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U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under  
the Securities Exchange Act of 1934

For Quarter Ended: **September 30, 2018**

Commission File Number: **000-52898**

**SUNSHINE BIOPHARMA, INC.**

(Exact name of small business issuer as specified in its charter)

**Colorado**

(State of other jurisdiction of incorporation)

**20-5566275**

(IRS Employer ID No.)

**6500 Trans-Canada Highway  
4th Floor**

**Pointe-Claire, Quebec, Canada H9R 0A5**  
(Address of principal executive offices)

**(514) 426-6161**

(Issuer's Telephone Number)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

Non-accelerated filer

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

The number of shares of the registrant's only class of Common Stock issued and outstanding as of November 16, 2018, was 1,632,980,943 shares.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Sunshine Biopharma Inc.  
Consolidated Condensed Balance Sheet

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 46,430	\$ 107,532
Accounts receivable	102,892	-
Prepaid expenses	1,166	9,667
Total Current Assets:	<u>150,488</u>	<u>117,199</u>
<b>Non-Current Assets:</b>		
Equipment (net of \$42,513 and \$9,132 depreciation resepctively)	280,224	59,996
Patents (net of \$58,918 amortization and \$556,120 impairment)	-	-
Deposits	-	80,290
Goodwill	673,646	-
TOTAL ASSETS	<u>\$ 1,104,358</u>	<u>\$ 257,485</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Notes payable	361,050	516,867
Notes payable - related party	225,195	205,742
Bank overdraft	11,750	-
Related party advances	14,408	-
Accounts payable & accrued expenses	104,994	19,314
Interest payable	29,732	9,215
Total Current Liabilities	<u>747,129</u>	<u>751,138</u>
<b>Long-term Liabilities:</b>		
Note payable	-	79,710
Related party note payable	312,566	-
TOTAL LIABILITIES	<u>1,059,695</u>	<u>830,848</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Preferred stock, Series A \$0.10 par value per share; Authorized 850,000 Shares; Issued and outstanding -0- shares	-	-
Preferred stock, Series B \$0.10 par value per share; Authorized 500,000 Shares; Issued and outstanding 500,000 shares	50,000	50,000
Common Stock, \$0.001 par value per share; Authorized 3,000,000,000 Shares; Issued and outstanding 1,585,628,494 and 918,736,498 at September 30, 2018 and December 31, 2017 respectively	1,585,629	918,737
Reserved for issuance: 676,298,315 shares		
Capital paid in excess of par value shares	13,840,988	12,075,586
Accumulated comprehensive income	3,736	504
Accumulated (Deficit)	<u>(15,435,690)</u>	<u>(13,618,190)</u>
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	<u>44,663</u>	<u>(573,363)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	<u>\$ 1,104,358</u>	<u>\$ 257,485</u>

See Accompanying Notes To These Financial Statements.

## Sunshine Biopharma Inc.

## Unaudited Consolidated Condensed Statement of Operations and Comprehensive Loss

	Unaudited 3 Months Ended September 30, 2018	Unaudited 3 Months Ended September 30, 2017	Unaudited 9 Months Ended September 30, 2018	Unaudited 9 Months Ended September 30, 2017
Revenue:	\$ 136,939	\$ -	\$ 335,357	\$ -
Cost of Sales	102,802	-	293,715	-
Gross profit	<u>34,137</u>	<u>-</u>	<u>41,642</u>	<u>-</u>
<b>General &amp; Administrative Expenses</b>				
Accounting	19,617	2,781	109,556	66,796
Consulting	-	46,284	27,800	106,151
Legal	24,663	22,831	83,748	65,655
Office	35,465	10,916	74,581	33,014
Licenses & fees	20,000	16,800	20,000	16,800
Officer & director remuneration	212,000	10,359	736,431	401,739
Rent	1,544	-	5,116	-
Depreciation	602	3,834	1,812	4,858
Total G & A	<u>313,891</u>	<u>113,805</u>	<u>1,059,044</u>	<u>695,013</u>
(Loss) from operations	<u>(279,754)</u>	<u>(113,805)</u>	<u>(1,017,402)</u>	<u>(695,013)</u>
Other Income (expense):				
Foreign exchange (loss)	(11,700)	(6,379)	13,184	(10,646)
Interest expense	(24,339)	(27,427)	(128,181)	(46,169)
Loss on debt conversions	(591,763)	-	(685,101)	(76,929)
Total Other (Expense)	<u>(627,802)</u>	<u>(33,806)</u>	<u>(800,098)</u>	<u>(133,744)</u>
Net (loss)	<u>\$ (907,556)</u>	<u>\$ (147,611)</u>	<u>\$ (1,817,500)</u>	<u>\$ (828,757)</u>
Basic (Loss) per common share	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Weighted Average Common Shares Outstanding	<u>1,285,884,486</u>	<u>907,729,815</u>	<u>1,077,215,313</u>	<u>857,166,626</u>
Net Income (Loss)	\$ (907,556)	\$ (147,611)	\$ (1,817,500)	\$ (828,757)
Other comprehensive income:				
Gain (Loss) from foreign exchange translation	11,498	4,335	3,232	8,130
Comprehensive (Loss)	<u>(896,058)</u>	<u>(143,276)</u>	<u>(1,814,268)</u>	<u>(820,627)</u>
Basic (Loss) per common share	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Weighted Average Common Shares Outstanding	<u>1,285,884,486</u>	<u>907,729,815</u>	<u>1,077,215,313</u>	<u>857,166,626</u>

See Accompanying Notes To These Financial Statements.

## Sunshine Biopharma Inc.

## Unaudited Consolidated Condensed Statement of Cash Flows

	Unaudited 9 Months Ended September 30, 2018	Unaudited 9 Months Ended September 30, 2017
<b>Cash Flows From Operating Activities:</b>		
Net (Loss)	\$ (1,817,500)	\$ (828,757)
Depreciation and amortization	43,260	4,858
Foreign exchange loss	(13,184)	10,646
Stock issued for services and director fees	676,100	413,000
Stock issued for payment interest	29,468	3,022
Loss on debt conversion	685,101	76,929
Interest forgiven	(247)	
Stock issued for payment of expenses	-	14,400
(Increase) decrease in accounts receivable	(23,384)	-
(Increase) decrease in prepaid expenses	8,501	(8,813)
Increase (decrease) in Accounts Payable & accrued expenses	(5,391)	(16,326)
Increase (decrease) in interest payable	20,517	(2,997)
<b>Net Cash Flows Used in Operations</b>	<b>(396,759)</b>	<b>(334,038)</b>
<b>Cash Flows From Investing Activities:</b>		
Cash received from acquisition of subsidiary	4,942	
Purchase of equipment	(27,370)	-
<b>Net Cash Flows Used in Investing Activities</b>	<b>(22,428)</b>	<b>-</b>
<b>Cash Flows From Financing Activities:</b>		
Proceed from notes payables	432,885	404,444
Sale of common stock		63,912
Payment of notes payable	(146,184)	(50,000)
Advances from related parties	19,965	
Payments to related parties	(7,063)	
Note payable used to pay expenses	36,500	13,962
Note payable used to pay origination fees & interest	18,750	24,223
<b>Net Cash Flows Provided by Financing Activities</b>	<b>354,853</b>	<b>456,541</b>
Net Increase (Decrease) In Cash and cash equivalents	(64,334)	122,503
Foreign currency translation adjustment	3,232	8,130
Cash and cash equivalents at beginning of period	107,532	57,453
Cash and cash equivalents at end of period	\$ 46,430	\$ 188,086
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Stock issued for services, licenses and other assets	\$ 850,908	\$ 484,100
Stock issued for note conversions including interest	\$ 290,039	\$ 128,451
Stock issued for acquisition of subsidiary	\$ 246,000	\$ -
Note payable issued for acquisition of subsidiary	\$ 358,407	\$ -
Cash paid for interest	\$ 13,622	\$ 3,537
Cash paid for income taxes	\$ -	\$ -

See Accompanying Notes To These Financial Statements.

**Note 1 – Nature of Business and Basis of Presentation**

The Company was originally incorporated under the name Mountain West Business Solutions, Inc. (“MBS”) on August 31, 2006 in the State of Colorado. Until October 2009, the Company was operating as a business consultancy firm. Effective October 15, 2009, the Company acquired Sunshine Biopharma, Inc. in a transaction classified as a reverse acquisition. Sunshine Biopharma, Inc. was holding an exclusive license to a new anticancer drug bearing the laboratory name, Adva-27a. Upon completion of the reverse acquisition transaction, the Company changed its name to Sunshine Biopharma, Inc. and began operating as a pharmaceutical company focusing on the development the licensed Adva-27a anticancer drug.

In July 2014, the Company formed a wholly owned Canadian subsidiary, Sunshine Biopharma Canada Inc. (“Sunshine Canada”) for the purposes of offering generic pharmaceutical products in Canada and elsewhere around the world. Sunshine Canada has signed licensing agreements for four (4) generic prescription drugs for treatment of breast cancer, prostate cancer and BPH (Benign Prostatic Hyperplasia). Sunshine Canada is currently evaluating several other generic products for in-licensing and is working on securing a Drug Establishment License (“DEL”) and a Drug Identification Number (“DIN”) per product from Health Canada. Once the DEL and the DIN’s are secured, Sunshine Canada will begin its generic pharmaceuticals marketing and sales program in Canada and overseas.

On January 1, 2018 the Company acquired all of the issued and outstanding shares of Atlas Pharma Inc. (“Atlas”), a Canadian privately held company. The purchase price for the shares was Eight Hundred Forty Eight Thousand Dollars \$848,000 Canadian (\$684,697 US). The purchase price included a cash payment of \$100,500 Canadian (\$80,289 US), plus the issuance of 20,000,000 shares of the Company’s Common Stock valued at \$246,000 or \$0.0123 per share, and a promissory note in the principal amount of \$450,000 Canadian (\$358,407 US), with interest payable at the rate of 3% per annum. Atlas is a certified company dedicated to chemical analysis of pharmaceutical and other industrial samples. Atlas’ operations are authorized by a Drug Establishment License issued by Health Canada. Atlas is also registered with the FDA.

The Company has performed analysis of the fair market value of Atlas Pharma Inc. assets and liabilities. The following table summarizes the allocation of the purchase price as of the acquisition date:

Cash	\$	4,942
Accounts receivable		79,508
Prepays		1,428
Property and equipment		62,990
Goodwill		673,646
Less: Liabilities assumed (\$172,899 Canadian)		(137,817)
Total consideration	\$	684,697

While the agreement to acquire Atlas Pharma Inc. was signed effective January 1, 2018, there are several matters which are yet to be completed. In addition, as of the date of this report, the audit of Atlas Pharma Inc. has not been completed. As a result, various disclosures in this report may have to be updated. The updated information may differ and the difference may be material.

In March 2018, the Company formed NOX Pharmaceuticals, Inc., a wholly owned Colorado corporation and assigned all of the Company's interest in the Adva27a anticancer drug to that company. NOX Pharmaceuticals Inc.'s mission is to research, develop and commercialize proprietary drugs including Adva-27a.

The financial statements represent the consolidated activity of Sunshine Biopharma Inc., Sunshine Biopharma Canada Inc., Atlas Pharma Inc. and NOX Pharmaceuticals Inc. (herein collectively referred to as the "Company").

The Company has been and continues to work on the development of its proprietary anticancer drug, Adva-27a. The next series of steps in the development of Adva-27a include (i) GMP-manufacturing of a 2-kilogram quantity of the drug, (ii) completing the requisite IND-enabling studies, and (iii) conducting Phase I clinical trials. In the preclinical studies, Adva-27a was shown to be effective at destroying multidrug resistant cancer cells including Pancreatic Cancer cells, Breast Cancer cells, Small-Cell Lung Cancer cells, and Uterine Sarcoma cells.

During the last three month period the Company has continued to raise money through stock sales and borrowings.

The Company's activities are subject to significant risks and uncertainties, including failing to secure additional funding to operationalize the Company's generics business and proprietary drug development program.

***Basis of Presentation of Unaudited Condensed Financial Information***

The unaudited condensed financial statements of the Company for the three and nine month periods ended September 30, 2018 and 2017 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-K. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. However, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for the fair presentation of the financial position and the results of operations. Results shown for interim periods are not necessarily indicative of the results to be obtained for a full fiscal year. The balance sheet information as of September 30, 2018 was derived from the audited financial statements included in the Company's financial statements as of and for the year ended December 31, 2017 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on April 2, 2018. These financial statements should be read in conjunction with that report.

***Recently Issued Accounting Pronouncements***

Recently issued amendments by the FASB are effective for fiscal years beginning after December 15, 2017, and should be applied prospectively on or after the adoption date. Early adoption is permitted, including adoption in an interim period. The Company does not expect these amendments to have a material impact on its financial statements.

In March 2017, the FASB issued ASU No. 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities, to amend the amortization period for certain purchased callable debt securities held at a premium. The ASU shortens the amortization period for the premium to the earliest call date. Under current Generally Accepted Accounting Principles (“GAAP”), entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument. The amendments should be applied on a modified retrospective basis, and are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of this amendment on its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases, effective for annual reporting periods beginning on or after December 15, 2018, and interim periods within those annual periods. Earlier application is permitted as of the beginning of an interim or annual period. This update requires organizations to recognize lease assets and lease liabilities on the balance sheet with lease terms of more than 12 months and also disclose certain qualitative and quantitative information about leasing arrangements. The Company does not expect adoption of this amendment to have a material impact on the financial statements.

**Note 2 – Going Concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Since inception, the Company has had recurring operating losses and negative operating cash flows. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The Company’s continuation as a going concern is dependent on its ability to obtain additional financing to fund operations, implement its business, and ultimately, attain profitability. The Company will need to secure additional funds through various means, including equity and debt financing. There can be no assurance that the Company will be able to obtain additional equity or debt financing, if and when needed, on terms acceptable to the Company, or at all. Any additional equity or debt financing may involve substantial dilution to the Company’s stockholders, restrictive covenants or high interest costs. The Company’s long-term liquidity also depends upon its ability to generate revenues and achieve profitability.



**Note 3 – Notes Payable**

On January 12, 2018, the Company received net proceeds of \$100,000 in exchange for a note payable having a face value of \$102,000 and accruing interest at the rate of 8% per annum. The note, due on October 30, 2018, is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. During July and August 2018, the holder of this note elected to convert a total of \$102,000 in principal and \$4,080 in accrued interest into 71,386,649 shares of the Company's Common Stock, leaving a principal balance of -0-.

On February 7, 2018, the Company received net proceeds of \$142,500 in exchange for a note payable having a face value of \$150,000 and accruing interest at the rate of 8% per annum. The note, due on February 7, 2019, is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. On September 4 and 20, 2018 the holder of this note elected to convert a total of \$65,000 in principal and \$3,086 in accrued interest into 66,860,389 shares of the Company's Common Stock, leaving a principal balance of \$85,000.

On February 20, 2018, the Company received net proceeds of \$83,000 in exchange for a note payable having a face value of \$85,000 and accruing interest at the rate of 8% per annum. The note, due on November 30, 2018, is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. During August and September 2018 the holder of this note elected to convert a total of \$85,000 in principal and \$3,400 in accrued interest into 87,524,752 shares of the Company's Common Stock leaving a principal balance of -0-.

On May 29, 2018, the Company received net proceeds of \$25,000 in exchange for a note payable having a face value of \$26,750 and accruing interest at the rate of 8% per annum. The note, due on February 28, 2019 is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. The Company estimates that the fair value of this convertible debt approximates the face value, so no value has been assigned to the beneficial conversion feature.

On June 27, 2018, the Company issued a note payable having a face value of \$53,000 and accruing interest at the rate of 8% per annum. The net proceeds of \$51,000 from this note were received by the Company on July 2, 2018. The note, due on April 15, 2019 is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. The Company estimates that the fair value of this convertible debt approximates the face value, so no value has been assigned to the beneficial conversion feature.

On August 17, 2018, the Company received net proceeds of \$51,000 in exchange for a note payable having a face value of \$53,000 and accruing interest at the rate of 8% per annum. The note, due on April 15, 2019 is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. The Company estimates that the fair value of this convertible debt approximates the face value, so no value has been assigned to the beneficial conversion feature.

On September 10, 2018, the Company paid expenses as part of an S-1 Registration Statement. These obligations were paid by a non-related party in exchange for two notes payable having a face value of \$20,000 and \$16,500, each accruing interest at the rate of 8% per annum. The notes are due on June 30, 2019 and June 20, 2019, respectively.

At September 30, 2018 and December 31, 2017, accrued interest on Notes Payable was \$11,509 and \$9,481, respectively.

**Note 4 – Notes Payable - Related Party**

On January 1, 2018 as part of the acquisition of Atlas Pharma Inc., the Company issued a note payable in the amount of \$450,000 Canadian (\$358,407 US) and accruing interest at the rate of 3% per annum. The note is due on December 31, 2023. Payments on this note are \$10,000 Canadian (approximately \$8,000 US) per quarter. The outstanding principal balance at September 30, 2018 is \$333,939. The note is secured by the Atlas Pharma Inc. shares held by the Company.

In addition to the above, on September 30, 2018 the Company had notes payable from related parties amounting to \$203,822 and accrued interest of \$18,223.

Total interest payable on all notes at September 31, 2018 was \$29,732

**Note 5 – Issuance of Common Stock**

During the nine months ended September 30, 2018, the Company issued a total of 666,891,996 shares of \$0.001 par value Common Stock. Of these, 410,107,254 shares valued at \$1,335,384 were issued upon conversion of outstanding notes payable, reducing the debt by \$620,568 and interest payable by \$29,468 and generating a loss on conversion of \$685,101. The Company also issued 206,650,000 shares valued at \$670,200 for services, and 29,134,742 shares valued at \$174,808 in exchange for equipment.

In addition, 20,000,000 shares valued at \$246,000 or \$0.0123 per share were issued as part of the acquisition of Atlas Pharma Inc. The Company also issued 1,000,000 shares valued at \$5,900 in exchange for cancellation of a royalty obligation.

The Company declared no dividends through September 30, 2018.

**Note 6 – Commitments**

The Company's subsidiary, Atlas Pharma Inc., has entered into long-term lease agreements for the rental of buildings which call for minimum aggregate lease payments of \$228,113 and additional lease payments based on operating expenses. The lease expires on May 21, 2021. Minimum lease payments for the next four years are \$62,213 in 2018, \$62,213 in 2019, \$62,213 in 2020, and \$41,474 in 2021.

**Note 7 – Earnings (Loss) Per Share**

Earnings (loss) per share is computed using the weighted average number of Common Shares outstanding during the period. The Company has adopted ASC 260 (formerly SFAS128), "Earnings per Share".

**Note 8 – Goodwill**

On January 1, 2018, the Company acquired all of the issued and outstanding shares of Atlas Pharma Inc. ("Atlas"), a Canadian privately held company. The purchase price for the shares was \$848,000 Canadian or \$684,697 US. The book value of the fixed assets acquired was \$11,051. The remainder of the purchase price (\$673,646) was applied to Goodwill.

**Note 9 – Income Taxes**

Deferred income taxes arise from the temporary differences between financial statement and income tax recognition of net operating losses and other items. Loss carryovers are limited under the Internal Revenue Code should a significant change in ownership occur.

A deferred tax asset at each date has been offset by a 100% valuation allowance.

**Note 10 – Royalties Payable**

As part of a subscription agreement entered into in 2016, the Company had an obligation to pay a royalty of 5% of net sales on one of its generic products (Anastrozole) for a period of three (3) years from the date of the first sale of that product. During the period ended September 30, 2018, 1,000,000 shares of the Company's common stock valued at \$5,900 was issued in exchange for cancellation of this royalty obligation.

**Note 11 – Related Party Transactions**

In addition to the related party transactions detailed in Note 4 above, the Company paid its Officers and Directors cash compensation totaling \$41,000 and \$358,774 and \$136,131 and \$401,739 for the three and nine month periods ended September 30, 2018 and 2017, respectively. The Company also paid its Officers and Directors non-cash compensation in the form of shares of common stock valued at \$171,000 and \$336,000 and \$600,300 and \$336,000 during the three and nine month periods ended September 30, 2018 and 2017, respectively. For the nine month period ended September 30, 2018, the Company expensed an additional \$600,300 in compensation to the directors in exchange for 81,000,000 shares of the Company's Common Stock issued in June 2018, valued at \$0.0053 per share, or \$429,300 and 114,000,000 shares of \$0.001 par value common stock issued in August 2018 valued at \$0.0015 per share or \$171,000. Stock issued for executive compensation is valued at the closing price on the date of issuance.

**Note 12 – Revenue Recognition**

As of January 1, 2018, the Company adopted ASU No. 201409, “Revenue from Contracts with Customers” (ASU 201409). Under the new guidance, an entity will recognize revenue to depict the transfer of promised goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. A five-step model has been introduced for an entity to apply when recognizing revenue. The new guidance also includes enhanced disclosure requirements. The guidance was effective January 1, 2018 and was applied on a modified basis. The adoption did not have an impact on the Company's financial statements. All of the revenues of the Company are generated by Atlas Pharma Inc., the Company's wholly owned Canadian subsidiary which provides laboratory testing services.

Local governmental regulations require that companies recognize revenues upon completion of the work by issuing an invoice and remitting the applicable sales taxes (GST and QST) to the appropriate government agency. Atlas Pharma Inc.'s revenue recognition policy is in compliance with these local regulations.

**Note 13 – Accounts Receivable**

Accounts receivable consist of trade accounts arising in the normal course of business and are classified as current assets and carried at original invoice amounts less an estimate for doubtful receivables based on a review of outstanding balances on a monthly basis. The estimate of allowance for doubtful accounts is based on the Company's bad debt experience, market conditions, and aging of accounts receivable, among other factors. If the financial condition of the Company's customers deteriorates resulting in the customer's inability to pay the Company's receivables as they come due, additional allowances for doubtful accounts will be required.

**Note 14 – Subsequent Events**

On October 9, 2018, the Company filed a Registration Statement on Form S-1 with the SEC in connection with a financing arrangement with GHS Investments LLC. On October 31, 2018, the Company filed Form RW with the SEC whereby it withdrew the Form S-1 Registration Statement it had filed on October 9, 2018.

On October 11, 2018 the holder of a note payable dated February 7, 2018 elected to convert \$37,000 in principal and \$1,987 in accrued interest into 47,352,449 shares of Common Stock leaving a principal balance of \$48,000.

On October 23, 2018, the Company received net proceeds of \$85,500 in exchange for a note payable having a face value of \$90,000 and accruing interest at the rate of 8% per annum. The note, due on October 23, 2019 is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value.

On October 24, 2018 the Company paid \$50,735 to pay off the remaining principal and (\$48,000) and accrued interest (\$2,735) on a note payable dated February 7, 2018.

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

*The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. We disclaim any obligation to update forward looking statements.*

### OVERVIEW AND HISTORY

We were incorporated in the State of Colorado on August 31, 2006 under the name "Mountain West Business Solutions, Inc." Until October 2009, our business was to provide management consulting with regard to accounting, computer and general business issues for small and home-office based companies.

In October 2009, we acquired Sunshine Biopharma, Inc., a Colorado corporation holding an exclusive license to a new anticancer drug bearing the laboratory name, Adva-27a. As a result of this transaction we changed our name to "Sunshine Biopharma, Inc." and our officers and directors resigned their positions with us and were replaced by Sunshine Biopharma, Inc.'s management at the time, including our current CEO, Dr. Steve N. Slilaty, and our current CFO, Camille Sebaaly each of whom remain part of our current management. Our principal business became that of a pharmaceutical company focusing on the development of our licensed Adva-27a anticancer compound. In December 2015 we acquired all issued and pending patents pertaining to our Adva-27a technology and terminated the license.

In July 2014, we formed a wholly owned Canadian subsidiary, Sunshine Biopharma Canada Inc. ("Sunshine Canada"), for the purposes of offering generic pharmaceutical products in Canada and elsewhere around the world. Sunshine Canada has signed licensing agreements for four (4) generic prescription drugs for the treatment of breast cancer, prostate cancer and BPH (Benign Prostatic Hyperplasia). We have applied for and are currently awaiting the issuance by Health Canada of a Drug Establishment License and a Drug Identification Number for each of our four (4) generic products in order to begin marketing of the same.

In January 2018, we acquired Atlas Pharma Inc. ("Atlas"), a certified company dedicated to chemical analysis of pharmaceutical and other industrial samples whose operations are authorized by a Drug Establishment License issued by Health Canada. Atlas has been generating revenues since its inception in September 2013. The revenues reported in our consolidated financial statements for the first calendar quarter of 2018 are a result of the Atlas operations.

In March 2018, we formed NOX Pharmaceuticals, Inc., a Colorado corporation, and assigned all of our interest in our Adva-27a anticancer compound to that company. NOX Pharmaceuticals Inc.'s mission is to research, develop and commercialize proprietary drugs including Adva-27a.

As a result, we are now a holding company operating through these three wholly owned subsidiaries.

Our principal place of business is located at 6500 Trans-Canada Highway, 4th Floor, Pointe-Claire, Quebec, Canada H9R 0A5. Our phone number is (514) 426-6161 and our website address is [www.sunshinebiopharma.com](http://www.sunshinebiopharma.com).

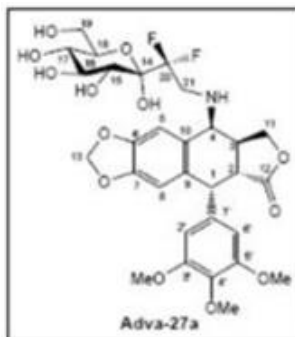
We have not been subject to any bankruptcy, receivership or similar proceeding.

## PLAN OF OPERATION

Despite the fact that we now are generating revenues, we have elected to include a Plan of Operation to discuss our ongoing research and development activities relating to our proprietary drug development operations, as well as, our other business activities.

### Proprietary Drug Development Operations

Since inception, our proprietary drug development activities have been focused on the development of a small molecule called Adva-27a for the treatment of aggressive forms of cancer. A Topoisomerase II inhibitor, Adva-27a has been shown to be effective at destroying Multidrug Resistant Cancer cells including Pancreatic Cancer cells, Breast Cancer cells, Small-Cell Lung Cancer cells and Uterine Sarcoma cells (Published in ANTICANCER RESEARCH, Volume 32, Pages 4423-4432, October 2012). Sunshine Biopharma Inc. owns all of the rights, as well as, all of the issued and pending worldwide patents pertaining to Adva-27a, including U.S. Patent Number 8,236,935.

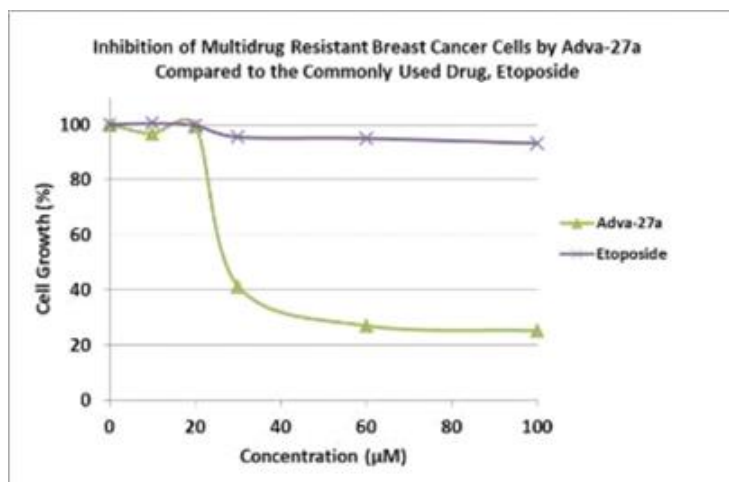


Adva-27a is a GEM-difluorinated C-glycoside derivative of Podophyllotoxin. Another derivative of Podophyllotoxin called Etoposide is currently on the market and is used to treat various types of cancer including leukemia, lymphoma, testicular cancer, lung cancer, brain cancer, prostate cancer, bladder cancer, colon cancer, ovarian cancer, liver cancer and several other forms of cancer. Etoposide is one of the most widely used anticancer drugs. Adva-27a and Etoposide are similar in that they both attack the same target in cancer cells, namely the DNA unwinding enzyme, Topoisomerase II. Unlike Etoposide, and other anti-tumor drugs currently in use, Adva-27a is able to destroy Multidrug Resistant Cancer cells. Adva-27a is the only compound known today that is capable of destroying Multidrug Resistant Cancer. In addition, Adva-27a has been shown to have distinct and more desirable biological and pharmacological properties compared to Etoposide. In side-by-side studies using Multidrug Resistant Breast Cancer cells and Etoposide as a reference, Adva-27a showed markedly improved cell killing activity (see Figure below). Our preclinical studies to date have shown that:

- Adva-27a is effective at killing different types of Multidrug Resistant cancer cells, including Pancreatic Cancer Cells (Panc-1), Breast Cancer Cells (MCF-7/MDR), Small-Cell Lung Cancer Cells (H69AR), and Uterine Sarcoma Cells (MES-SA/Dx5).
- Adva-27a is unaffected by P-Glycoprotein, the enzyme responsible for making cancer cells resistant to anti-tumor drugs.
- Adva-27a has excellent clearance time (half-life = 54 minutes) as indicated by human microsomes stability studies and pharmacokinetics data in rats.
- Adva-27a clearance is independent of Cytochrome P450, a mechanism that is less likely to produce toxic intermediates.
- Adva-27a is an excellent inhibitor of Topoisomerase II with an IC50 of only 13.7 micromolar (this number has recently been reduced to 1.44 micromolar as a result of resolving the two isomeric forms of Adva-27a).

- Adva-27a has shown excellent pharmacokinetics profile as indicated by studies done in rats.
- Adva-27a does not inhibit tubulin assembly.

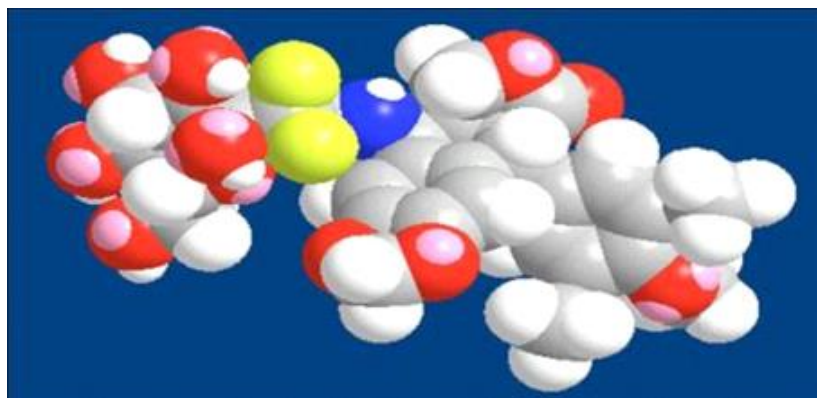
These and other preclinical data have been published in ANTICANCER RESEARCH, a peer-reviewed International Journal of Cancer Research and Treatment. The publication which is entitled “Adva-27a, a Novel Podophyllotoxin Derivative Found to Be Effective Against Multidrug Resistant Human Cancer Cells” [ANTICANCER RESEARCH 32: 4423-4432 (2012)] is available on our website at [www.sunshinebiopharma.com](http://www.sunshinebiopharma.com).



We have been delayed in our clinical development program due to lack of funding. Our fund raising efforts are continuing and as soon as adequate financing is in place we will continue our clinical development program of Adva-27a by conducting the following next sequence of steps:

- GMP Manufacturing of 2 kilogram for use in IND-Enabling Studies and Phase I Clinical Trials
- IND-Enabling Studies
- Regulatory Filing (Fast-Track Status Anticipated)
- Phase I Clinical Trials (Pancreatic Cancer Indication)

Adva-27a’s initial indication will be Pancreatic Cancer for which there are currently little or no treatment options available. We are planning to conduct our clinical trials at McGill University’s Jewish General Hospital in Montreal, Canada. All aspects of the clinical trials in Canada will employ FDA standards at all levels. We estimate that the Pancreatic Cancer clinical trials will take approximately 18 to 24 months from start to finish. Given the terminal and limited treatment options available for the Pancreatic Cancer, we anticipate being granted limited marketing approval (“compassionate-use”) for our Adva-27a following a successful Phase I clinical trial. It is likely that following such events, we will begin to receive offers from large pharmaceutical companies to buyout or license our drug. Alternatively, it may be more advisable for us to continue our own development of the drug by proceeding to Phase II clinical trials and attending to other requirements for full marketing approval.



*Our Lead Anti-Cancer Compound, Adva-27a, in 3D*

## Generic Pharmaceuticals Operations

In 2016, our Canadian wholly owned subsidiary, Sunshine Biopharma Canada Inc. (“Sunshine Canada”), signed Cross Referencing Agreements with a major pharmaceutical company for four prescription generic drugs for the treatment of Breast Cancer, Prostate Cancer and Enlarged Prostate. Following this acquisition we have been working towards commencement of marketing of these pharmaceutical products under our own Sunshine Biopharma label. These four generic products are as follows:

- Anastrozole (brand name Arimidex® by AstraZeneca) for treatment of Breast Cancer
- Letrozole (brand name Femara® by Novartis) for treatment of Breast Cancer
- Bicalutamide (brand name Casodex® by AstraZeneca) for treatment of Prostate Cancer
- Finasteride (brand name Propecia® by Merck) for treatment of BPH (Benign Prostatic Hyperplasia)

Worldwide sales of the brand name version of these products as reported by the respective pharmaceutical company, owner of the registered trademark are as follows:

- Arimidex® \$232M in 2016
- Femara® \$380M in 2014
- Casodex® \$247M in 2016
- Propecia® \$183M in 2015

In June 2017, Sunshine Canada submitted an application to Health Canada for the procurement of a Drug Establishment License (“DEL”), a requirement for the Company’s drug handling and pharmaceutical operations. Health Canada has assigned the Company DEL Application No. 3002475 and File No. 17938. We are currently awaiting Health Canada to set a date for physical inspection of our warehouse and drug management operations. In addition, we are currently in the process of filing applications for a Drug Identification Number (“DIN”) for each of its four (4) generic products, Anastrozole, Letrozole, Bicalutamide and Finasteride. The Figure below shows our 30-Pill blister pack of Anastrozole.





We currently have twenty three (23) additional Generic Pharmaceuticals under review for in-licensing. We believe that a larger product portfolio will provide us with more opportunities and a greater reach into the marketplace. Our plan is to fund our Proprietary Drug Development Program, including Adva-27a, through the sales of Generic Drugs. In addition to near-term revenue generation, building the generics business infrastructure and securing the proper permits will render us appropriately positioned for the marketing and distribution of our own proprietary drugs as they become available.

### **Analytical Chemistry Services Operations**

On January 1, 2018, we entered into an agreement (the “Atlas Agreement”) to acquire Atlas Pharma Inc. (“Atlas”). The purchase price was \$848,000 Canadian (\$684,697 US). Payment of the purchase price was comprised of (i) a cash payment of \$100,500 Canadian (\$80,289 US), (ii) the issuance of 20,000,000 shares of our Common Stock valued at \$246,000, and (iii) a promissory note in the principal amount of \$450,000 Canadian (\$358,407 US), with interest payable at the rate of 3% per annum. We are required to make payments of \$10,000 Canadian (approximately \$8,000 US) per calendar quarter, due and payable on or before the end of each such calendar quarter through December 31, 2023.

Atlas is a Health Canada Licensed company dedicated to chemical analysis of pharmaceutical and other industrial samples. Atlas has 9 full-time employees and generated revenues of approximately \$500,000 Canadian (approximately \$400,000 US) in 2017. Housed in a 5,250 square foot facility, Atlas’s operations are authorized by a Drug Establishment License (DEL) issued by Health Canada and are fully compliant with the requirements of Good Manufacturing Practices (GMP). Atlas is also registered with the FDA.

Atlas is the owner of a relatively large portfolio of analytical chemistry methodology and Standard Operating Procedure. This intellectual property is protected as company secrets and controlled through employee and management confidentiality agreements.

On June 18, 2018, we purchased laboratory equipment at a total cost of \$235,870 Canadian (approximately \$181,580 US) for Microbiology Testing as part of our plan to expand the operations services offering of Atlas. Presently, Atlas offers Analytical Chemistry Testing and intends to offer Microbiology Testing soon.

### **RESULTS OF OPERATIONS**

#### *Comparison of Results of Operations for the Nine Months Ended September 30, 2018 and 2017*

During the nine months ended September 30, 2018, we generated revenues of \$335,357 from the operations of our new wholly owned subsidiary, Atlas Pharma Inc. (“Atlas”), which we acquired on January 1, 2018. The direct cost for generating these revenues was \$293,715, which is comprised of Atlas related salaries, laboratory supplies, rent and depreciation. We did not generate any revenues during the comparable period in 2017.

General and administrative expense during the nine months ended September 30, 2018 was \$1,059,044, compared to \$695,013 during the nine months ended September 30, 2017, an increase of \$364,031. The principal reason for this increase was an increase of \$334,692 in executive compensation, as well as increases in accounting (\$42,760), legal (\$18,093) and office (\$41,567) expenses. These increases were a result of our increased business activities relating to Atlas, as well as our management’s continuing efforts to raise additional funding. The only category that saw a decrease was consulting fees by \$78,351, as efforts were made to complete more work in-house.

We incurred \$685,101 in losses arising from debt conversion during the nine months ended September 30, 2018, compared to \$76,929 in losses from debt conversion during the similar period in 2017 as a result of additional balances of outstanding convertible notes having been converted during the current nine months period. In addition, we incurred \$128,181 in interest expense during the nine months ended September 30, 2018, compared to \$46,169 in interest expense during the similar period in 2017 as a result of increased borrowings.

As a result, we incurred a net loss of \$1,817,500 (\$0.00 per share) for the nine month period ended September 30, 2018, compared to a net loss of \$828,757 (\$0.00 per share) during the nine month period ended September 30, 2017.

#### *Comparison of Results of Operations for the Three Months Ended September 30, 2018 and 2017*

For the three months ended September 30, 2018, we generated \$136,939 in revenues, compared to no revenues for the same three months of 2017. All of these revenues were generated from the operations of our new wholly owned subsidiary, Atlas Pharma Inc. (“Atlas”), which we acquired on January 1, 2018. The direct cost for generating these revenues was \$102,802, which is comprised of Atlas related salaries, laboratory supplies, rent and depreciation. We did not generate any revenues during the comparable period in 2017.

General and administrative expenses during the three month period ended September 30, 2018 were \$313,891, compared to general and administrative expense of \$113,805 incurred during the three month period ended September 30, 2017, an increase of \$200,086. This increase is attributable to an increase in executive compensation of \$201,641, as well as increases accounting fees, legal fees, and office expenses due to costs associated with the acquisition of Atlas. The only category that saw a decrease was consulting fees by \$46,284, as efforts were made to complete more work in-house.

We also incurred \$24,339 in interest expense during the three months ended September 30, 2018, compared to \$27,427 in interest expense during the similar period in 2017. However, we incurred \$591,763 in losses arising from debt conversion during the three months ended September 30, 2018, compared to \$0 in losses from debt conversion during the similar period in 2017 as a result of increased borrowings.

As a result, we incurred a net loss of \$907,556 (\$0.00 per share) for the three month period ended September 30, 2018, compared to a net loss of \$147,611 (\$0.00 per share) during the three month period ended September 30, 2017.

#### **LIQUIDITY AND CAPITAL RESOURCES**

As of September 30, 2018, we had cash or cash equivalents of \$46,430.

Net cash used in operating activities was \$396,759 during the nine month period ended September 30, 2018, compared to \$334,038 for the nine month period ended September 30, 2017. We anticipate that overhead costs and other expenses will increase in the future as we move forward with our proprietary drug development activities and expansion of our generic pharmaceuticals operations as well as our newly acquired analytical chemistry services operations as discussed above.

Cash flows provided by financing activities were \$354,853 for the nine month periods ended September 30, 2018, compared to \$456,541 during the nine months ended September 30, 2017. Cash flows used in investing activities were \$22,428 for the nine month period ended September 30, 2018 compared to \$-0- during the same nine month period in 2017.

During the nine months ended September 30, 2018, we issued a total of 666,891,996 shares of our Common Stock. Of these, 410,107,254 shares, valued at \$1,335,384 were issued upon conversion of outstanding notes payable, reducing debt by \$620,568 and interest payable by \$29,468 and generating a loss on conversion of \$685,101. We also issued 206,650,000 shares valued at \$676,100 for services, and 29,134,742 shares valued at \$174,808 in exchange for equipment.

In addition, we issued 20,000,000 shares valued at \$246,000 or \$0.0123 per share as part of the acquisition of Atlas Pharma Inc. We also issued 1,000,000 shares valued at \$5,900 in exchange for cancellation of a royalty obligation.

During the three months period ended September 30, 2018, we issued a total of 481,522,688 shares of our Common Stock. Of these, 114,000,000 shares, valued at \$171,000 were issued for executive compensation and the remaining 367,522,688 shares valued at \$1,045,345 were issued upon conversion of outstanding notes payable, reducing debt by \$432,000 and interest payable by \$21,582 and generating a loss on conversion of \$591,763.

During the nine months ended September 30, 2018, we entered into the following new debt arrangements:

- On January 12, 2018, we received net proceeds of \$100,000 in exchange for a note payable having a face value of \$102,000 and accruing interest at the rate of 8% per annum. The note, due on October 30, 2018, is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. During July and August 2018 the holder of this note elected to convert a total of \$102,000 in principal and \$4,080 in accrued interest into 71,386,649 shares of \$0.001 par value Common Stock leaving a principal balance of -0-.
- On February 7, 2018, we received net proceeds of \$142,500 in exchange for a note payable having a face value of \$150,000 and accruing interest at the rate of 8% per annum. The note, due on February 7, 2019, is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. On September 4 and 20, 2018 the holder of this note elected to convert a total of \$65,000 in principal and \$3,086 in accrued interest into 66,860,389 shares of \$0.001 par value Common Stock leaving a principal balance of \$85,000.
- On February 22, 2018, we received net proceeds of \$83,000 in exchange for a note payable having a face value of \$85,000 and accruing interest at the rate of 8% per annum. The note, due on November 30, 2018, is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. During August and September 2018 the holder of this note elected to convert a total of \$85,000 in principal and \$3,400 in accrued interest into 87,524,752 shares of \$0.001 par value Common Stock leaving a principal balance of -0-.
- On May 29, 2018, we received net proceeds of \$25,000 in exchange for a note payable having a face value of \$26,750 and accruing interest at the rate of 8% per annum. The note, due on February 28, 2019 is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. We estimate that the fair value of this convertible debt approximates the face value, so no value has been assigned to the beneficial conversion feature.
- On June 27, 2018, we issued a note payable having a face value of \$53,000 and accruing interest at the rate of 8% per annum. The net proceeds of \$51,000 from this note were received by us on July 2, 2018. The note, due on April 15, 2019 is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. We estimate that the fair value of this convertible debt approximates the face value, so no value has been assigned to the beneficial conversion feature.
- On August 17, 2018, we received net proceeds of \$51,000 in exchange for a note payable having a face value of \$53,000 and accruing interest at the rate of 8% per annum. The note, due on April 15, 2019, is convertible after 180 days from issuance into \$0.001 par value Common Stock at a price 35% below market value. The Company estimates that the fair value of this convertible debt approximates the face value, so no value has been assigned to the beneficial conversion feature.

- On September 10, 2018, we paid expenses as part of a financing involving the filing of an S-1 Registration Statement. The proceeds were paid by a non-related party in exchange for two notes payable having face values of \$20,000 and \$16,500 and accruing interest at the rate of 8% per annum. These two notes are due on June 30, 2019 and June 20, 2019, respectively.

As part of a subscription agreement entered into in 2016, we had an obligation to pay a royalty of 5% of net sales on one of our generic products (Anastrozole) for a period of three (3) years from the date of the first sale of that product. On May 28, 2018 we issued 1,000,000 shares of our Common Stock valued at \$5,900 in exchange for cancellation of this royalty obligation.

We are not generating adequate revenues from our operations to fully implement our business plan as set forth herein. As a result, our future success will depend on the future availability of financing, among other things. Such financing will be required to enable us to expand our Analytical Chemistry Services business and further develop our Generic Pharmaceuticals operations and Proprietary Drug Development program. We intend to raise funds through private placements of our Common Stock and/or debt financing. We estimate that we will require approximately \$7 million (\$2 million for the Analytical Chemistry and Generic Pharmaceuticals operations and \$5 million for the Proprietary Drug Development program) to fully implement our business plan in the future and there are no assurances that we will be able to raise this capital. Our inability to obtain sufficient funds from external sources when needed will have a material adverse effect on our plan of operation, results of operations and financial condition. Our plan is to fund our Proprietary Drug Development Program, including Adva-27a, through the sales of Generic Drugs if we are unable to find any additional financing. There are also no assurances that we will generate sufficient revenues and profits from our Proprietary Drug Development Program to accomplish these objectives.

Our cost of operations is expected to increase as we move forward with implementation of our business plan. We do not have sufficient funds to cover the anticipated increase in the relevant expenses. We need to raise additional capital in order to continue our existing operations and finance our expansion plans for the next year. If we are successful in raising additional funds, we expect our operations and business efforts to continue and expand. There are no assurances this will occur.

In August 2017 we signed an agreement with Jitney Trade Inc. (“Jitney”), a Canadian broker-dealer, to raise up to \$10 million Canadian (approximately \$8 million US) in a private offering available only in Canada (the “Offering”) in order to provide the funding we have estimated we need to implement our business plan. The Offering expired on February 28, 2018 without any funds having been raised. On May 3, 2018, we signed another agreement with Jitney whereby the parties agreed to extend the proposed equity financing until August 31, 2018. The extension period expired on August 31, 2018 without any funds having been raised.

On September 10, 2018, we entered into an equity financing agreement (the “Equity Financing Agreement”) and registration rights agreement (the “Registration Rights Agreement”) with GHS Investments LLC, a Nevada limited liability company (“GHS”). Under the terms of the Equity Financing Agreement, GHS agreed to provide us with up to \$10,000,000 upon effectiveness of a registration statement on Form S-1 (the “Registration Statement”) to be filed with the U.S. Securities and Exchange Commission (the “Commission”).

Following effectiveness of the Registration Statement, we will have the discretion to deliver puts to GHS and GHS will be obligated to purchase shares of our Common Stock, based on the investment amount specified in each put notice. The maximum amount that we are entitled to put to GHS in each put notice shall not exceed two hundred fifty percent (250%) of the average daily trading dollar volume of our Common Stock during the ten (10) trading days preceding the put date, so long as such amount does not exceed \$300,000. Pursuant to the Equity Financing Agreement, GHS and its affiliates will not be permitted to purchase and we may not put shares of our Common Stock to GHS that would result in GHS’s beneficial ownership equaling more than 9.99% of our outstanding Common Stock. The price of each put share shall be equal to eighty one percent (81%) of the Market Price (as defined in the Equity Financing Agreement). Puts may be delivered by us to GHS until the earlier of thirty-six (36) months after the effectiveness of the Registration Statement or the date on which GHS has purchased an aggregate of \$10,000,000 worth of Common Stock under the terms of the Equity Financing Agreement. Additionally, in accordance with the Equity Financing Agreement, we agreed to issue GHS a promissory note in the principal amount of \$20,000 to offset transaction costs (the “Note”). The Note bears interest at the rate of 8% per annum, is not convertible and is due on June 30, 2019.

The Registration Rights Agreement provides that we shall (i) use our best efforts to file with the Commission the Registration Statement within 30 days of the date of the Registration Rights Agreement, and (ii) have the Registration Statement declared effective by the Commission within 30 days after the date the Registration Statement is filed with the Commission, but in no event more than 90 days after the Registration Statement is filed.

On October 9, 2018, we filed a Registration Statement on Form S-1 and, as requested by the Commission, on October 31, 2018, we withdrew the same because our Common Stock is not currently trading on the OTCQB or a higher stock exchange. We are currently reviewing various remedy options.

#### **SUBSEQUENT EVENTS**

As discussed above, on October 9, 2018, we filed a Registration Statement on Form S-1 and, as requested by the Commission, on October 31, 2018, we withdrew the same because our Common Stock is not currently trading on the OTCQB or a higher stock exchange.

On October 11, 2018, the holder of a note payable dated February 7, 2018 elected to convert \$37,000 in principal and \$1,987 in accrued interest into 47,352,449 shares of Common Stock, leaving a principal balance of \$48,000.

On October 23, 2018, we received net proceeds of \$85,500 in exchange for a note payable having a face value of \$90,000 and accruing interest at the rate of 8% per annum. The note, due on October 23, 2019, is convertible after 180 days from issuance into shares of our Common Stock at a price 35% below market value.

On October 24, 2018, we issued payment in the amount of \$50,735 to pay off the remaining principal (\$48,000) and accrued interest (\$2,735) on a note payable dated February 7, 2018.

#### **OFF BALANCE SHEET ARRANGEMENTS**

None

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

We are a smaller reporting company and are not required to provide the information under this item pursuant to Regulation S-K.

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

*Disclosure Controls and Procedures* – Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of the end of the period covered by this Report.

These controls are designed to ensure that information required to be disclosed in the reports we file or submit pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our CEO/CFO to allow timely decisions regarding required disclosure.

Based on this evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were not effective as of September 30, 2018, at reasonable assurance level, for the following reasons:

- Ineffective control environment and lack of qualified full-time CFO who has SEC experience to focus on our financial affairs;
- Lack of qualified and sufficient personnel, and processes to adequately and timely identify making any and all required public disclosures;
- Deficiencies in the period-end reporting process and accounting policies;
- Inadequate internal controls over the application of new accounting principles or the application of existing accounting principles to new transactions;
- Inadequate internal controls relating to the authorization, recognition, capture, and review of transactions, facts, circumstances, and events that could have a material impact on the company's financial reporting process;
- Deficient revenue recognition policies;
- Inadequate internal controls with respect to inventory transactions; and
- Improper and lack of timely accounting for accruals such as prepaid expenses, accounts payable and accrued liabilities.

Our Board of Directors has assigned a priority to the short-term and long-term improvement of our internal control over financial reporting. We are reviewing various potential solutions to remedy the processes that would eliminate the issues that may arise due to the absence of separation of duties within the financial reporting functions. Additionally, the Board of Directors will work with management to continuously review controls and procedures to identified deficiencies and implement remediation within our internal controls over financial reporting and our disclosure controls and procedures.

We believe that our financial statements presented in this quarterly report on Form 10-Q fairly present, in all material respects, our financial position, results of operations, and cash flows for all periods presented herein.

*Inherent Limitations* – Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdown can occur because of simple error or mistake. In particular, many of our current processes rely upon manual reviews and processes to ensure that neither human error nor system weakness has resulted in erroneous reporting of financial data.

*Changes in Internal Control over Financial Reporting* – There were no changes in our internal control over financial reporting during the three month period ended September 30, 2018, which were identified in conjunction with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, 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

On November 14, 2014, we entered into a Manufacturing Services Agreement with Lonza Ltd. and Lonza Sales Ltd. (hereinafter jointly referred to as “Lonza”), whereby we engaged Lonza to be the manufacturer of our Adva-27a anticancer drug. In June 2016 we received a sample of the pilot manufacturing run for evaluation. Our laboratory analyses showed that, while the sample meets all of the required chemical, physical and biological specifications, the amount of material generated (the “Yield”) by the pilot run was found to be significantly lower than anticipated. We are currently working towards finding possible solutions to increase the Yield and define a path forward. During the course of our discussions concerning the problem of the low Yield, Lonza informed us that they required us to pay them \$687,818 prior to moving forward with any activity pertaining to the manufacturing agreement we have with them. We have repeatedly indicated to Lonza that a clear path defining exactly how the extremely low Yield issue would be addressed is imperative prior to us making any payments. We issued a letter to them in June 2017 advising of our position. As of the date of this Report we have not received a response to our letter and no further action has been taken by either party.

In June 2018 we filed an action in the Superior Court of the Province of Quebec in the District of Montreal (Canada) against one of our existing shareholders residing in Quebec City (Canada) arising out of a possible equity investment intended to be completed in the near future. The complaint alleges among other things, claims of misrepresentations and misleading conduct resulting in damages to the Company. As of the date of this report we are awaiting a court date for the hearings to commence.

To the best of our management’s knowledge and belief, there are no other material claims that have been brought against us nor have there been any claims threatened.

### ITEM 1A. RISK FACTORS

We are a smaller reporting company and are not required to provide the information under this item pursuant to Regulation S-K.

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

During the three months period ended September 30, 2018, we issued a total of 481,522,688 shares of our Common Stock. Of these, 114,000,000 shares, valued at \$171,000 were issued for executive compensation and the remaining 367,522,688 shares valued at \$1,405,345 were issued upon conversion of outstanding notes payable, reducing debt by \$432,000 and interest payable by \$21,582 and generating a loss on conversion of \$591,763.

During the nine months ended September 30, 2018, we issued a total of 666,891,996 shares of our Common Stock. Of these, 410,107,254 shares valued at \$1,335,384 were issued upon conversion of outstanding notes payable, reducing the debt by \$620,568 and interest payable by \$29,468 and generating a loss on conversion of \$685,348. We also issued 206,650,000 shares valued at \$670,200 for services, and 29,134,742 shares valued at \$174,808 in exchange for equipment.

In addition, we issued 20,000,000 shares valued at \$246,000 or \$0.0123 per share as part of the acquisition of Atlas Pharma Inc. We also issued 1,000,000 shares valued at \$5,900 in exchange for cancellation of a royalty obligation.

We relied upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended, to issue these shares.

Other than reduction of debt from the conversion of the outstanding convertible notes described above and obtaining equipment, we did not receive any direct proceeds from the issuance of these shares. The proceeds from the notes were used for the acquisition of Atlas Pharma Inc., purchase of equipment and working capital.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS

**Exhibit  
No.**

**Description**

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[31.1](#) Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

[31.2](#) Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

[32](#) Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS XBRL Instance Document\*

101.SCH XBRL Schema Document\*  
101.CAL XBRL Calculation Linkbase Document\*  
101.DEF XBRL Definition Linkbase Document\*  
101.LAB XBRL Label Linkbase Document\*  
101.PRE XBRL Presentation Linkbase Document\*

\* Pursuant to Rule 406T of Regulation S-T, these interactive data files are not deemed filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act or Section 18 of the Securities Exchange Act and otherwise not subject to liability.



## SIGNATURES

Pursuant to the requirements of Section 12 of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on November 16, 2018.

### SUNSHINE BIOPHARMA, INC.

By: s/ Dr. Steve N. Slilaty  
Dr. Steve N. Slilaty,  
Principal Executive Officer

By: s/ Camille Sebaaly  
Camille Sebaaly,  
Principal Financial Officer and  
Principal Accounting Officer

**CERTIFICATION PURSUANT TO  
18 USC, SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002**

I, Steve N. Slilaty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sunshine Biopharma, 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 in order 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 controls 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 procedure 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 upon 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 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.

Dated: November 16, 2018

s/ Dr. Steve N. Slilaty  
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Dr. Steve N. Slilaty, Chief Executive Officer

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**CERTIFICATION PURSUANT TO  
18 USC, SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002**

I, Camille Sebaaly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sunshine Biopharma, 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 in order 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 controls 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 procedure 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 upon 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 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.

Dated: November 16, 2018

s/ Camille Sebaaly  
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Camille Sebaaly, Chief Financial Officer

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**CERTIFICATION PURSUANT TO  
18 USC, SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report of Sunshine Biopharma, Inc. (the "Company") on Form 10-Q for the nine month period ended September 30, 2018, as filed with the Securities and Exchange Commission on November 16, 2018 (the "Report"), we, the undersigned, in the capacities and on the date indicated below, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

1. The Report fully complies with the requirements of Rule 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 16, 2018

s/ Dr. Steve N. Slilaty  
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Dr. Steve N. Slilaty, Chief Executive Officer

Dated: November 16, 2018

s/ Camille Sebaaly  
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Camille Sebaaly, Chief Financial Officer

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