Company's results of operations and financial position at September 30, 2020.

The full extent of COVID-19 future impacts on the Company's operations and financial condition is uncertain. A prolonged COVID-19 outbreak could have a material adverse impact on the Company's results of operations, financial condition and liquidity, including the timing and ability of the Company to initiate and/or complete current and/or future preclinical studies and/or clinical trials, disrupt the Company's regulatory activities, and/or have other adverse effects on the Company's clinical development. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed consolidated financial position of the Company as of September 30, 2020 and the condensed consolidated results of its operations and cash flows for the three and nine months ended September 30, 2020 and 2019. The results of operations for the three and nine months ended September 30, 2020 are not necessarily indicative of the operating results for the full year ending December 31, 2020 or any other period. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related disclosures of the Company as of December 31, 2019 and for the year then ended which were included in the Company's Annual Report on Form 10-K that was filed with the Securities and Exchange Commission ("SEC") on March 30, 2020.

Note 2 - Going Concern and Management Plans

During the nine months ended September 30, 2020, the Company had not generated any revenues, had a net loss of approximately \$3,286,000 and had used cash in operations of approximately \$2,018,000. As of September 30, 2020, the Company had a working capital deficiency of approximately \$7,018,000 and an accumulated deficit of approximately \$24,432,000. Subsequent to September 30, 2020 and as more fully described in Note 10, *Subsequent Events*, the Company received proceeds of \$150,000 through the issuance of convertible notes. These conditions raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are issued.

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The Company is currently funding its operations on a month-to-month basis. While there can be no assurance that it will be successful, the Company is in active negotiations to raise additional capital. The Company's primary sources of operating funds since inception have been equity and debt financings. Management's plans include continued efforts to raise additional capital through debt and equity financings. There is no assurance that these funds will be sufficient to enable the Company to fully complete its development activities or attain profitable operations. If the Company is unable to obtain such additional financing on a timely basis or, notwithstanding any request the Company may make, if the Company's debt holders do not agree to convert their notes into equity or extend the maturity dates of their notes, the Company may have to curtail its development, marketing and promotional activities, which would have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations and liquidate.

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the financial statements do not necessarily purport to represent realizable or settlement values. The condensed consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Note 3 - Summary of Significant Accounting Policies

Since the date of the Annual Report on Form 10-K for the year ended December 31, 2019, there have been no material changes to the Company's significant accounting policies.

Loss Per Share

The Company computes basic net loss per share by dividing net loss applicable to common stockholders by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share includes the dilution that would occur upon the exercise or conversion of all dilutive securities into common stock using the "treasury stock" and/or "if converted" methods, as applicable. Weighted average shares outstanding for the three and nine months ended September 30, 2020 and 2019 includes the weighted average impact of warrants to purchase an aggregate of 2,043,835 shares of common stock because their exercise price was determined to be nominal.

The common stock equivalents associated with the following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	September 30,	
	2020	2019
Options	4,832,004	3,782,004
Warrants	6,250,676	6,459,157
Convertible notes	3,958,756	1,172,144
Convertible preferred stock	13,421,950	11,687,590
Total	28,463,386	23,100,895

Convertible notes are assumed to be converted at the rate of \$0.75 per common share, which is the conversion price. However, such conversion rates are subject to adjustment under certain circumstances, which may result in the issuance of common shares greater than the amount indicated.

Reclassifications

Certain prior period amounts have been reclassified in order to conform to the fiscal 2020 presentation, including certain accrued liabilities that have been reclassified from accrued compensation to accrued interest as well as certain operating expenses that have been reclassified to other expenses. These reclassifications have no impact on the previously reported net loss.

Note 4 - Fair Value

During the nine months ended September 30, 2020, in connection with the extension of certain convertible notes payable that previously contained a variable conversion price with no floor and, a result, triggered sequencing, the parties agreed to amend the conversion terms such that a conversion price floor of \$0.75 per share was established. As a result, the Company had no remaining outstanding instruments with a variable conversion price with no floor and, accordingly, the Company reclassified derivative liabilities with an aggregate fair value of \$345,830 to additional paid-in capital. See Note 6, Notes Payable and Convertible Notes Payable for additional details.

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The following table summarizes the Company's instruments recorded at fair value as of September 30, 2020 and December 31, 2019:

	Total	Quoted Prices In Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Accrued compensation - common stock	\$ 38,624	\$ -	\$ -	\$ 38,624
Accrued compensation - warrants	6,919	-	-	6,919
Accrued interest - warrants	83,655	-	-	83,655
Accrued interest - warrants - related party	150,388	-	-	150,388
Balance - September 30, 2020	\$ 279,586	\$ -	\$ -	\$ 279,586
Accrued compensation - common stock	\$ 40,021	\$ -	\$ -	\$ 40,021
Accrued compensation - warrants	17,931	-	-	17,931
Accrued interest - warrants	57,343	-	-	57,343
Accrued interest - warrants - related party	115,932	-	-	115,932
Derivative liabilities	351,900	-	-	351,900
Balance - December 31, 2019	\$ 583,127	\$ -	\$ -	\$ 583,127

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. As of September 30, 2020, the Company's Level 3 liabilities shown in the above table consist of accrued obligations to issue warrants and common stock. As of December 31, 2019, the Company's Level 3 liabilities shown in the above table consist of sequenced warrants with no price floor as the Company was unable to determine that it had sufficient authorized common stock to settle such arrangements, warrants deemed to be derivative liabilities according to the Company's sequencing policy in accordance with ASC 815-40-35-12, the embedded conversion options within its convertible notes payable and an accrued obligation to issue warrants and common stock.

In applying the Black-Scholes option pricing model utilized in the valuation of Level 3 liabilities, the Company used the following approximate assumptions:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2020	2019	September 30, 2020	2019
Risk-free interest rate	0.22% - 0.28%	1.55%-1.91%	0.15% - 1.55%	1.17% - 2.44%
Expected term (years)	4.00 - 5.00	0.11 - 5.00	0.52 - 5.00	0.02 - 5.00
Expected volatility	110%	110%	110%	110%
Expected dividends	0.00%	0.00%	0.00%	0.00%

The expected term used is the contractual life of the instrument being valued. Since the Company's stock does not have significant trading volume, the Company is utilizing an expected volatility based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

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The following table provides a summary of the changes in fair value, including net transfers in and/or out, of all Level 3 liabilities measured at fair value on a recurring basis using unobservable inputs during the nine months ended September 30, 2020:

	<u>Accrued Interest</u>	<u>Accrued Compensation</u>	<u>Derivative Liability</u>	<u>Total</u>
Balance - December 31, 2019	\$ 173,275	\$ 57,952	\$ 351,900	\$ 583,127
Accrued compensation - common stock	-	10,021	-	10,021
Accrued interest - common stock	56,875	-	-	56,875
Accrued interest - warrants	26,661	-	-	26,661
Accrued interest - warrants - related party	35,350	-	-	35,350
Change in fair value	(1,243)	(135)	(16,977)	(18,355)
Issuance of warrants	-	(10,877)	10,907	30
Issuance of common stock	(56,875)	(11,418)	-	(68,293)
Reclassification of derivative liabilities to equity	-	-	(345,830)	(345,830)
Balance - September 30, 2020	<u>\$ 234,043</u>	<u>\$ 45,543</u>	<u>\$ -</u>	<u>\$ 279,586</u>

As of September 30, 2020, the Company had an obligation to issue 154,495 shares of common stock to service providers that had a fair value of \$38,624, which was a component of accrued compensation on the condensed consolidated balance sheet.

See Note 7, *Stockholders' Deficiency – Stock Warrants* for additional details associated with the issuance of warrants.

Note 5 – Advances Payable

On May 6, 2020, the Company received proceeds of \$100,000 through an advance. In connection with the advance, the Company issued a five-year immediately vested warrant to purchase 200,000 shares of common stock at \$0.75 per share. The warrant had an issuance date relative fair value of \$24,386, which was recorded as interest expense on the condensed consolidated statement of operations. On June 1, 2020, the Company repaid the advance in full.

On June 18, 2020, the Company paid \$5,000 in partial repayment of an outstanding advance.

On September 28, 2020, the Company paid \$5,000 in partial repayment of an outstanding advance.

Note 6 – Notes Payable and Convertible Notes Payable

As of September 30, 2020 and through the date of this filing, notes and convertible notes payable with principal amounts totaling \$1,538,000 and \$3,038,000, respectively, were past due and are classified as current liabilities on the condensed consolidated balance sheet as of September 30, 2020. Such notes continue to accrue interest and all relevant penalties have been accrued as of September 30, 2020. Of such past due notes payable, a holder of a note with principal amount of \$250,000 issued a notice of default. See Note 9, *Commitments and Contingencies – Litigation* for additional details. The Company is in negotiations with all holders of notes payable to extend the maturity dates of such notes or to convert the principal and accrued interest into equity.

During the three months ended September 30, 2020 and 2019, the Company recorded interest expense of \$126,867 and \$102,804, respectively, and amortization of debt discount of \$146,109 and \$3,566, respectively. During the nine months ended September 30, 2020 and 2019, the Company recorded interest expense of \$308,395 and \$236,882, respectively, and amortization of debt discount of \$190,639 and \$10,095, respectively. As of September 30, 2020 and December 31, 2019, the Company had \$587,484 and \$573,007, respectively, of accrued interest (including interest in the form of warrants (see Note 4)) and penalties related to notes payable, which is included with accrued interest and accrued interest – related parties on the condensed consolidated balance sheets.

Convertible Notes Payable

On January 3, 2020, a third party repaid a convertible note in full on behalf of the Company, which payment included a prepayment penalty for an aggregate total payment of \$100,896 (principal and interest of \$68,000 and \$32,896, respectively), which was fully repaid by the Company to the third party as of September 30, 2020. The Company determined the transaction was a note extinguishment and recorded a loss on extinguishment of \$1,441 in the condensed consolidated statements of operations.

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On January 10, 2020, the Company issued a convertible note payable in the principal amount of \$78,000. The note accrues interest at 12% per annum and matures on January 10, 2021. Any amount of principal or interest which is not paid at maturity shall accrue interest at 22% per annum. The note also includes certain prepayment penalties that provide for payments ranging from 115% to 140% of the then-outstanding principal and interest. The note is convertible at the option of the holder into common stock at 61% of the lowest trading price during the ten (10) consecutive trading days prior to the conversion date at any time during the period which is 180 days following the issuance date of the convertible note and ending on the later of (i) January 10, 2021 or (ii), in the event of default, the date of the payment of the default amount. The convertible note contained an original issuance discount of \$3,000 which was recorded as a debt discount and will be amortized over the term of the note. On July 6, 2020, the Company repaid the convertible note in full, which payment included a prepayment penalty, for an aggregate total payment of \$115,483 (principal and interest of \$78,000 and \$37,483, respectively). In connection with the repayment, the Company recorded a loss on extinguishment of \$1,511 in the condensed consolidated statements of operations.

On various dates from February 20, 2020 through February 24, 2020, the maturity dates of three convertible notes in the aggregate principal amount of \$145,000 were extended to February 15, 2021. The notes had previous maturity dates ranging from January 2017 to February 2018. In connection with these extensions, the parties agreed that (i) the Company would issue an aggregate of 227,500 shares of common stock to the holders with a fair value of \$56,875 and (ii) a conversion price floor of \$0.75 per share would be established. The Company determined the transaction was a note modification and the fair value of the common stock was setup as a debt discount and will be amortized over the amended term of the notes. On March 31, 2020, the Company issued the shares of common stock.

On March 2, 2020, the Company received further proceeds of \$500,000 through a previously issued convertible note dated October 28, 2019 in the principal amount of up to \$1,500,000, such that the Company had now received aggregate proceeds of \$1,000,000 under the convertible note.

On June 18, 2020, the Company received further proceeds of \$500,000 through a previously issued convertible note dated October 28, 2019 in the principal amount of up to \$1,500,000, such that the Company had now received aggregate proceeds of \$1,500,000 under the convertible note. The convertible note had a maturity date of October 31, 2020 and the Company is in discussions with the holder to extend the maturity date of the note. In connection with the receipt of these proceeds, the Company issued a five-year immediately vested warrant for the purchase of 1,200,000 shares of common stock at an exercise price of \$1.25 per share. The warrant had an issuance date relative fair value of \$153,790, which was recorded as a debt discount and will be amortized over the term of the note.

On July 29, 2020, the Company issued a convertible note payable in the principal amount of \$555,556 for net proceeds of \$497,500 (gross proceeds of \$500,000 less \$2,500 of issuance costs) which matures on January 29, 2021. The note accrues interest at 13% per annum and is convertible into common stock at the lower of (i) a conversion price of \$0.75 per share (the "Fixed Conversion Price") or (ii) in the event of a default, as defined in the note, a conversion price of 65% of the lowest volume weighted average price for the ten consecutive trading days ending on the trading day that is immediately prior to the applicable conversion date (the "Default Conversion Price"). The Default Conversion Price shall not apply before March 29, 2021. So long as the convertible note is outstanding, upon any issuance by the Company of any equity at an effective price lower than the conversion price (the "Base Conversion Price"), then the conversion price shall be reduced to equal such Base Conversion Price. The Company determined the embedded conversion option in connection with the Default Conversion Price should not be bifurcated and accounted for as a derivative liability. The original issuance discount of \$55,556 and debt issuance costs of \$2,500 were each recorded as a debt discount and will be amortized over the term of the note. In connection to the issuance of the convertible note payable, the Company issued a five-year immediately vested warrant to purchase 146,199 shares of common stock at an exercise price of \$0.95 per share, which may be exercised on a cashless basis. The warrant had an issuance date relative fair value of \$20,098, which was recorded as a debt discount and will be amortized over the term of the note.

Notes Payable

On April 15, 2020, the maturity dates of two promissory notes in the aggregate principal amount of \$350,000, originally due in 2015 and 2016, were extended to April 15, 2021. In connection with these extensions, the Company issued an aggregate of 525,000 shares of common stock to the holders with a fair value of \$131,250. The Company determined the extensions were note extinguishments and recorded a loss on extinguishment of \$131,250 in the condensed consolidated statements of operations during the nine months ended September 30, 2020.

On June 3, 2020, the Company issued a note payable in the principal amount of \$100,000. The note does not accrue interest and matures on December 3, 2020. The note was repaid in full by the Company on June 18, 2020. In connection with the note issuance, the Company issued a five-year immediately vested warrant to purchase 50,000 shares of common stock at an exercise price of \$0.75 per share. The warrant had an issuance date relative fair value of \$7,466, which was recorded as a debt discount and was to be amortized over the term of the note, however, was recognized during the nine months ended September 30, 2020 as a result of the repayment of the note.

On July 29, 2020, the Company fully repaid the principal of a promissory note in the amount of \$100,000.

Note 7 – Stockholders’ Deficiency

Series A Convertible Preferred Stock

On January 29, 2020, the Board of Directors extended the expiration date of the Private Placement Memorandum (“PPM”) to March 31, 2020 and has authorized two sixty-day extensions beyond that date at management’s discretion, under which the Company continues to raise up to \$10,000,000 via the sale of up to 1,333,333 shares of Series A Convertible Preferred Stock at \$7.50 per share. On March 25, 2020, the Board of Directors extended the expiration date of the PPM to May 30, 2020. On May 27, 2020, the Board of Directors extended the expiration date of the PPM to July 29, 2020. On July 27, 2020, the Company’s PPM was now fully subscribed.

During the nine months ended September 30, 2020, the Company received aggregate proceeds of \$728,347 through the sale of 97,112 shares of Series A Convertible Preferred Stock at \$7.50 per share.

During the three and nine months ended September 30, 2020, the Company accrued and recorded cumulative Series A Convertible Preferred Stock dividends of \$226,191 and \$649,381, respectively, with an increase in liabilities and a corresponding decrease in additional paid-in capital. During the three and nine months ended September 30, 2019, the Company accrued and recorded cumulative Series A Convertible Preferred Stock dividends of \$197,911 and \$534,919, respectively, with an increase in liabilities and a corresponding decrease in additional paid-in capital.

During the nine months ended September 30, 2020, the Company issued 574,576 shares of common stock valued at \$0.75 per share for aggregate value of \$430,905, pursuant to the terms of the Series A Convertible Preferred Stock Certificate of Designation, in connection with the partial payment of accrued dividends for Series A Convertible Preferred Stock.

Common Stock

On March 31, 2020, the Company issued 25,671 shares of immediately vested common stock with a fair value of \$6,418 to a service provider in connection with consulting services provided.

During the nine months ended September 30, 2020, the Company issued an aggregate of 1,270,000 shares of common stock with an issuance date fair value of \$317,500 to service providers in connection with consulting services provided. In connection with the issuances, the Company expects to recognize the fair value of the common stock over the service period, such that it recognized stock-based compensation expense of \$9,375 and \$314,375 during the three and nine months ended September 30, 2020, respectively, which amount was included within general and administrative expenses on the condensed consolidated statements of operations.

During the three and nine months ended September 30, 2020, the Company issued an aggregate of 265,534 shares of common stock with a fair value of \$66,649 in exchange for accrued interest in the aggregate amount of \$199,151. The Company recognized the difference of \$132,502 as a gain on exchange of accrued interest for common stock on the condensed consolidated statements of operations.

See Note 6, *Notes Payable and Convertible Notes Payable* for additional details associated with the issuance of common stock.

Stock Warrants

On February 13, 2020, the Company issued five-year placement agent warrants to purchase 66,653 shares of common stock at an exercise price of \$0.75 per share in satisfaction of accrued liabilities of \$10,907 that were earned in connection with the sale of Series A Convertible Preferred Stock during the year ended December 31, 2019.

On May 20, 2020, the Company issued a five-year warrant to purchase 100,000 shares of common stock at an exercise price of \$0.75 per share to a service provider in connection with consulting services to be provided. The warrant had an issuance date fair value of \$16,129. In connection with the issuance, the Company expects to recognize the fair value of the warrants over the service period, such that it recognized stock-based compensation expense of \$4,322 during the nine months ended September 30, 2020, which amount was included within general and administrative expenses on the condensed consolidated statements of operations.

On August 19, 2020, the Company issued five-year immediately vested warrants to purchase an aggregate of 1,598,000 shares of common stock at an exercise price of \$0.75 per share to members of the Company’s Scientific Advisory Board. The warrants had an aggregate issuance date fair value of \$247,700 which was recognized immediately within general and administrative expenses on the condensed consolidated statement of operations.

On August 20, 2020, the Company issued a five-year warrant to purchase 200,000 shares of common stock at an exercise price of \$0.75 per share to a service provider in connection with consulting services to be provided. The warrant vests in equal monthly installments during the sixteen-month period commencing one month after the date of the issuance. The warrant had an issuance date fair value of \$32,200, which will be recognized over the service period.

See Note 5, *Advances Payable* and Note 6, *Notes Payable and Convertible Notes Payable* for additional details associated with the issuance of stock warrants.

Stock Options

On August 19, 2020, the Company granted five-year immediately vested stock options to purchase an aggregate of 1,050,000 shares of common stock at an exercise price of \$0.75 per share to directors of the Company under the 2019 Equity Incentive Plan. The stock options had a grant date value of \$103,600 which was recognized immediately.

Stock-Based Compensation

During the three and nine months ended September 30, 2020, the Company recognized stock-based compensation expense of \$349,050 and \$686,472, respectively, related to common stock, options and warrants, which amounts were included within general and administrative expenses on the condensed consolidated statements of operations. During the three and nine months ended September 30, 2019, the Company recognized stock-based compensation expense of \$826,785 (of which \$825,100 was included within research and development and \$1,695 was included within general and administrative expenses on the condensed consolidated statements of operations) and \$830,534 (of which \$825,100 was included within research and development and \$5,434 was included within general and administrative expenses on the condensed consolidated statements of operations), respectively, related to warrants, common stock and options. As of September 30, 2020, there was \$35,574 of unrecognized stock-based compensation expense which the Company expects to recognize over a weighted average period of 0.7 years.

Note 8 – Related Party Transactions

In 2011, the Company entered into a Research and License Agreement with Yeda for Veto Cell technology. As Yeda is a founder and a significant shareholder of the Company, it is a related party. During the three months ended September 30, 2020 and 2019, the Company recorded research and development expense of \$0 and \$33,333, respectively, and during the nine months ended September 30, 2020 and 2019, the Company recorded research and development expense of \$111,667 and \$83,333, respectively, in connection with the agreement with Yeda.

As of September 30, 2020 and December 31, 2019, the Company was required to issue warrants to purchase an aggregate of 981,500 and 756,500, respectively, shares of common stock at an exercise price of \$0.75 per share to directors of the Company in connection with loans made to the Company in the aggregate amount of \$459,000 which required certain penalties in the form of warrants. As a result, the Company had accrued \$150,388 and \$115,932 associated with the fair value of the obligations as of September 30, 2020 and December 31, 2019, respectively, which amount is included in accrued interest – related parties on the condensed consolidated balance sheets.

See Note 10 – *Subsequent Events – Stock Warrants* for additional details associated with the exercise of a stock warrant by a related party.

Note 9 – Commitments and Contingencies

MD Anderson Sponsored Research Agreements

The Company recognized \$237,546 and \$600,017 of research and development expenses during the three and nine months ended September 30, 2020, respectively, associated with services provided by The University of Texas M.D. Anderson Cancer Center (“MD Anderson”) in the periods, under the two agreements with MD Anderson dated November 2019 and February 2019, respectively. The Company recognized \$249,171 and \$1,230,411 of research and development expenses during the three and nine months ended September 30, 2019, respectively, associated with services provided by MD Anderson in those periods. As of September 30, 2020 and December 31, 2019, the Company had \$462,785 and \$382,398, respectively, of accrued research and development expenses pursuant to the agreements with MD Anderson, which are included within accrued expenses on the condensed consolidated balance sheets.

Litigation

Certain conditions may exist as of the date the condensed consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

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If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed.

In January 2019, the holder of a promissory note in the principal amount of \$250,000 due on March 16, 2016 instituted a collection action in the Supreme Court of the State of New York, County of New York. A motion for summary judgement was heard on March 7, 2019 and the Company did not oppose the motion. The Company has had discussion with respect to entering into an agreement providing for a payment plan with the holder of the note, but no agreement has yet been reached.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows. As of September 30, 2020 and December 31, 2019, the Company has not accrued any amounts for contingencies.

Note 10 – Subsequent Events

The Company has evaluated events that have occurred after the balance sheet and through the date the financial statements were issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed below.

Convertible Notes Payable

On October 16, 2020, the Company issued a convertible note payable in the amount of \$100,000 which matures on April 15, 2021. The note accrues interest at 8% per annum and is convertible into the Company's Series B Convertible Preferred Stock (the "Series B Preferred Stock") at a conversion price of \$7.50. The note shall become convertible at (i) the holder's option beginning on the date that the Company first issues any shares of its Series B Preferred Stock (ii) automatically on the maturity date. It is anticipated that the Series B Preferred Stock shall convert into the Company's common stock at a fixed rate of ten shares of common stock for each share of Series B Preferred Stock. In connection with the issuance of the convertible note, the Company issued a five-year immediately vested warrant to purchase 80,000 shares of common stock at an exercise price \$1.25 per share.

On October 20, 2020, the Company issued a convertible note payable in the amount of \$50,000 which matures on April 20, 2021. The note accrues interest at 8% per annum and is convertible into Series B Preferred Stock at a conversion price of \$7.50. The note shall become convertible at (i) the holder's option beginning on the date that the Company first issues any shares of its Series B Preferred Stock (ii) automatically on the maturity date. It is anticipated that the Series B Preferred Stock shall convert into the Company's common stock at a fixed rate of ten shares of common stock for each share of Series B Preferred Stock. In connection with the issuance of the convertible note payable, the Company issued a five-year immediately vested warrant to purchase 40,000 shares of common stock at an exercise price \$1.25 per share.

Stock Warrants

On October 15, 2020, the Company issued a five-year warrant to purchase 200,000 shares of common stock at an exercise price of \$0.75 per share to a service provider in connection with consulting services to be provided. The warrant vests in equal monthly installments during the sixteen-month period commencing one month after the date of the issuance.

On November 1, 2020, Yeda exercised a warrant to purchase 1,995,376 shares of common stock for proceeds of \$1,995, which resulted in the issuance of 1,995,376 shares of common stock.

Stock Options

On October 7, 2020, the Company granted five-year immediately vested stock options to purchase 500,000 shares of common stock at an exercise price of \$0.75 per share to a nonemployee under the 2019 Equity Incentive Plan.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the condensed consolidated results of operations and financial condition of Cell Source, Inc. ("CSI", "Cell Source", the "Company", "us," "we," "our,") as of September 30, 2020 and for the three and nine months ended September 30, 2020 and 2019 should be read in conjunction with our unaudited financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the Securities and Exchange Commission ("SEC") on March 30, 2020.

This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions, are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 1A ("Risk Factors") of our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 30, 2020.

Overview

We are a cell therapy company focused on immunotherapy. Since our inception, we have been involved with the development of proprietary immune system management technology licensed from Yeda Research & Development Company Limited ("Yeda"), the commercial arm of the Weizmann Institute of Science. We have recently shifted the focus of our Research and Development efforts to MD Anderson.

This technology addresses one of the most fundamental challenges within human immunology: how to tune the immune response such that it tolerates selected desirable foreign cells or tissue, but continues to attack all other (undesirable) targets. In simpler terms, a number of potentially life-saving treatments have limited effectiveness today because the patient's immune system rejects them. For example, while HSCT - hematopoietic stem cell transplantation (e.g. bone marrow transplantation) has become a preferred therapeutic approach for treating blood cell cancer, most patients do not have a matched family donor. Although matched unrelated donors and cord blood can each provide an option for such patients, haploidentical stem cell transplants (sourced from partially mismatched family members) are rapidly gaining favor as a treatment of choice. This is still a risky and difficult procedure primarily because of potential conflicts between host and donor immune systems and also due to viral infections that often follow even successful HSCT while the compromised new immune system works to reconstitute itself by using the transplanted stem cells. Today, rejection is partially overcome using aggressive immune suppression treatments that leave the patient exposed to many dangers by compromising their immune system.

The unique advantage of Cell Source technology lies in the ability to induce sustained tolerance of transplanted cells (or organs) by the recipient's immune system in a setting that requires only mild immune suppression, while avoiding the most common post-transplant complications. The scientific term for inducing such tolerance in a transplantation setting is chimerism, where the recipient's immune system tolerates the co-existence of the (genetically different) donor type and host (recipient) type cells. Attaining sustained chimerism is an important prerequisite to achieving the intrinsic GvL (graft versus leukemia) effect of HSCT and supporting the reconstitution of normal hematopoiesis (generation of blood cells, including those that protect healthy patients from cancer) in blood cancer patients. Preclinical data show that Cell Source's Veto Cell technology (currently in clinical trials in the US) can provide superior results in allogeneic (donor-derived) HSCT by allowing for haploidentical stem cell transplants under a mild conditioning regimen, while avoiding the most common post-transplant complications. Combining this with CAR (Chimeric Antigen Receptor) T cell therapy as a unified VETO CAR-T treatment, we will be able to treat patients in relapse as well as those in remission and use the cancer killing power of CAR-T to protect the patient while their immune system fully reconstitutes, thus providing an end-to-end solution for blood cancer treatment by potentially delivering a fundamentally safer and more effective allogeneic HSCT: prevention of relapse; avoidance of GvHD; prevention of viral infections; and enhanced persistence of GvL effect. This means that the majority of patients will be able to find a donor, and will have access to a potentially safer procedure with higher long term survival rates than what either donor-derived HSCT or autologous CAR-T each on their own currently provide.

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The ability to induce permanent chimerism (and thus sustained tolerance) in patients – which allows the transplantation to overcome rejection without having to compromise the rest of the immune system – may open the door to effective treatment of a number of severe medical conditions, in addition to blood cancers, which are characterized by this need. These include:

- The broader set of cancers, including solid tumors, that can potentially be treated effectively using genetically modified cells such as CAR-T cell therapy, but also face efficacy and economic constraints due to limited persistence based on immune system issues (i.e., the need to be able to safely and efficiently deliver allogeneic CAR-T therapy). Inducing sustained tolerance to CAR-T cells may bring reduced cost and increased efficacy by allowing for off-the-shelf (vs. patient-derived) treatments with more persistent cancer killing capability.
- Organ failure and transplantation. A variety of conditions can be treated by the transplantation of vital organs. However, transplantation is limited both by the insufficient supply of available donor organs and the need for lifelong, daily anti-rejection treatments post-transplant. Haploidentical organ transplants, with sustained chimerism, have the potential to make life saving transplants accessible to the majority of patients, with the prospect of improved life quality and expectancy.
- Non-malignant hematological conditions (such as type one diabetes and sickle cell anemia) which could, in many cases, also be more effectively treated by stem cell transplantation if the procedure could be made safer and more accessible by inducing sustained tolerance in the stem cell transplant recipient.

Recent Developments

COVID-19

Recently, the outbreak of the novel coronavirus, or COVID-19, around the world has adversely impacted global commercial activity and contributed to significant volatility in financial markets and disrupted normal business operations. The global impact of the outbreak has been rapidly evolving, and many countries have reacted by instituting quarantines and restrictions on travel, and many businesses and other institutions have temporarily closed or reduced work activities at their facilities. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and its disruption of the capital markets may have a material adverse impact on our ability to raise additional capital and may slow down the pace at which research and clinical trials may be conducted on our behalf.

Condensed Consolidated Results of Operations

Three Months Ended September 30, 2020 Compared with the Three Months Ended September 30, 2019

Research and Development

Research and development expense was \$257,546 and \$1,192,090 for the three months ended September 30, 2020 and 2019, respectively, a decrease of \$934,544, or 78%, primarily related to the recognition of non-cash stock-based compensation expense of \$825,100 in connection to a stock option grant to a consultant during the three months ended September 30, 2019.

General and Administrative

General and administrative expense, which is associated with external consulting and professional fees, payroll and stock-based compensation expenses, was \$908,099 and \$168,906 for the three months ended September 30, 2020 and 2019, respectively, an increase of \$739,193, or 438%, primarily related to increases in the 2020 period of approximately \$350,000 in non-cash stock-based compensation expenses in connection with stock option grants to directors and stock warrant issuances to Scientific Advisory Board members in 2020, approximately \$110,000 of legal fees and approximately \$266,000 of consulting and marketing fees.

Change in Fair Value of Derivative Liabilities

The change in fair value of derivative liabilities for the three months ended September 30, 2019, was a gain of \$33,500, primarily due to the warrants and conversion options, which were deemed to be derivative liabilities, either drawing closer to their expiration dates or were no longer outstanding. There was no change in fair value of derivative liabilities during the three months ended September 30, 2020 as a result of the reclassification of our derivative liabilities to additional paid-in capital during the first quarter of 2020.

Interest Expense

Interest expense for the three months ended September 30, 2020 and 2019 was \$126,867 and \$102,804, respectively, an increase of \$24,063, or 23%, primarily as a result of increases in convertible notes payable outstanding during the 2020 period.

Amortization of Debt Discount

Amortization of debt discount was \$146,109 and \$3,566 for the three months ended September 30, 2020 and 2019, respectively, which is associated with warrants and original issuance discounts issued in connection with convertible notes payable.

Warrant Modification Expense

During the three months ended September 30, 2019, we recognized \$54,100 of warrant modification expense related to the extension of the expiration date of a certain warrant.

Loss on Extinguishment of Debt

During the three months ended September 30, 2020 and 2019, we recognized \$1,511 and \$0 of loss on extinguishment of debt in connection with the extension and repayment of notes payable.

Gain on Exchange of Accrued Interest for Common Stock

During the three months ended September 30, 2020, we recognized a \$132,502 gain on exchange of accrued interest for common stock, which represents the excess carrying value of the \$199,151 of accrued interest as compared to \$66,649 of the issuance date fair value of the common stock.

Nine Months Ended September 30, 2020 Compared with the Nine Months Ended September 30, 2019

Research and Development

Research and development expense was \$786,684 and \$2,352,602 for the nine months ended September 30, 2020 and 2019, respectively, a decrease of \$1,565,918, or -67%, primarily related to the recognition of non-cash stock-based compensation expense of \$825,100 in connection with a stock option grant to a consultant, expense in connection with milestone payments to MD Anderson in the amount of approximately \$731,000 associated with the initial upfront payment as well as with validation runs and depletions performed during the nine months ended September 30, 2019.

General and Administrative

General and administrative expense was \$2,015,624 and \$909,334 for the nine months ended September 30, 2020 and 2019, respectively, an increase of \$1,106,290, or 122%, primarily related to increases in the 2020 period of approximately \$682,000 in non-cash stock-based compensation expenses in connection with stock option grants to directors, common stock and stock warrant issuances to consultants and Scientific Advisory Board members in 2020, approximately \$165,000 of legal fees, approximately \$202,000 of consulting and marketing fees and approximately \$69,000 of insurance expenses.

Change in Fair Value of Derivative Liabilities

The change in fair value of derivative liabilities for the nine months ended September 30, 2020 and 2019 was a gain of \$16,977 and a gain of \$118,500, respectively, primarily due to the warrants and conversion options, which are deemed to be derivative liabilities, either drawing closer to their expiration dates or were no longer outstanding.

Interest Expense

Interest expense for the nine months ended September 30, 2020 and 2019 was \$308,395 and \$236,882, respectively, an increase of \$71,513, or 30%, primarily as a result of increases in convertible notes payable outstanding during the 2020 period.

Amortization of Debt Discount

Amortization of debt discount was \$190,639 and \$10,095 for the nine months ended September 30, 2020 and 2019, respectively, which is associated with warrants and conversion options issued in connection with convertible notes payable.

Warrant Modification Expense

During the nine months ended September 30, 2019, we recognized \$283,500 of warrant modification expense on the extension of an expiration date of a certain warrant.

Loss on Exchange of Notes Payable for Series A Convertible Preferred Stock

During the nine ended September 30, 2019, we recognized a loss on exchange of notes payable for Series A Convertible Preferred Stock of \$262,470, which represents the value of the preferred shares in excess of the carrying value of notes payable.

Loss on Extinguishment of Debt

During the nine months ended September 30, 2020 and 2019, we recognized \$134,202 and \$1,504, respectively, of loss on extinguishment of debt in connection with the extension and repayment of notes payable.

Gain on Exchange of Accrued Interest for Common Stock

During the nine months ended September 30, 2020, we recognized a \$132,502 gain on exchange of accrued interest for common stock, which represents the excess carrying value of the accrued interest as compared to the issuance date fair value of the common stock.

Gain on Forgiveness of Accrued Expenses

During the nine months ended September 30, 2019, we recognized \$38,427 of gain on forgiveness of accrued expenses. The gain recognized represents the forgiveness of accrued payroll expenses and director fees due by a former member of the Board of Directors.

Liquidity and Going Concern

We measure our liquidity in a number of ways, including the following:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	<u>(unaudited)</u>	
Cash	\$ 54,736	\$ 27,908
Working capital deficiency	\$ (7,018,431)	\$ (5,596,941)

During the nine months ended September 30, 2020, we had not generated any revenues, had a net loss of approximately \$3,286,000 and had used cash in operations of approximately \$2,018,000. As of September 30, 2020, we had a working capital deficiency of approximately \$7,018,000 and an accumulated deficit of approximately \$24,432,000. Subsequent to September 30, 2020, we received proceeds of \$150,000 through the issuance of convertible notes payable. These conditions raise substantial doubt about our ability to continue as a going concern within one year after the date these financial statements are issued.

We are currently funding our operations on a month-to-month basis. Our ability to continue our operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. We may need to incur additional liabilities with certain related parties to sustain our existence. If we were not to continue as a going concern, we would likely not be able to realize our assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of our financial statements.

There can be no assurances that we will be successful in generating additional cash from equity or debt financings or other sources to be used for operations. Should we not be successful in obtaining the necessary financing to fund our operations, we would need to curtail certain or all operational activities and/or contemplate the sale of our assets, if necessary.

During the nine months ended September 30, 2020 and 2019, our sources and uses of cash were as follows:

Net Cash Used in Operating Activities

We experienced negative cash flows from operating activities for the nine months ended September 30, 2020 and 2019 in the amounts of \$2,018,019 and \$1,723,872, respectively. The net cash used in operating activities for the nine months ended September 30, 2020 was primarily due to cash used to fund a net loss of approximately \$3,286,065, adjusted for net non-cash expenses in the aggregate amount of \$922,603, partially offset by \$345,443 of net cash provided by changes in the levels of operating assets and liabilities. The net cash used in operating activities for the nine months ended September 30, 2019 was primarily due to cash used to fund a net loss of \$3,899,460, adjusted for net non-cash income in the aggregate amount of \$1,306,945, and by \$868,643 of net cash provided by changes in the levels of operating assets and liabilities.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2020 and 2019 was \$2,044,847 and \$1,713,769, respectively. The net cash provided by financing activities during the nine months ended September 30, 2020 was attributable to \$1,572,500 of proceeds from the issuance of convertible notes payable, \$728,347 of proceeds from the issuance of Series A preferred stock, \$100,000 of proceeds from the issuance of notes payable and \$100,000 of proceeds from advances payable, offset by the repayments of notes payable in the amount of \$200,000, \$110,000 of repayments of advances payable and \$146,000 of repayments of convertible notes payable. The net cash provided by financing activities during the nine months ended September 30, 2019 was attributable to \$1,223,269 of proceeds received from the issuance of Series A preferred stock, \$275,500 of proceeds from advances payable and \$215,000 of net proceeds from debt financings.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

For a description of our critical accounting policies, see Note 3, *Summary of Significant Accounting Policies*, in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative And Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive and Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our condensed consolidated financial statements in conformity with United States generally accepted accounting principles.

In connection with the preparation of this Quarterly Report, management, with the participation of our Principal Executive and Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Financial Officer concluded that, as of September 30, 2020, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Except as described below, we are not involved in any pending legal proceeding or litigations and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on us.

In January 2019, the holder of a promissory note in the principal amount of \$250,000 due on March 16, 2016 instituted a collection action in the Supreme Court of the State of New York, County of New York. A motion for summary judgement was heard on March 7, 2019 and the Company did not oppose the motion. The Company has had discussion with respect to entering into an agreement providing for a payment plan with the holder of the note, but no agreement has yet been reached.

Item 1A. Risk Factors.

There have been no material changes to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on March 30, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In July 2020, we issued a convertible note payable in the principal amount of \$555,556 for net proceeds of \$497,500 (gross proceeds of \$500,000 less \$2,500 of issuance costs) which matures on January 29, 2021. The note accrues interest at 13% per annum and is convertible into common stock at the lower of (i) a conversion price of \$0.75 per share (the “Fixed Conversion Price”) or (ii) in the event of a default, as defined in the note, a conversion price of 65% of the lowest volume weighted average price for the ten consecutive trading days ending on the trading day that is immediately prior to the applicable conversion date (the “Default Conversion Price”). The Default Conversion Price shall not apply before March 29, 2021. So long as the convertible note is outstanding, upon any issuance of our equity at an effective price lower than the conversion price (the “Base Conversion Price”), then the conversion price shall be reduced to equal such Base Conversion Price. In connection to the issuance of the convertible note payable, we issued a five-year immediately vested warrant to purchase 146,199 shares of common stock at an exercise price of \$0.95 per share, which may be exercised on a cashless basis. We relied upon the exemption provided by Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”) in connection with this transaction.

During the three months ended September 30, 2020, we sold 80,446 shares of Series A Preferred Stock to accredited investors at a price of \$7.50 per share for gross proceeds of \$603,345. We relied upon the exemptions provided by Rule 506 and Section 4(2) of the Securities Act in connection with these transactions.

In August 2019, we issued five year warrants to purchase an aggregate of 1,598,000 shares of common stock at an exercise price of \$0.75 per share to members of our Scientific Advisory Board. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with these transactions.

In August 2020, we issued a five year warrant to purchase 200,000 shares of common stock at an exercise price of \$0.75 per share to a service provider in connection with consulting services to be provided. The warrant vests in equal monthly installments during the sixteen-month period commencing one month after the date of the issuance. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with this transaction.

In August 2020, we issued options to purchase an aggregate of 1,050,000 shares of common stock at an exercise price of \$0.75 per share to members of our Board of Directors under our 2019 Equity Incentive Plan. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with these transactions.

In October 2020, we issued a five year warrant to purchase 200,000 shares of common stock at an exercise price of \$0.75 per share to a service provider in connection with consulting services to be provided. The warrant vests in equal monthly installments during the sixteen-month period commencing one month after the date of the issuance. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with this transaction.

In October 2020, we issued five year immediately vested options to purchase 500,000 shares of common stock at an exercise price of \$0.75 per share to a consultant under our 2019 Equity Incentive Plan. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with this transaction.

In October 2020, we issued convertible notes in the aggregate principal amount of \$150,000 to two accredited investors. The notes mature six months from the date of issuance and accrue interest at a rate of eight percent (8%) per annum. The notes are convertible into shares of our Series B Preferred Stock at a conversion price of \$7.50 per share at the holder's option beginning on the date we first issue any shares of Series B Preferred Stock and automatically on the maturity date. It is anticipated that the Series B Preferred Stock will convert into shares of our common stock at a rate of ten shares of common stock for each share of Series B Preferred Stock. In connection with the issuance of the notes, we issued five year warrants to purchase an aggregate of 120,000 shares of common stock at an exercise price of \$1.25 per share. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with these transactions.

In November 2020, we issued 1,995,376 shares of common stock to Yeda in connection with its exercise of a warrant having an aggregate exercise price of \$1,995. We relied upon the exemption provided by Section 4(2) of the Securities Act in connection with this transactions.

Item 3. Defaults Upon Senior Securities.

As of September 30, 2020 and through the date of this filing, notes payable and convertible notes payable with face values totaling \$1,538,000 and \$3,038,000, respectively, were past due and are classified as current liabilities on the condensed consolidated balance sheet as of September 30, 2020. Such notes continue to accrue interest and all relevant penalties have been accrued as of September 30, 2020. Of such past due notes payable, a holder of a note with principal amount of \$250,000 issued a notice of default. See Item 1 above for additional details. We are in negotiations with all holders to extend the maturity dates of such notes or to convert the principal and accrued interest into equity.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

[10.54](#) [Form of Warrant issued to Members of Scientific Advisory Board.](#)

[10.55](#) [Form of Warrant issued to Service Providers.](#)

[10.56](#) [Form of Director Stock Option Agreement.](#)

[10.57](#) [Form of Consultant Stock Option Agreement.](#)

[10.58](#) [Form of 8% Convertible Promissory Note.](#)

[10.59](#) [Form of Warrant issued to Purchasers of 8% Convertible Promissory Note.](#)

[31](#) [Certification of principal executive officer and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

[32](#) [Certification of principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CELL SOURCE, INC.

Dated: November 13, 2020

By: /s/Itamar Shinrat
Name: Itamar Shinrat
Title: Chief Executive Officer and
Chief Financial Officer (Principal
Executive, Financial and Accounting
Officer)

WARRANT

NO. CLCS ADV__

____ Shares

WARRANT TO PURCHASE COMMON STOCKVOID AFTER 5:30 P.M., EASTERN
TIME, ON THE EXPIRATION DATE

THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

FOR VALUE RECEIVED, Cell Source, Inc. a Nevada corporation (the "Company"), hereby agrees to sell upon the terms and on the conditions hereinafter set forth, but no later than 5:30 p.m., Eastern Time, on the Expiration Date (as hereinafter defined) to _____ or registered assigns (the "Holder"), under the terms as hereinafter set forth, _____ (_____) fully paid and non-assessable shares of the Company's common stock (the "Common Stock"), par value \$.001 per share (the "Warrant Stock"), at a purchase price of \$0.75 per share (the "Warrant Price"), pursuant to this warrant (this "Warrant"). The number of shares of Warrant Stock to be so issued and the Warrant Price are subject to adjustment in certain events as hereinafter set forth. The term "Common Stock" shall mean, when used herein, unless the context otherwise requires, the stock and other securities and property at the time receivable upon the exercise of this Warrant.

1. Exercise of Warrant and Redemption of Warrant.

a. The Holder may exercise this Warrant according to its terms by surrendering this Warrant to the Company at the address set forth in Section 9, the Notice of Exercise attached hereto having then been duly executed by the Holder, accompanied by cash, certified check or bank draft in payment of the purchase price, in lawful money of the United States of America, for the number of shares of the Warrant Stock specified in the Notice of Exercise, or as otherwise provided in this Warrant, prior to 5:30 p.m., Eastern Time, on August 19, 2025 (the "Expiration Date").

Notwithstanding anything to the contrary herein, if at any time commencing beginning after the date of this Warrant, there is no effective registration statement registering, or no current prospectus available for the resale of the Warrant Stock by the Holder, then this Warrant may also be exercised at the Holder's election, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Stock equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

- (A) = the 3 day VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;
- (B) = the Warrant Price of this Warrant, as adjusted hereunder; and
- (X) = the number of Warrant Stock that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market or OTCQB, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the “Pink Sheets” published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Board of Directors of the Company.

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

“Trading Market” means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB or the OTCQX.

This Warrant may be exercised in whole or in part so long as any exercise in part hereof would not involve the issuance of fractional shares of Warrant Stock. If exercised in part, the Company shall deliver to the Holder a new Warrant, identical in form, in the name of the Holder, evidencing the right to purchase the number of shares of Warrant Stock as to which this Warrant has not been exercised, which new Warrant shall be signed by the Chairman, Chief Executive Officer or President and the Secretary or Assistant Secretary of the Company. The term Warrant as used herein shall include any subsequent Warrant issued as provided herein.

b. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. The Company shall pay cash in lieu of fractions with respect to the Warrants based upon the fair market value of such fractional shares of Common Stock (which shall be the closing price of such shares on the exchange or market on which the Common Stock is then traded) at the time of exercise of this Warrant.

c. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Stock so purchased, registered in the name of the Holder, shall be delivered to the Holder within three (3) trading days after such rights shall have been so exercised (the “Warrant Stock Delivery Date”). The person or entity in whose name any certificate for the Warrant Stock is issued upon exercise of the rights represented by this Warrant shall for all purposes be deemed to have become the holder of record of such shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the Warrant Price and any applicable taxes was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the opening of business on the next succeeding date on which the stock transfer books are open. The Company shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on exercise of this Warrant.

d. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder a certificate or the certificates representing the Warrant Stock pursuant to an exercise on or prior to the Warrant Stock Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Stock which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of shares of Warrant Stock that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of shares of Warrant Stock for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

2. Disposition of Warrant Stock and Warrant.

a. The Holder hereby acknowledges that this Warrant and any Warrant Stock purchased pursuant hereto are, as of the date hereof, not registered: (i) under the Securities Act of 1933, as amended (the "Securities Act"), on the ground that the issuance of this Warrant is exempt from registration under Section 4a(2) of the Securities Act as not involving any public offering or (ii) under any applicable state securities law because the issuance of this Warrant does not involve any public offering; and that the Company's reliance on the Section 4a(2) exemption of the Act, as the case may be, and under applicable state securities laws is predicated in part on the representations hereby made to the Company by the Holder that it is acquiring this Warrant and will acquire the Warrant Stock for investment for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same, subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

The Holder hereby agrees that it will not sell or transfer all or any part of this Warrant and/or Warrant Stock unless and until it shall first have given notice to the Company describing such sale or transfer and furnished to the Company either (i) an opinion, reasonably satisfactory to counsel for the Company, of counsel (skilled in securities matters, selected by the Holder) to the effect that the proposed sale or transfer may be made without registration under the Securities Act and without registration or qualification under any state law, or (ii) an interpretative letter from the Securities and Exchange Commission to the effect that no enforcement action will be recommended if the proposed sale or transfer is made without registration under the Securities Act.

b. If, at the time of issuance of the shares issuable upon exercise of this Warrant, no registration statement is in effect with respect to such shares under applicable provisions of the Securities Act, the Company may at its election require that the Holder provide the Company with written reconfirmation of the Holder's investment intent and that any stock certificate delivered to the Holder of a surrendered Warrant shall bear legends reading substantially as follows:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES."

In addition, so long as the foregoing legend may remain on any stock certificate delivered to the Holder, the Company may maintain appropriate "stop transfer" orders with respect to such certificates and the shares represented thereby on its books and records and with those to whom it may delegate registrar and transfer functions.

3. Exchange, Transfer or Assignment of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of different denominations, entitling the Holder or Holders thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. Upon surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled. This Warrant may be divided or combined with other Warrants that carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the names and denominations in which new Warrants are to be issued and signed by the Holder hereof.

4. Capital Adjustments. This Warrant is subject to the following further provisions:

a. Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its Common Stock, the number of shares of Warrant Stock purchasable upon exercise of this Warrant and the Warrant Price shall be proportionately adjusted.

b. Stock Dividends and Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall issue or pay the holders of its Common Stock, or take a record of the holders of its Common Stock for the purpose of entitling them to receive, a dividend payable in, or other distribution of, Common Stock, then (i) the Warrant Price shall be adjusted in accordance with Section 4(e) and (ii) the number of shares of Warrant Stock purchasable upon exercise of this Warrant shall be adjusted to the number of shares of Common Stock that the Holder would have owned immediately following such action had this Warrant been exercised immediately prior thereto.

d. Stock and Rights Offering to Shareholders. If the Company shall at any time after the date of issuance of this Warrant distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings or current year's or prior year's earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in the immediately preceding paragraph) (any of the foregoing being hereinafter in this paragraph called the "Securities"), then in each such case, the Company shall reserve shares or other units of such Securities for distribution to the Holder upon exercise of this Warrant so that, in addition to the shares of the Common Stock to which such Holder is entitled, such Holder will receive upon such exercise the amount and kind of such Securities which such Holder would have received if the Holder had, immediately prior to the record date for the distribution of the Securities, exercised this Warrant.

d. Intentionally Omitted.

e. Warrant Price Adjustment. Except as otherwise provided herein, whenever the number of shares of Warrant Stock purchasable upon exercise of this Warrant is adjusted, as herein provided, the Warrant Price payable upon the exercise of this Warrant shall be adjusted to that price determined by multiplying the Warrant Price immediately prior to such adjustment by a fraction (i) the numerator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately prior to such adjustment, and (ii) the denominator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately thereafter.

f. Certain Shares Excluded. The number of shares of Common Stock outstanding at any given time for purposes of the adjustments set forth in this Section 4 shall exclude any shares then directly or indirectly held in the treasury of the Company.

g. Deferral and Cumulation of De Minimis Adjustments. The Company shall not be required to make any adjustment pursuant to this Section 4 if the amount of such adjustment would be less than one percent (1%) of the Warrant Price in effect immediately before the event that would otherwise have given rise to such adjustment. In such case, however, any adjustment that would otherwise have been required to be made shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to not less than one percent (1%) of the Warrant Price in effect immediately before the event giving rise to such next subsequent adjustment.

h. Duration of Adjustment. Following each computation or readjustment as provided in this Section 4, the new adjusted Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant shall remain in effect until a further computation or readjustment thereof is required.

5. Limitation on Exercises.

a. Notwithstanding anything to the contrary set forth in this Warrant, at no time may all or a portion of the Warrant be exercised if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by the Holder at such time, the number of shares of Common Stock which would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) more than 4.99% of all of the Common Stock outstanding at such time; provided, however, that upon the Holder providing the Corporation with sixty-one (61) days' advance notice (the "4.99% Waiver Notice") that the Holder would like to waive this Section 5(a) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 5(a) will be of no force or effect with regard to all or a portion of this Warrant referenced in the 4.99% Waiver Notice.

b. Notwithstanding anything to the contrary set forth in this Warrant, at no time may all or a portion of this Warrant be exercised if the number of shares of Common Stock to be issued pursuant to such exercise, when aggregated with all other shares of Common Stock owned by the Holder at such time, would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock outstanding at such time (the "9.99% Beneficial Ownership Limitation" and the lower of the 9.99% Beneficial Ownership Limitation and the 4.99% Beneficial Ownership Limitation then in effect, the "Maximum Percentage").

c. By written notice to the Company, the Holder may from time to time decrease the Maximum Percentage to any other percentage specified in such notice

d. For purposes of this Warrant, in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (1) the Company's most recent Form 10-K, Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission, as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company setting forth the number of shares of Common Stock outstanding. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) business day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 5 to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation.

6. Notice to Holders.

a. Notice of Record Date. In case:

(i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right;

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation with or merger of the Company into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company will mail or cause to be mailed to the Holder hereof at the time outstanding a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution or winding-up. Such notice shall be mailed at least thirty (30) days prior to the record date therein specified, or if no record date shall have been specified therein, at least thirty (30) days prior to such specified date, provided, however, failure to provide any such notice shall not affect the validity of such transaction.

b. Certificate of Adjustment. Whenever any adjustment shall be made pursuant to Section 4 hereof, the Company shall promptly make a certificate signed by its Chairman, Chief Executive Officer, President, Vice President, Chief Financial Officer or Treasurer, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant after giving effect to such adjustment, and shall promptly cause copies of such certificates to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant.

7. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence satisfactory to it, in the exercise of its reasonable discretion, of the ownership and the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company and, in the case of mutilation, upon surrender and cancellation thereof, the Company will execute and deliver in lieu thereof, without expense to the Holder, a new Warrant of like tenor dated the date hereof.

8. Warrant Holder Not a Stockholder. The Holder of this Warrant, as such, shall not be entitled by reason of this Warrant to any rights whatsoever as a stockholder of the Company.

9. Notices. Any notice required or contemplated by this Warrant shall be deemed to have been duly given if transmitted by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service, to the Company at its principal executive offices located at 57 West 57th Street, Suite 400, New York, NY 10019 Attn: Chief Executive Officer, or to the Holder at the name and address set forth in the Warrant Register maintained by the Company.

10. Choice of Law. THIS WARRANT IS ISSUED UNDER AND SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

11. Jurisdiction and Venue. The Company and Holder hereby agree that any dispute which may arise between them arising out of or in connection with this Warrant shall be adjudicated before a court located in New York County, New York and they hereby submit to the exclusive jurisdiction of the federal and state courts of the State of York located in New York County with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Warrant or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth herein or such other address as either party shall furnish in writing to the other.

12. Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent signed by both (a) the Company and (b) holders of Warrants representing a majority of the Warrant Stock then outstanding and not exercised.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has duly caused this Warrant to be signed on its behalf, in its corporate name and by its duly authorized officers, as of this 19th day of August, 2020.

By: _____
Name: Itamar Shimrat
Title: Chief Executive Officer

NOTICE OF EXERCISE

TO:

Tel: () - -
Fax: () - -

(1) The undersigned hereby elects to purchase _____ shares of Warrant Stock of the Company pursuant to the terms of the attached Warrant to Purchase Common Stock, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of:

in lawful money of the United States

the cancellation of such number of Warrant Stock as is necessary, in accordance with the formula set forth in Section 1(a) to exercise this Warrant with respect to the maximum number of Warrant Stock purchasable pursuant to the cashless exercise procedure set forth in subsection 1(a).

Please issue a certificate or certificates representing said shares of Warrant Stock in the name of the undersigned or in such other name as is specified below:

The shares of Warrant Stock shall be delivered to the following DWAC Account Number, if permitted, or by physical delivery of a certificate to:

(3) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity:

Signature of Authorized Signatory of Investing Entity:

Name and Title of Authorized Signatory:

Date:

ASSIGNMENT FORM

(To assign the foregoing warrant, execute

this form and supply required information.

Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, all of or _____ shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

Dated: _____,

Holder's Name:

Holder's Signature:

Name and Title of Signatory:

Holder's Address:

Signature Guaranteed:

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

WARRANT

NO. CLCS ADV __

200,000 Shares

WARRANT TO PURCHASE COMMON STOCKVOID AFTER 5:30 P.M., EASTERN
TIME, ON THE EXPIRATION DATE

THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

FOR VALUE RECEIVED, Cell Source, Inc. a Nevada corporation (the "Company"), hereby agrees to sell upon the terms and on the conditions hereinafter set forth, but no later than 5:30 p.m., Eastern Time, on the Expiration Date (as hereinafter defined) to _____ or registered assigns (the "Holder"), under the terms as hereinafter set forth, **Two Hundred Thousand (200,000)** fully paid and non-assessable shares of the Company's common stock (the "Common Stock"), par value \$.001 per share (the "Warrant Stock"), at a purchase price of \$0.75 per share (the "Warrant Price"), pursuant to this warrant (this "Warrant"). The number of shares of Warrant Stock to be so issued and the Warrant Price are subject to adjustment in certain events as hereinafter set forth. The term "Common Stock" shall mean, when used herein, unless the context otherwise requires, the stock and other securities and property at the time receivable upon the exercise of this Warrant.

1. Exercise of Warrant and Redemption of Warrant.

a. This Warrant shall become exercisable in monthly installments on a cumulative basis during the sixteen month period commencing upon the date of this Warrant as follows:

<u>Date</u>	<u>Shares that may be Purchased</u>
September 20, 2020	12,500 shares
October 20, 2020	12,500 shares
November 20, 2020	12,500 shares
December 20, 2020	12,500 shares
January 20, 2021	12,500 shares
February 20, 2021	12,500 shares
March 20, 2021	12,500 shares
April 20, 2021	12,500 shares
May 20, 2021	12,500 shares
June 20, 2021	12,500 shares
July 20, 2021	12,500 shares
August 20, 2021	12,500 shares
September 20, 2021	12,500 shares
October 20, 2021	12,500 shares
November 20, 2021	12,500 shares
December 20, 2021	12,500 shares

Shares that are eligible to be purchased in accordance with the schedule set forth above shall be considered as "Vested Shares." Shares that are not eligible to be purchased in accordance with the schedule set forth above shall be considered "Unvested Shares." In the event that certain Advisory Agreement dated as of August 20, 2020 between the Holder and the Company is terminated for any reason prior to the expiration of its term, then this Warrant shall thereafter be exercisable only for Vested Shares and shall not thereafter be exercisable for Unvested Shares.

The Holder may exercise this Warrant according to its terms by surrendering this Warrant to the Company at the address set forth in Section 9, the Notice of Exercise attached hereto having then been duly executed by the Holder, accompanied by cash, certified check or bank draft in payment of the purchase price, in lawful money of the United States of America, for the number of shares of the Warrant Stock specified in the Notice of Exercise, or as otherwise provided in this Warrant, prior to 5:30 p.m., Eastern Time, on August 20, 2025 (the "Expiration Date").

Notwithstanding anything to the contrary herein, if at any time commencing beginning after the date of this Warrant, there is no effective registration statement registering, or no current prospectus available for the resale of the Warrant Stock by the Holder, then this Warrant may also be exercised at the Holder's election, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Stock equal to the quotient obtained by dividing $[(A-B) (X)]$ by (A), where:

(A) = the 3 day VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Warrant Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Stock that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market or OTCQB, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Board of Directors of the Company.

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

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQB or the OTCQX.

This Warrant may be exercised in whole or in part so long as any exercise in part hereof would not involve the issuance of fractional shares of Warrant Stock. If exercised in part, the Company shall deliver to the Holder a new Warrant, identical in form, in the name of the Holder, evidencing the right to purchase the number of shares of Warrant Stock as to which this Warrant has not been exercised, which new Warrant shall be signed by the Chairman, Chief Executive Officer or President and the Secretary or Assistant Secretary of the Company. The term Warrant as used herein shall include any subsequent Warrant issued as provided herein.

b. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. The Company shall pay cash in lieu of fractions with respect to the Warrants based upon the fair market value of such fractional shares of Common Stock (which shall be the closing price of such shares on the exchange or market on which the Common Stock is then traded) at the time of exercise of this Warrant.

c. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Stock so purchased, registered in the name of the Holder, shall be delivered to the Holder within three (3) trading days after such rights shall have been so exercised (the "Warrant Stock Delivery Date"). The person or entity in whose name any certificate for the Warrant Stock is issued upon exercise of the rights represented by this Warrant shall for all purposes be deemed to have become the holder of record of such shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the Warrant Price and any applicable taxes was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the opening of business on the next succeeding date on which the stock transfer books are open. The Company shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on exercise of this Warrant.

d. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder a certificate or the certificates representing the Warrant Stock pursuant to an exercise on or prior to the Warrant Stock Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Stock which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of shares of Warrant Stock that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of shares of Warrant Stock for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

2. Disposition of Warrant Stock and Warrant.

a. The Holder hereby acknowledges that this Warrant and any Warrant Stock purchased pursuant hereto are, as of the date hereof, not registered: (i) under the Securities Act of 1933, as amended (the "Securities Act"), on the ground that the issuance of this Warrant is exempt from registration under Section 4a(2) of the Securities Act as not involving any public offering or (ii) under any applicable state securities law because the issuance of this Warrant does not involve any public offering; and that the Company's reliance on the Section 4a(2) exemption of the Act, as the case may be, and under applicable state securities laws is predicated in part on the representations hereby made to the Company by the Holder that it is acquiring this Warrant and will acquire the Warrant Stock for investment for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same, subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

The Holder hereby agrees that it will not sell or transfer all or any part of this Warrant and/or Warrant Stock unless and until it shall first have given notice to the Company describing such sale or transfer and furnished to the Company either (i) an opinion, reasonably satisfactory to counsel for the Company, of counsel (skilled in securities matters, selected by the Holder) to the effect that the proposed sale or transfer may be made without registration under the Securities Act and without registration or qualification under any state law, or (ii) an interpretative letter from the Securities and Exchange Commission to the effect that no enforcement action will be recommended if the proposed sale or transfer is made without registration under the Securities Act.

b. If, at the time of issuance of the shares issuable upon exercise of this Warrant, no registration statement is in effect with respect to such shares under applicable provisions of the Securities Act, the Company may at its election require that the Holder provide the Company with written reconfirmation of the Holder's investment intent and that any stock certificate delivered to the Holder of a surrendered Warrant shall bear legends reading substantially as follows:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES."

In addition, so long as the foregoing legend may remain on any stock certificate delivered to the Holder, the Company may maintain appropriate "stop transfer" orders with respect to such certificates and the shares represented thereby on its books and records and with those to whom it may delegate registrar and transfer functions.

3. Exchange, Transfer or Assignment of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of different denominations, entitling the Holder or Holders thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. Upon surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled. This Warrant may be divided or combined with other Warrants that carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the names and denominations in which new Warrants are to be issued and signed by the Holder hereof.

4. Capital Adjustments. This Warrant is subject to the following further provisions:

a. Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its Common Stock, the number of shares of Warrant Stock purchasable upon exercise of this Warrant and the Warrant Price shall be proportionately adjusted.

b. Stock Dividends and Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall issue or pay the holders of its Common Stock, or take a record of the holders of its Common Stock for the purpose of entitling them to receive, a dividend payable in, or other distribution of, Common Stock, then (i) the Warrant Price shall be adjusted in accordance with Section 4(e) and (ii) the number of shares of Warrant Stock purchasable upon exercise of this Warrant shall be adjusted to the number of shares of Common Stock that the Holder would have owned immediately following such action had this Warrant been exercised immediately prior thereto.

d. Stock and Rights Offering to Shareholders. If the Company shall at any time after the date of issuance of this Warrant distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings or current year's or prior year's earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in the immediately preceding paragraph) (any of the foregoing being hereinafter in this paragraph called the "Securities"), then in each such case, the Company shall reserve shares or other units of such Securities for distribution to the Holder upon exercise of this Warrant so that, in addition to the shares of the Common Stock to which such Holder is entitled, such Holder will receive upon such exercise the amount and kind of such Securities which such Holder would have received if the Holder had, immediately prior to the record date for the distribution of the Securities, exercised this Warrant.

d. Intentionally Omitted.

e. Warrant Price Adjustment. Except as otherwise provided herein, whenever the number of shares of Warrant Stock purchasable upon exercise of this Warrant is adjusted, as herein provided, the Warrant Price payable upon the exercise of this Warrant shall be adjusted to that price determined by multiplying the Warrant Price immediately prior to such adjustment by a fraction (i) the numerator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately prior to such adjustment, and (ii) the denominator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately thereafter.

f. Certain Shares Excluded. The number of shares of Common Stock outstanding at any given time for purposes of the adjustments set forth in this Section 4 shall exclude any shares then directly or indirectly held in the treasury of the Company.

g. Deferral and Cumulation of De Minimis Adjustments. The Company shall not be required to make any adjustment pursuant to this Section 4 if the amount of such adjustment would be less than one percent (1%) of the Warrant Price in effect immediately before the event that would otherwise have given rise to such adjustment. In such case, however, any adjustment that would otherwise have been required to be made shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to not less than one percent (1%) of the Warrant Price in effect immediately before the event giving rise to such next subsequent adjustment.

h. Duration of Adjustment. Following each computation or readjustment as provided in this Section 4, the new adjusted Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant shall remain in effect until a further computation or readjustment thereof is required.

5. Limitation on Exercises.

a. Notwithstanding anything to the contrary set forth in this Warrant, at no time may all or a portion of the Warrant be exercised if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by the Holder at such time, the number of shares of Common Stock which would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) more than 4.99% of all of the Common Stock outstanding at such time; provided, however, that upon the Holder providing the Corporation with sixty-one (61) days' advance notice (the "4.99% Waiver Notice") that the Holder would like to waive this Section 5(a) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 5(a) will be of no force or effect with regard to all or a portion of this Warrant referenced in the 4.99% Waiver Notice.

b. Notwithstanding anything to the contrary set forth in this Warrant, at no time may all or a portion of this Warrant be exercised if the number of shares of Common Stock to be issued pursuant to such exercise, when aggregated with all other shares of Common Stock owned by the Holder at such time, would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock outstanding at such time (the "9.99% Beneficial Ownership Limitation" and the lower of the 9.99% Beneficial Ownership Limitation and the 4.99% Beneficial Ownership Limitation then in effect, the "Maximum Percentage").

c. By written notice to the Company, the Holder may from time to time decrease the Maximum Percentage to any other percentage specified in such notice

d. For purposes of this Warrant, in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (1) the Company's most recent Form 10-K, Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission, as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company setting forth the number of shares of Common Stock outstanding. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) business day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 5 to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation.

6. Notice to Holders.

a. Notice of Record Date. In case:

(i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right;

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation with or merger of the Company into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company will mail or cause to be mailed to the Holder hereof at the time outstanding a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution or winding-up. Such notice shall be mailed at least thirty (30) days prior to the record date therein specified, or if no record date shall have been specified therein, at least thirty (30) days prior to such specified date, provided, however, failure to provide any such notice shall not affect the validity of such transaction.

b. Certificate of Adjustment. Whenever any adjustment shall be made pursuant to Section 4 hereof, the Company shall promptly make a certificate signed by its Chairman, Chief Executive Officer, President, Vice President, Chief Financial Officer or Treasurer, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant after giving effect to such adjustment, and shall promptly cause copies of such certificates to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant.

7. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence satisfactory to it, in the exercise of its reasonable discretion, of the ownership and the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company and, in the case of mutilation, upon surrender and cancellation thereof, the Company will execute and deliver in lieu thereof, without expense to the Holder, a new Warrant of like tenor dated the date hereof.

8. Warrant Holder Not a Stockholder. The Holder of this Warrant, as such, shall not be entitled by reason of this Warrant to any rights whatsoever as a stockholder of the Company.

9. Notices. Any notice required or contemplated by this Warrant shall be deemed to have been duly given if transmitted by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service, to the Company at its principal executive offices located at 57 West 57th Street, Suite 400 New York, NY 10019, Attn: Chief Executive Officer, or to the Holder at the name and address set forth in the Warrant Register maintained by the Company.

10. Choice of Law. THIS WARRANT IS ISSUED UNDER AND SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

11. Jurisdiction and Venue. The Company and Holder hereby agree that any dispute which may arise between them arising out of or in connection with this Warrant shall be adjudicated before a court located in New York County, New York and they hereby submit to the exclusive jurisdiction of the federal and state courts of the State of York located in New York County with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Warrant or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth herein or such other address as either party shall furnish in writing to the other.

12. Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent signed by both (a) the Company and (b) holders of Warrants representing a majority of the Warrant Stock then outstanding and not exercised.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has duly caused this Warrant to be signed on its behalf, in its corporate name and by its duly authorized officers, as of this 20th day of August, 2020.

By: _____
Name: Itamar Shimrat
Title: Chief Executive Officer

NOTICE OF EXERCISE

TO:

Tel: () - -
Fax: () - -

(1) The undersigned hereby elects to purchase _____ shares of Warrant Stock of the Company pursuant to the terms of the attached Warrant to Purchase Common Stock, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of:

in lawful money of the United States

the cancellation of such number of Warrant Stock as is necessary, in accordance with the formula set forth in Section 1(a) to exercise this Warrant with respect to the maximum number of Warrant Stock purchasable pursuant to the cashless exercise procedure set forth in subsection 1(a).

Please issue a certificate or certificates representing said shares of Warrant Stock in the name of the undersigned or in such other name as is specified below:

The shares of Warrant Stock shall be delivered to the following DWAC Account Number, if permitted, or by physical delivery of a certificate to:

(3) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity:

Signature of Authorized Signatory of Investing Entity:

Name and Title of Authorized Signatory:

Date:

ASSIGNMENT FORM

(To assign the foregoing warrant, execute

this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, all of or _____ shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

Dated: _____.

Holder's Name:

Holder's Signature:

Name and Title of Signatory:

Holder's Address:

Signature Guaranteed:

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

CELL SOURCE, INC. 2019 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the Cell Source, Inc. 2019 Equity Incentive Plan (the “Plan”) shall have the same defined meanings in this Stock Option Agreement (this “Option Agreement” or “Agreement”).

Name:

Address:

The undersigned Participant has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

I. NOTICE OF STOCK OPTION GRANT

Name:

Address:

The undersigned Participant has been granted an Option to Purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Date of Grant:	<u>August 19, 2020</u>
Vesting Commencement Date	<u>August 19, 2020</u>
Exercise Price per Share:	<u>\$.75</u>
Total Number of Shares Granted:	<u></u>
Total Exercise Price:	<u>\$</u>
Type of Option:	<u>Nonstatutory Stock Option</u>
Term/Expiration Date:	<u>August 19, 2025</u>

Number of Shares

The Company hereby grants the Participant an Option to purchase 300,000 (Three Hundred Thousand) shares of Common Stock.

This grant shall add to any other option grant agreed by the Company and the Grantee.

Vesting Schedule:

This Option shall be fully vest and shall be exercisable, in whole as of the date of this Agreement.

II. AGREEMENT

1. Grant of Option. The Administrator of the Company hereby grants to the Participant named in the Notice of Stock Option Grant in Part I of this Agreement (“**Participant**”), an option (the “**Option**”) to purchase the number of Shares set forth in the Notice of Stock Option Grant, at the exercise price per Share set forth in the Notice of Stock Option Grant (the “**Exercise Price**”), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Stock Option Grant as an Incentive Stock Option (“ISO”), this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that it exceeds the \$100,000 rule of Code Section 422(d), this Option shall be treated as a Nonstatutory Stock Option (“NSO”). Further, if for any reason this Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event shall the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

2. Exercise of Option.
 - (a) Right to Exercise. This Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Stock Option Grant and with the applicable provisions of the Plan and this Option Agreement.
 - (b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the “**Exercise Notice**”) or in a manner and pursuant to such procedures as the Administrator may determine, which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised (the “**Exercised Shares**”), and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares, together with any applicable tax withholding. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by payment of the aggregate Exercise Price, together with any applicable tax withholding.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise comply with Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to Participant on the date on which the Option is exercised with respect to such Shares.

3. Lock-Up Period. Participant hereby agrees that Participant shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Participant (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred and eighty (180) days following the effective date of any registration statement of the Company filed under the Securities Act (or such other period as may be requested by the Company or the underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto).

Participant agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Participant shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 3 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Securities Exchange Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred and eighty (180) day (or other) period. Participant agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section 3.

4. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Participant:

- (a) cash;
- (b) check;
- (c) using a “cashless exercise” method, in which event the Company shall issue to the Participant the number of Shares determined as follows:

$$X = Y[(A-B)/A]$$

where:

X = the number of Shares to be issued to the Participant.

Y = the number of Shares with respect to which this Option is being exercised.

A = the Fair Market Value of the Company’s Common Stock (as defined in the Plan).

B = the Exercise Price.

- (d) consideration received by the Company under another formal cashless exercise program adopted by the Company at the direction of the Administrator in connection with the Plan; or
 - (e) surrender of other Shares which (i) shall be valued at their Fair Market Value on the date of exercise, and (ii) must be owned free and clear of any liens, claims, encumbrances or security interests, if accepting such Shares, in the sole discretion of the Administrator, shall not result in any adverse accounting consequences to the Company.
5. Restrictions on Exercise. This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.
6. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than to a Permitted Transferee who agrees to be bound by the terms of this Option Agreement or by will or by the laws of descent or distribution. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant.
7. Term of Option. This Option may be exercised only within the term set out in the Notice of Stock Option Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

8. Tax Obligations.
- (a) Tax Withholding. Participant agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Participant) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements applicable to the Option exercise. Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver the Shares if such withholding amounts are not delivered at the time of exercise.
 - (b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, or (ii) the date one (1) year after the date of exercise, Participant shall immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.
 - (c) Code Section 409A. Notwithstanding any provision of the Plan or this Option Agreement to the contrary, this Option is intended to be exempt from Code Section 409A; provided, that the Company does not guarantee to Participant any particular tax treatment of the Option. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on Participant by Code Section 409A or any damages for failing to comply with Code Section 409A.
9. Entire Agreement, Governing Law. The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant. This Option Agreement is governed by the internal substantive laws but not the choice of law rules of Nevada.
10. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions of this Option Agreement and the Plan. Participant has reviewed the Plan and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement and fully understands all provisions of this Option Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT

CELL SOURCE, INC.

Signature

By:

Print Name

Print Name

Residence Address

Title

Email Address

CELL SOURCE, INC. (the "Corporation")
 2019 ISRAELI EQUITY INCENTIVE SUB PLAN
 TO THE
 2019 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the Cell Source, Inc. 2019 Equity Incentive Plan, including the 2019 Israeli Equity Incentive Sub-Plan (together hereinafter the "Plan") shall have the same defined meanings in this Stock Option Agreement (this "Option Agreement" or "Agreement").

I. NOTICE OF STOCK OPTION GRANT

Name: _____

Address: _____

The undersigned Participant has been granted an Option to Purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Date of Grant:	October 7, 2020
Vesting Commencement Date	March 31, 2021
Exercise Price per Share:	\$US1.00 (One US\$) per share
Total Number of Shares subject to the Option	500,000
Total Exercise Price:	\$500,000
Type of the Option:	Approved 102 Option – Capital Gain Option (CGO)
Term/Expiration Date:	October 7, 2025

Vesting Schedule:

The Option shall vest and become exercisable in full during the two year period following the Grant Date according to the following schedule: twelve and one-half of a percent (12.5%) of the Shares subject to the Option shall vest and become exercisable at the end of the first calendar quarter that follows the Grant Date and additional twelve and one-half of a percent (12.5%) of the Shares subject to the Option shall vest and become exercisable at the end of each subsequent quarter over the course of the two year period following the Grant Date.

Termination Period:

This Option shall be exercisable for eighteen (18) months after Participant ceases to be engaged with the Corporation or any of its Affiliates, unless such cessation is due to Participant's death or Disability, in which case this Option shall be exercisable for twenty four (24) months after Participant ceases to be so engaged with the Corporation. Notwithstanding the foregoing sentence, in no event may this Option be exercised after the Term/Expiration Date as provided above and this Option may be subject to earlier termination as provided in the Plan.

II. AGREEMENT

1. Grant of Option. The Administrator of the Company hereby grants to the Participant named in the Notice of Stock Option Grant in Part I of this Agreement ("**Participant**"), an option (the "**Option**") to purchase the number of Shares set forth in the Notice of Stock Option Grant, at the exercise price per Share set forth in the Notice of Stock Option Grant (the "**Exercise Price**"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of this Agreement shall prevail.

2. Exercise of Option.

(a) Right to Exercise. This Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Stock Option Grant and with the applicable provisions of the Plan and this Option Agreement.

(b) Method of Exercise. This Option may be exercised in full or in part and shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "**Exercise Notice**") or in a manner and pursuant to such procedures as the Administrator may determine, which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised (the "**Exercised Shares**"), and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares, together with any applicable tax withholding. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by payment of the aggregate Exercise Price, together with any applicable tax withholding.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise comply with Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to Participant on the date on which the Option is exercised with respect to such Shares.

3. Lock-Up Period. Participant hereby agrees that Participant shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Participant (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred and eighty (180) days following the effective date of any registration statement of the Company filed under the Securities Act (or such other period as may be requested by the Company or the underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto).

Participant agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Participant shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 4 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Securities Exchange Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred and eighty (180) day (or other) period. Participant agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section 4.

4. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Participant:

- (a) cash;
- (b) check;
- (c) using a "cashless exercise" method, in which event the Company shall issue to the Participant the number of Shares determined as follows:

$$X = Y[(A-B)/A]$$

where:

X = the number of Shares to be issued to the Participant.

Y = the number of Shares with respect to which this Option is being exercised.

A = the Fair Market Value of the Company's Common Stock (as defined in the Plan).

B = the Exercise Price.

- (d) consideration received by the Company under another formal cashless exercise program adopted by the Company at the direction of the Administrator in connection with the Plan; or
 - (e) surrender of other Shares which (i) shall be valued at their Fair Market Value on the date of exercise, and (ii) must be owned free and clear of any liens, claims, encumbrances or security interests, if accepting such Shares, in the sole discretion of the Administrator, shall not result in any adverse accounting consequences to the Company.
5. Restrictions on Exercise. This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.
6. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant.
7. Term of Option. This Option may be exercised only within the term set out in the Notice of Stock Option Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

8. Tax Obligations.

- (a) Tax Withholding. Participant agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Participant) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements applicable to the Option exercise. Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver the Shares if such withholding amounts are not delivered at the time of exercise.
- (b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, or (ii) the date one (1) year after the date of exercise, Participant shall immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.
- (c) Code Section 409A. Notwithstanding any provision of the Plan or this Option Agreement to the contrary, this Option is intended to be exempt from Code Section 409A; provided, that the Company does not guarantee to Participant any particular tax treatment of the Option. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on Participant by Code Section 409A or any damages for failing to comply with Code Section 409A.

9. Entire Agreement, Governing Law. The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant. This Option Agreement is governed by the laws of the State of Israel and the authorized court in Tel Aviv, Israel shall have an exclusive jurisdiction with respect to any dispute arising from or associated with this Agreement.

10. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions of this Option Agreement and the Plan. Participant has reviewed the Plan and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement and fully understands all provisions of this Option Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT

CELL SOURCE, INC.

Signature

By:

Print Name

Print Name

Residence Address

Title

Email Address

NEITHER THIS NOTE NOR THE SECURITIES INTO WHICH THIS NOTE IS CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES LAW AND NEITHER THIS NOTE NOR ANY INTEREST THEREIN NOR THE SECURITIES INTO WHICH THIS NOTE IS CONVERTIBLE MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS WHICH, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, IS AVAILABLE.

CELL SOURCE, INC.

8.0% Convertible Note

Maturity Date: April __, 2021

Principal Amount: \$ _____

This Convertible Note (the "Note") is issued by Cell Source, Inc., a Nevada corporation (the "Company"), effective as of the xth day of October 2020 (the "Issuance Date"), to _____ (the "Lender") pursuant to the exemptions from registration under the Securities Act of 1933.

ARTICLE I

PAYMENTS OF PRINCIPAL AND INTEREST; EVENTS OF DEFAULT

Section 1.1 For value received, the Company promises to pay to Lender, or Lender's registered assigns, _____ Dollars (\$ _____) (the "Principal Amount") pursuant to the terms, conditions and provisions of this Note. The Company shall pay interest to the Lender on the outstanding Principal Amount of this Note in accordance with Section 1.2. The Principal Amount and all accrued and unpaid interest thereon shall be due on April __, 2021 (the Maturity Date").

Section 1.2 Interest shall accrue daily at a rate equal to eight percent (8%) per annum and shall be payable, at the Company's option, either in cash or as payment-in-kind in shares of the Company's Common Stock, on the Maturity Date or, if the Lender elects to convert this Note in accordance with Section 2.2 below, on the Optional Conversion Date (as defined below). If the Company elects to pay interest in shares of the Company's Common Stock, the number of shares issuable shall be determined by dividing the dollar value of the interest being paid by \$0.75 (as such amount shall be equitably adjusted to give effect to stock splits, stock dividends and similar transactions).

Section 1.3 All payments of principal and interest shall be made to the Lender at the address set forth in Section 4.1 or such other address as the Lender shall notify the Company in writing ten (10) days prior to the due date of any payment or upon any prepayment of this Note as provided herein.

Section 1.4 The occurrence of any of the following events of default (each an "Event of Default") shall, at the option of the Lender, make all sums of principal and interest then remaining unpaid hereon and all other amounts payable hereunder immediately due and payable, upon demand, without presentment:

- (a) the Company fails to pay the Principal Amount and all accrued and unpaid interest on or before the Maturity Date.
- (b) the Company breaches any other provision of this Note and such breach is not cured within twenty (20) days after written notice thereof to the Company.
- (c) bankruptcy or insolvency proceedings or other proceedings or relief under any bankruptcy law or any other law, or the issuance of any notice in relation to such event, for the relief of debtors shall be instituted by the Company.

ARTICLE II
CONVERSION RIGHTS; CONVERSION PRICE

Section 2.1 Automatic Conversion. The Principal Amount of this Note shall automatically convert, on the Maturity Date, into fully paid and non-assessable shares of the Company's Series B Convertible Preferred Stock (the "Series B Stock") at a conversion price (the "Conversion Price") of \$7.50 per share. Promptly after the surrender of this Note on or after the Maturity Date, the Company shall issue and deliver to Lender _____ shares of Series B Stock. The Series B Stock shall convert into shares of the Company's Common Stock at a rate of ten (10) shares of Common Stock for each share of Series B Preferred Stock.

Section 2.2 Optional Conversion. During the period commencing on the date that the Company first issues any shares of its Series B Stock and ending on the day before the Maturity Date, the Lender shall have the right to convert at the Conversion Price all but not less than all of the outstanding Principal Amount of this Note into _____ fully paid and non-assessable shares of Series B Stock. Promptly after the surrender of this Note, accompanied by a Conversion Notice in the form attached hereto as Exhibit 1, properly completed and duly executed by the Lender (a "Conversion Notice"), the Company shall issue and deliver to the Lender _____ shares of Series B Stock. The date that the Conversion Notice is delivered by the Lender to the Company shall be referred to herein as the "Optional Conversion Date."

Section 2.3 Warrant. Upon receipt by the Company of the full \$ _____ of funding contemplated by this Note, the Company shall issue to the Lender a warrant to purchase _____ shares of the Company's Common Stock at an exercise price of \$1.25 per share. The Warrant will have a five (5) year term.

Section 2.4 Notice of Corporate Action. If at any time:

- (a) the Company shall take a record of the holders of its Common Stock or Series B stock for the purpose of entitling them to receive a dividend or other distribution, or any right to subscribe or purchase any evidences of indebtedness, any shares of stock of any class or any other securities or property, or to receive any other right, or

(b) there shall be any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any consolidation or merger of the Company with, or any sale, transfer or other disposition of all or substantially all of the property, assets or business of the Company to, another corporation or,

(c) there shall a voluntary or involuntary dissolution, liquidation or winding up of the Company; then, in any one or more of such cases, the Company shall give to Lender (i) at least 10 days' prior written notice of the date on which a record date shall be selected for such dividend, distribution or right or for determining rights to vote in respect of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, liquidation or winding up, and (ii) in the case of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, dissolution, liquidation or winding up, at least 10 days' prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause also shall specify (x) the date on which any such record is to be taken for the purpose of such dividend, distribution or right, the date on which the holders of Common Stock or Series B Stock shall be entitled to any such dividend, distribution or right, and the amount and character thereof, and (y) the date on which any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, dissolution, liquidation or winding up is to take place and the time, if any such time is to be fixed, as of which the holders of Common Stock or Series B Stock shall be entitled to exchange their shares of Common Stock or series B Stock for securities or other property deliverable upon such disposition, dissolution, liquidation or winding up. Each such written notice shall be sufficiently given if addressed to Lender at the last address of Lender appearing on the books of the Company and delivered in accordance with Section 4.1.

Section 2.5 Restrictions on Securities. This Note has been issued by the Company pursuant to the exemption from registration under the Securities Act of 1933, as amended (the "Act"). None of this Note or the shares of Series B Stock issuable upon conversion of this Note may be offered, sold or otherwise transferred unless (i) they first shall have been registered under the Act and applicable state securities laws or (ii) the Company shall have been furnished with an opinion of legal counsel (in form, substance and scope reasonably acceptable to Company) to the effect that such sale or transfer is exempt from the registration requirements of the Act. Each certificate for shares of Series B Stock issuable upon conversion of this Note that have not been so registered and that have not been sold pursuant to an exemption that permits removal of the applicable legend, shall bear a legend substantially in the following form, as appropriate.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, OR SUCH OFFERS, SALES AND TRANSFERS ARE MADE PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS.

Upon the request of a holder of a certificate representing any shares of Series B Stock issuable upon conversion of this Note, the Company shall remove the foregoing legend from the certificate or issue to such Lender a new certificate free of any transfer legend, if (a) with such request, the Company shall have received an opinion of counsel, reasonably satisfactory to the Company in form, substance and scope, to the effect that any such legend may be removed from such certificate or (b) a registration statement under the Act covering such securities is in effect.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF LENDER

Section 3.1 The Lender represents and warrants to the Company:

(a) The Lender, by acceptance of this Note, agrees that this Note is being acquired for investment and that such Lender will not offer, sell or otherwise dispose of this Note or the securities issuable upon conversion hereof except under circumstances that will not result in a violation of the Act or any applicable state securities laws or similar laws relating to the sale of securities;

(b) That Lender understands that neither this Note nor the Series B Stock issuable upon conversion hereof have been registered under the Securities Act, in reliance upon the exemptions from the registration provisions of the Act and any continued reliance on such exemption is predicated on the representations of the Lender set forth herein;

(c) Lender (i) has adequate means of providing for Lender's current needs and possible contingencies, (ii) has no need for liquidity in this investment, (iii) is able to bear the substantial economic risks of an investment in this Note for an indefinite period, (iv) at the present time, can afford a complete loss of such investment, and (v) does not have an overall commitment to investments which are not readily marketable that is disproportionate to Lender's net worth, and Lender's investment in this Note will not cause such overall commitment to become excessive;

(d) Lender is an "accredited investor" (as defined in Regulation D promulgated under the Securities Act) and the Lender's total investment in this Note does not exceed 10% of the Lender's net worth; and

(e) Lender recognizes that an investment in the Company involves significant risks and only investors who can afford the loss of their entire investment should consider investing in the Company and this Note.

(f) Lender acknowledges that detailed information pertaining to the Company, its financial condition, operating results, prospects and risk factors is set forth in the reports filed by the Company with the Securities and Exchange Commission that are available for inspection at the SEC's website, www.sec.gov.

ARTICLE IV
MISCELLANEOUS

Section 4.1 Notices. Any notice herein required or permitted to be given shall be in writing and may be personally served or delivered by courier or sent by United States mail and shall be deemed to have been given upon receipt if personally served (which shall include telephone line facsimile transmission) or sent by courier or three (3) days after being deposited in the United States mail, certified, with postage pre-paid and properly addressed, if sent by mail. For the purposes hereof, the address of the Lender shall be _____; and the address of the Company shall be 57 West 57th Street, Suite 400, New York, New York 10019. The Company shall accept electronic notice at "ishinrat@cell-source.com". Both the Lender and the Company may change the address for service by delivery of written notice to the other as herein provided.

Section 4.2 Entire Agreement and Amendment Provision. This Note represents the entire agreement between the parties hereto with respect to the subject matter hereof and there are no representations, warranties or commitments, except as set forth herein, and replaces and is issued in substitution for the Original Note, which is hereby cancelled. This Note and any provision hereof may be amended only by an instrument in writing signed by the Company and the Lender.

Section 4.3 Assignability. This Note shall be binding upon the Company and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns; provided, however, that so long as no Event of Default has occurred, this Note shall only be transferable in whole subject to the restrictions contained in the restrictive legend on the first page of this Note.

Section 4.4 Governing Law. This Note shall be governed by the internal laws of the State of New York, without regard to conflicts of laws principles. The parties hereby submit to the exclusive jurisdiction and venue of the state or federal courts sited in the State of New Jersey with respect to any dispute arising under this Note.

Section 4.5 Replacement of Note. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Note, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which shall not include the posting of any bond), and upon surrender and cancellation of such Note, if mutilated, the Company will make and deliver a new Note of like tenor.

Section 4.6 This Note shall not entitle the Lender to any of the rights of a stockholder of the Company, including without limitation, the right to vote, to receive dividends and other distributions, or to receive any notice of, or to attend, meetings of stockholders or any other proceedings of the Company, unless and to the extent converted into shares of Series B Stock in accordance with the terms hereof.

Section 4.7 Severability. In case any provision of this Note is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Note will not in any way be affected or impaired thereby.

Section 4.8 Headings. The headings of the sections of this Note are inserted for convenience only and do not affect the meaning of such section.

Section 4.9 Counterparts. This Note may be executed in multiple counterparts, each of which shall be an original, but all of this shall be deemed to constitute one instrument.

IN WITNESS WHEREOF, with the intent to be legally bound hereby, the Company has executed this Note on October xx, 2020.

CELL SOURCE, INC.

By: _____
Name: Itamar Shinrat
Title: Chief Executive Officer

LENDER

By: _____
Name:
Title:

EXHIBIT 1

CONVERSION NOTICE

(To be executed by the Lender in order to Convert the Note)

TO:

The undersigned hereby irrevocably elects to convert US \$ _____ of the Principal Amount outstanding under the above Note into shares of Series B Convertible Stock of Cell Source, Inc., according to the conditions stated therein. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the Lender for any conversion, except for such transfer taxes, if any.

Conversion Date:

Applicable Conversion Price: \$

Signature: _____

Name:

Address:

Tax I.D. or Soc. Sec. No.:

Principal Amount to be converted: US \$

Number of shares of Series B Stock to be issued:

WARRANT

NO. _____

_____ Shares

WARRANT TO PURCHASE COMMON STOCK

VOID AFTER 5:30 P.M., EASTERN

TIME, ON THE EXPIRATION DATE

THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

FOR VALUE RECEIVED, Cell Source, Inc. a Nevada corporation (the "Company"), hereby agrees to sell upon the terms and on the conditions hereinafter set forth, but no later than 5:30 p.m., Eastern Time, on the Expiration Date (as hereinafter defined) to _____ or registered assigns (the "Holder"), under the terms as hereinafter set forth, _____ (_____) fully paid and non-assessable shares of the Company's common stock (the "Common Stock"), par value \$0.001 per share (the "Warrant Stock"), at a purchase price of \$1.25 per share (the "Warrant Price"), pursuant to this warrant (this "Warrant"). The number of shares of Warrant Stock to be so issued and the Warrant Price are subject to adjustment in certain events as hereinafter set forth. The term "Common Stock" shall mean, when used herein, unless the context otherwise requires, the stock and other securities and property at the time receivable upon the exercise of this Warrant.

1. Exercise of Warrant and Redemption of Warrant.

a. The Holder may exercise this Warrant according to its terms by surrendering this Warrant to the Company at the address set forth in Section 10, the Notice of Exercise attached hereto having then been duly executed by the Holder, accompanied by cash, certified check or bank draft in payment of the purchase price, in lawful money of the United States of America, for the number of shares of the Warrant Stock specified in the Notice of Exercise, or as otherwise provided in this Warrant, prior to 5:30 p.m., Eastern Time, on October __, 2025 (the "Expiration Date").

This Warrant may be exercised in whole or in part so long as any exercise in part hereof would not involve the issuance of fractional shares of Warrant Stock. If exercised in part, the Company shall deliver to the Holder a new Warrant, identical in form, in the name of the Holder, evidencing the right to purchase the number of shares of Warrant Stock as to which this Warrant has not been exercised, which new Warrant shall be signed by the Chairman, Chief Executive Officer or President and the Secretary or Assistant Secretary of the Company. The term Warrant as used herein shall include any subsequent Warrant issued as provided herein.

b. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. The Company shall pay cash in lieu of fractions with respect to the Warrants based upon the fair market value of such fractional shares of Common Stock (which shall be the closing price of such shares on the exchange or market on which the Common Stock is then traded) at the time of exercise of this Warrant.

c. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Stock so purchased, registered in the name of the Holder, shall be delivered to the Holder within three (3) trading days after such rights shall have been so exercised (the "Warrant Stock Delivery Date"). The person or entity in whose name any certificate for the Warrant Stock is issued upon exercise of the rights represented by this Warrant shall for all purposes be deemed to have become the holder of record of such shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the Warrant Price and any applicable taxes was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the opening of business on the next succeeding date on which the stock transfer books are open. The Company shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on exercise of this Warrant.

d. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder a certificate or the certificates representing the Warrant Stock pursuant to an exercise on or prior to the Warrant Stock Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Stock which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of shares of Warrant Stock that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of shares of Warrant Stock for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

e. Redemption of Warrant

(i) General. Prior to the Expiration Date, the Company shall have the option, subject to the conditions set forth herein, to redeem all of the Warrants then outstanding upon not less than thirty (30) days nor more than sixty (60) days prior written notice to the Warrant Holders at any time provided that, at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the Warrant Shares, and (ii) the average trading price of the Company's Common Stock, or shares into which the Common Stock have been exchanged, for each of the twenty (20) consecutive trading days prior to the date of the notice of redemption is at least \$2.50, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events, with an average daily trading volume during such period of 100,000 shares.

(ii) Notice. Notice of redemption will be effective upon mailing in accordance with this Section and such date may be referred to below as the "Notice Date." Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than 30 days prior to the date fixed for redemption to the Holders of the Warrants to be redeemed at their last addresses as they shall appear on the registration books. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder received such notice.

(iii) Redemption Date and Redemption Price. The notice of redemption shall state the date set for redemption, which date shall be not less than thirty (30) days, or more than sixty (60) days, from the Notice Date (the "Redemption Date"). The Company shall not mail the notice of redemption unless all funds necessary to pay for redemption of the Warrants to be redeemed shall have first been set aside by the Company for the benefit of the Warrant Holders so as to be and continue to be available therefor. The redemption price to be paid to the Warrant Holders will be \$0.01 for each share of Common Stock of the Company to which the Warrant Holder would then be entitled upon exercise of the Warrant being redeemed, as adjusted from time to time as provided herein (the "Redemption Price").

(iv) Exercise. Following the Notice Date, the Warrant Holders may exercise their Warrants in accordance with Section 1 of this Warrant between the Notice Date and 5:00 p.m. Eastern Time on the Redemption Date and such exercise shall be timely if the form of election to purchase duly executed and the Warrant Exercise Price for the shares of Common Stock to be purchased are actually received by the Company at its principal offices prior to 5:00 p.m. Eastern Time on the Redemption Date.

(v) Mailing. If any Warrant Holder does not wish to exercise any Warrant being redeemed, he should mail such Warrant to the Company at its principal offices after receiving the notice of redemption. On and after 5:00 p.m. Eastern Time on the Redemption Date, notwithstanding that any Warrant subject to redemption shall not have been surrendered for redemption, the obligation evidenced by all Warrants not surrendered for redemption or effectively exercised shall be deemed no longer outstanding, and all rights with respect thereto shall forthwith cease and terminate, except only the right of the holder of each Warrant subject to redemption to receive the Redemption Price for each share of Common Stock to which he would be entitled if he exercised the Warrant upon receiving notice of redemption of the Warrant subject to redemption held by him.

2. Disposition of Warrant Stock and Warrant.

a. The Holder hereby acknowledges that this Warrant and any Warrant Stock purchased pursuant hereto are, as of the date hereof, not registered: (i) under the Securities Act of 1933, as amended (the "Securities Act"), on the ground that the issuance of this Warrant is exempt from registration under Section 4(2) of the Securities Act as not involving any public offering or (ii) under any applicable state securities law because the issuance of this Warrant does not involve any public offering; and that the Company's reliance on the Section 4(2) exemption of the Act, as the case may be, and under applicable state securities laws is predicated in part on the representations hereby made to the Company by the Holder that it is acquiring this Warrant and will acquire the Warrant Stock for investment for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same, subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

The Holder hereby agrees that it will not sell or transfer all or any part of this Warrant and/or Warrant Stock unless and until it shall first have given notice to the Company describing such sale or transfer and furnished to the Company either (i) an opinion, reasonably satisfactory to counsel for the Company, of counsel (skilled in securities matters, selected by the Holder) to the effect that the proposed sale or transfer may be made without registration under the Act and without registration or qualification under any state law, or (ii) an interpretative letter from the Securities and Exchange Commission to the effect that no enforcement action will be recommended if the proposed sale or transfer is made without registration under the Act.

b. If, at the time of issuance of the shares issuable upon exercise of this Warrant, no registration statement is in effect with respect to such shares under applicable provisions of the Act, the Company may at its election require that the Holder provide the Company with written reconfirmation of the Holder's investment intent and that any stock certificate delivered to the Holder of a surrendered Warrant shall bear legends reading substantially as follows:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES."

In addition, so long as the foregoing legend may remain on any stock certificate delivered to the Holder, the Company may maintain appropriate "stop transfer" orders with respect to such certificates and the shares represented thereby on its books and records and with those to whom it may delegate registrar and transfer functions.

3. Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance upon the exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance upon exercise of this Warrant. The Company further agrees that all shares which may be issued upon the exercise of the rights represented by this Warrant will be duly authorized and will, upon issuance and against payment of the exercise price, be validly issued, fully paid and non-assessable, free from all taxes, liens, charges and preemptive rights with respect to the issuance thereof, other than taxes, if any, in respect of any transfer occurring contemporaneously with such issuance and other than transfer restrictions imposed by federal and state securities laws.

4. Exchange, Transfer or Assignment of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of different denominations, entitling the Holder or Holders thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. Upon surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled. This Warrant may be divided or combined with other Warrants that carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the names and denominations in which new Warrants are to be issued and signed by the Holder hereof.

5. Capital Adjustments. This Warrant is subject to the following further provisions:

a. Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its Common Stock, the number of shares of Warrant Stock purchasable upon exercise of this Warrant and the Warrant Price shall be proportionately adjusted.

b. Stock Dividends and Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall issue or pay the holders of its Common Stock, or take a record of the holders of its Common Stock for the purpose of entitling them to receive, a dividend payable in, or other distribution of, Common Stock, then (i) the Warrant Price shall be adjusted in accordance with Section 5(f) and (ii) the number of shares of Warrant Stock purchasable upon exercise of this Warrant shall be adjusted to the number of shares of Common Stock that the Holder would have owned immediately following such action had this Warrant been exercised immediately prior thereto.

c. Stock and Rights Offering to Shareholders. If the Company shall at any time after the date of issuance of this Warrant distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings or current year's or prior year's earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in the immediately preceding paragraph) (any of the foregoing being hereinafter in this paragraph called the "Securities"), then in each such case, the Company shall reserve shares or other units of such Securities for distribution to the Holder upon exercise of this Warrant so that, in addition to the shares of the Common Stock to which such Holder is entitled, such Holder will receive upon such exercise the amount and kind of such Securities which such Holder would have received if the Holder had, immediately prior to the record date for the distribution of the Securities, exercised this Warrant.

d. Warrant Price Adjustment. Except as otherwise provided herein, whenever the number of shares of Warrant Stock purchasable upon exercise of this Warrant is adjusted, as herein provided, the Warrant Price payable upon the exercise of this Warrant shall be adjusted to that price determined by multiplying the Warrant Price immediately prior to such adjustment by a fraction (i) the numerator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately prior to such adjustment, and (ii) the denominator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately thereafter.

e. Certain Shares Excluded. The number of shares of Common Stock outstanding at any given time for purposes of the adjustments set forth in this Section 5 shall exclude any shares then directly or indirectly held in the treasury of the Company.

f. Deferral and Cumulation of De Minimis Adjustments. The Company shall not be required to make any adjustment pursuant to this Section 5 if the amount of such adjustment would be less than one percent (1%) of the Warrant Price in effect immediately before the event that would otherwise have given rise to such adjustment. In such case, however, any adjustment that would otherwise have been required to be made shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to not less than one (1%) percent of the Warrant Price in effect immediately before the event giving rise to such next subsequent adjustment.

g. Duration of Adjustment. Following each computation or readjustment as provided in this Section 5, the new adjusted Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant shall remain in effect until a further computation or readjustment thereof is required.

6. Limitation on Exercises.

a. Notwithstanding anything to the contrary set forth in this Warrant, at no time may all or a portion of the Warrant be exercised if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by the Holder at such time, the number of shares of Common Stock which would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) more than 4.99% of all of the Common Stock outstanding at such time; provided, however, that upon the Holder providing the Corporation with sixty-one (61) days' advance notice (the "4.99% Waiver Notice") that the Holder would like to waive this Section 6 (a) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 6 (a) will be of no force or effect with regard to all or a portion of this Warrant referenced in the 4.99% Waiver Notice.

b. Notwithstanding anything to the contrary set forth in this Warrant, at no time may all or a portion of this Warrant be exercised if the number of shares of Common Stock to be issued pursuant to such exercise, when aggregated with all other shares of Common Stock owned by the Holder at such time, would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock outstanding at such time (the “9.99% Beneficial Ownership Limitation” and the lower of the 9.99% Beneficial Ownership Limitation and the 4.99% Beneficial Ownership Limitation then in effect, the “Maximum Percentage”).

c. By written notice to the Company, the Holder may from time to time decrease the Maximum Percentage to any other percentage specified in such notice

d. For purposes of this Warrant, in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (1) the Company’s most recent Form 10-K, Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission, as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company setting forth the number of shares of Common Stock outstanding. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) business day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6 to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation.

7. Notice to Holders.

a. Notice of Record Date. In case:

(i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right;

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation with or merger of the Company into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company will mail or cause to be mailed to the Holder hereof at the time outstanding a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution or winding-up. Such notice shall be mailed at least thirty (30) days prior to the record date therein specified, or if no record date shall have been specified therein, at least thirty (30) days prior to such specified date, provided, however, failure to provide any such notice shall not affect the validity of such transaction.

b. Certificate of Adjustment. Whenever any adjustment shall be made pursuant to Section 5 hereof, the Company shall promptly make a certificate signed by its Chairman, Chief Executive Officer, President, Vice President, Chief Financial Officer or Treasurer, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant after giving effect to such adjustment, and shall promptly cause copies of such certificates to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant.

8. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence satisfactory to it, in the exercise of its reasonable discretion, of the ownership and the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company and, in the case of mutilation, upon surrender and cancellation thereof, the Company will execute and deliver in lieu thereof, without expense to the Holder, a new Warrant of like tenor dated the date hereof.

9. Warrant Holder Not a Stockholder. The Holder of this Warrant, as such, shall not be entitled by reason of this Warrant to any rights whatsoever as a stockholder of the Company.

10. Notices. Any notice required or contemplated by this Warrant shall be deemed to have been duly given if transmitted by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service, to the Company at its principal executive offices, Attn: Chief Executive Officer, or to the Holder at the name and address set forth in the Warrant Register maintained by the Company.

11. Choice of Law. THIS WARRANT IS ISSUED UNDER AND SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

12. Jurisdiction and Venue. The Company and Holder hereby agree that any dispute which may arise between them arising out of or in connection with this Warrant shall be adjudicated before a court located in New York County, New York and they hereby submit to the exclusive jurisdiction of the federal and state courts of the State of York located in New York County with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Warrant or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth herein or such other address as either party shall furnish in writing to the other.

13. Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent signed by both (a) the Company and (b) holders of Warrants representing a majority of the Warrant Stock then outstanding and not exercised

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has duly caused this Warrant to be signed on its behalf, in its corporate name and by its duly authorized officers, as of this ____ day of October, 2020.

By: _____
Name: Itamar Shinrat
Title: CEO

NOTICE OF EXERCISE

TO:

Tel: () -

Fax: () -

(1) The undersigned hereby elects to purchase _____ shares of Warrant Stock of the Company pursuant to the terms of the attached Warrant to Purchase Common Stock, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall be in the form of lawful money of the United States.

Please issue a certificate or certificates representing said shares of Warrant Stock in the name of the undersigned or in such other name as is specified below:

The shares of Warrant Stock shall be delivered to the following DWAC Account Number, if permitted, or by physical delivery of a certificate to:

(3) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name and Title of Authorized Signatory: _____

Date:

ASSIGNMENT FORM

(To assign the foregoing warrant, execute

this form and supply required information.

Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, all of or _____ shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

Holder's Name: _____

Dated: _____,

Holder's Signature: _____

Name and Title of Signatory: _____

Holder's Address:

Signature Guaranteed:

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Itamar Shinrat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cell Source, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2020

/s/ Itamar Shinrat

Itamar Shinrat

Chief Executive Officer and Chief Financial Officer

(Principal Executive, Financial, and Accounting Officer)

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Cell Source, Inc., a Nevada corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended September 30, 2020 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2020

/s/ Itamar Shinrat
Itamar Shinrat
Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial, and Accounting Officer)

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