

**AMENDMENT TO TERM SHEET
AND PRIVATE PLACEMENT MEMORANDUM**

**Processa Pharmaceuticals, Inc.
7380 Coca Cola Drive, Suite 106, Hanover, Maryland**

March 29, 2018

Processa Pharmaceuticals, Inc. hereby amends its private placement memorandum dated January 29, 2018 and its term sheet dated January 29, 2018 offering Common Stock and Warrants at a Purchase Price per Unit of \$2.27. All defined terms shall have the same definitions as provided in the Memorandum.

The latest date to sell the Minimum Offering shall be June 29, 2018. We will return all funds to subscribers without deduction or interest if we fail to close for the Minimum Offering on or before June 29, 2018.

The Shares, but not the Warrants, will have full ratchet anti-dilution protection rather than weighted-average anti-dilution protection. Except as provided below, until the Company has issued equity securities or securities convertible into equity securities for a total of an additional \$20.0 million in cash or assets, including the proceeds from the exercise of the Warrants issued in this Offering, in the event the Company issues additional equity securities or securities convertible into equity securities at a purchase price less than \$2.27 per share of Common Stock, the Purchase Price shall be adjusted and new shares of Common Stock issued as if the Purchase Price was such lower amount (or, if such additional securities are issued without consideration, to a price equal to \$0.01 per share). To illustrate, if a party purchased 1,000 shares in this Offering and the Company later issued shares for \$2.00 per share, the party would receive an extra 135 shares of Common Stock (\$2,270 divided by \$2 minus 1,000).

The following issuances shall not trigger anti-dilution adjustment: (i) shares of Common Stock issued in this Offering and securities issuable upon exercise of the Warrants; (ii) securities issued upon the conversion of any outstanding debenture, warrant, option or other convertible security; (iii) Common Stock issuable upon a stock split, stock dividend, or any subdivision of shares of Common Stock, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities (other than in connection with stock splits or combinations) or to extend the term of such securities; (iv) shares of Common Stock (or options to purchase such shares of Common Stock) issued or issuable to employees or directors of, or consultants to, the Company pursuant to any plan approved by the Company's Board of Directors and (v) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a person (or to the equity holders of a person) which is, itself or through its subsidiaries, believed by the Company to be an operating company or an owner of an asset in a business synergistic with the business of the Company.

If you have any questions concerning the Company, please contact Patrick Lin, our Chief Business and Strategy Officer, at (925) 402-4275.

If you have any questions involving the subscription procedures related to this Offering, please contact Peter Conley, Boustead Securities, LLC at (310) 383-7874.

**TERM SHEET
FOR THE PURCHASE OF COMMON STOCK AND WARRANTS OF
PROCESSA PHARMACEUTICALS, INC.**

January 29, 2018

Amended March 29, 2018

This Term Sheet summarizes the principal terms of a private offering (the “**Offering**”) of shares of Common Stock of Processa Pharmaceuticals, Inc., a Delaware corporation (the “**Company**”) and Warrants to purchase shares of the Company’s Common Stock. This Term Sheet is by its nature incomplete and is qualified in its entirety by the Private Placement Memorandum of the Company relating to the Offering, a copy of which is attached to the same email that delivered this Term Sheet. A Securities Purchase Agreement and other Offering materials, may be provided to the undersigned following the execution of this Term Sheet. This Term Sheet is not a commitment to invest, and no legally binding obligations will be created until definitive agreements relating to the Offering are executed and delivered.

Offering Terms

- Issuer:* Processa Pharmaceuticals, Inc., a Delaware corporation. The Company’s Common Stock trades in the OTC Pink marketplace.
- Closing Date:* February 21, 2018 (the “**Closing Date**”), unless extended by the Placement Agent and the Company, in their joint discretion, to a date not later than June 29, 2018.
- Securities Offered:* Units consisting of Common Stock, par value \$0.0001 per share, of the Company (the “**Shares**”) and warrants (the “**Warrants**”) to purchase Shares (the “**Warrant Shares**”). Each unit will represent 1 Share and 1 Warrant. Units will not be issued or certificated. Shares and Warrants will be issued separately but can only be purchased together in this Offering.
- Offering Size:* The Company must sell units consisting of a minimum of 1,101,322 Shares (for an aggregate sale of \$2,500,000) and up to a maximum of 3,524,229 Shares (for an aggregate sale of \$8,000,000) in the Offering.
- Price Per Unit:* \$2.27 per unit (the “**Purchase Price**”).
- Warrants:* The Company will grant Warrants to investors on a 1:1 basis. The Warrants will have an exercise price equal to 120% of the Purchase Price. The Warrants will be callable if the closing bid price of the Shares is equal to 200% or more of the exercise price for twenty (20) consecutive trading days. The Warrants will expire three (3) years from the Closing Date.
- Pre-Money Valuation:* The Purchase Price is based upon a fully-diluted pre-money valuation of \$80,000,000.
- Use of Proceeds:* The proceeds will be used primarily for research and development, operating expenses and general working capital.

Investor Eligibility: Each investor must be an “accredited investor,” as defined within Regulation D promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”).

Escrow: All funds raised shall be held in a non-interest bearing escrow account maintained by FinTech Clearing LLC. If the minimum amount of the Offering is not raised by June 29, 2018, none of the Shares or Warrants will be sold and all investor funds will be returned in full without offset or interest.

Anti-dilution Provisions: The Shares, but not the Warrants, will have full ratchet anti-dilution protection until the Company has issued equity securities or securities convertible into equity securities for a total of \$20.0 million in cash or assets, including the proceeds from the exercise of the Warrants issued in this Offering.

Registration: The Company will file a registration statement on Form S-1 or other appropriate form in the sole discretion of the Company (the “**Registration Statement**”) to register the Shares purchased pursuant to this Offering and the Warrant Shares issuable upon the exercise of the Warrants (collectively, the “**Registrable Securities**”) under the Securities Act within 30 days after the later of: (a) the filing of the Company’s Form 10-K for the year ended December 31, 2017 with the U.S. Securities and Exchange Commission or (b) the last Closing Date for the Offering (the “**Registration Filing Date**”) and will use commercially reasonable efforts to ensure that registration of the Registrable Securities becomes effective as soon as practical after the Registration Filing Date and thereafter to keep the Registration Statement effective until the due date for the Company’s next Form 10-K.

Securities Purchase Agreement: The Offering will be consummated pursuant to a securities purchase agreement and related agreements provided to each investor.

Placement Agent Boustead Securities, LLC.

Issuer Counsel: Foley & Lardner LLP.

If the foregoing terms and conditions are acceptable to you, please so indicate by signing where indicated below and returning it to Boustead Securities, LLC at the following address: **Boustead Securities, LLC, 6 Venture, Suite 325, Irvine, CA 92618, Attn: Peter Conley (pete@boustead1828.com)**.

Individuals:

Signature: _____
 Name: _____
 Date: _____

Entities:

Entity Name: _____
 Signature: _____
 Name: _____
 Title: _____
 Date: _____