IR BIOSCIENCES HOLDINGS INC
Form 10-Q
November 22, 2010

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

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2010

or

oTransition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ___________ to _____________

Commission File Number: 033-05384

IR BIOSCIENCES HOLDINGS, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	13-3301899 (I.R.S. Employer Identification No.)
8777 E. Via De Ventura, Suite 280, Scottsdale, AZ (Address of Principal Executive Offices)	85258 (Zip Code)

Registrant's telephone number, including area code: (480) 922-3926

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether 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 twelve 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 x No o

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 o No x

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

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

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

The number of shares outstanding of Registrant's common stock as of November 22, 2010 was 17,082,963.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDIARY

Table Of Contents

ITEM 1. FINANCIAL STATEMENTS

IR BioSciences Holdings, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Balance Sheets
As of September 30, 2010 (unaudited) and December 31, 2009

	September 30, 2010 (unaudited)	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	$-	$280,309
Prepaid services and other current assets (note 1)	4,819	68,347
Total current assets	4,819	348,656
Deposits and other assets (note 1)	-	7,693
Furniture and equipment, net of accumulated depreciation of $95,614 and $89,130, respectively (note 2)	22,713	29,197
Total assets	$27,532	$385,546
Liabilities and Stockholders' Deficit		
Current liabilities		
Cash overdraft	$29,464	$-
Accounts payable and accrued liabilities (note 3)	2,076,860	785,501
Current portion of notes payable (note 4)	-	2,000,000
Redemption option liability	300,000	300,000
Total current liabilities	2,406,324	3,085,501
Derivative liability (note 5)	1,679,670	2,256,200
Notes payable, net of discount of $360,160 and $3,006,498, respectively (note 4)	3,103,735	4,062,391
Total liabilities	7,189,729	9,404,092
Commitments and contingencies	-	-
Redeemable Preferred Stock, net (note 6)	5,919,000	-
Stockholders' deficit (note 6)		
Preferred stock, $0.001 par value:		
10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $0.001 par value: 100,000,000 shares authorized;		

17,082,963 shares and 13,630,857 shares issued and outstanding		
at September 30, 2010 and December 31, 2009, respectively	17,082	13,630
Additional paid-in capital	19,596,525	18,717,575
Common stock subscribed (note 6)	-	10,222
Deficit Accumulated during the development stage	(32,694,804)	(27,759,973)
Total stockholder's deficit	(13,081,197)	(9,018,546)
Total liabilities and stockholders' deficit	$27,532	$385,546

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

F-1

IR BioSciences Holdings, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statements of Losses
For the three and nine months ended September 30, 2010 and 2009
Period of Inception (October 30, 2002) to September 30, 2010
(Unaudited)

	For the Three Months Ended September 30, 2010	For the Three Months Ended September 30, 2009	For the Nine Months Ended September 30, 2010	For the Nine Months Ended September 30, 2009	Cumulative from Inception (October 30, 2002) to September 30, 2010
Revenue	$-	$-	$-	$-	$-
Operating expenses:					
Selling, general and administrative expenses	341,402	743,383	2,458,075	2,408,251	26,694,452
Merger fees and costs	-	-	-	-	350,000
Impairment of intangible asset	-	-	-	-	6,393
Total operating expenses	341,402	743,383	2,458,075	2,408,251	27,050,845
Operating loss	(341,402)	(743,383)	(2,458,075)	(2,408,251)	(27,050,845)
Other expense:					
Cost of penalty for late registration of shares	-	-	-	-	2,192,160
(Gain) loss from change in fair value of derivative liability	(2,977,923)	1,706,401	(3,946,690)	3,082,961	(7,609,312)
Loss on extinguishment of debt	5,187,456	-	5,187,456	-	5,187,456
Financing cost	-	31,250	15,625	93,750	410,000
Interest expense, net	243,270	543,122	1,224,578	1,608,880	5,457,324
Total other expense	2,452,803	2,280,773	2,480,969	4,785,591	5,637,628
Loss before income taxes	(2,794,205)	(3,024,156)	(4,939,044)	(7,193,842)	(32,688,473)
Provision for income taxes	4,213	-	4,213	-	(6,331)
Net loss before accretion of preferred discount	$(2,789,992)	$(3,024,156)	$(4,934,831)	$(7,193,842)	$(32,694,804)
Accretion of preferred discount	(244,405)	-	(244,405)	-	(244,405)
	(3,034,397)	(3,024,156)	(5,179,236)	(7,193,842)	(32,939,209)

Net loss attributable to common shareholders					
Net loss per share - basic and diluted	$(0.17)	$(0.23)	$(0.32)	$(0.55)	$(3.83)
Weighted average shares outstanding - basic and diluted	16,831,271	13,201,148	15,354,523	13,114,131	8,534,411

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

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Balance at October 30, 2002 (date of inception)	-	$-	$-	$-	$-	$-	$-
Shares of common stock issued at $0.006 per share to founders for license of proprietary right in December 2002	1,661,228	1,661	7,589	-	-	-	9,250
Shares of common stock issued at $0.006 per share to founders for services rendered in December 2002	140,531	141	641	-	-	-	782
Shares of common stock issued at $1.671 per share to consultants for services rendered in December 2002	5,388	5	8,995	(9,000)	-	-	-
Sale of common stock for cash at $1.671 per share in December 2002	18,558	19	30,982	-	-	-	31,001
Net loss for the period from inception (October 30, 2002) to December 31,	-	-	-	-		(45,918)	(45,918)

2002										
Balance at December 31, 2002 (reflective of stock splits)	1,825,704	$1,826	$48,207	$(9,000	)	$-	$(45,918	)	$(4,885	)

F-3

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Shares granted to consultants at $1.392 per share for services rendered in January 2003	9,878	10	13,740	-	-	-	13,750
Sale of shares of common stock for cash at $1.517 per share in January 2003	32,955	33	49,967	-	-	-	50,000
Shares granted to consultants at $1.392 per share for services rendered in March 2003	15,445	15	21,485	-	-	-	21,500
Conversion of notes payable to common stock at $1.392 per share in April 2003	143,674	144	199,856	-	-	-	200,000
Shares granted to consultants at $1.413 per share for services rendered in April 2003	1,437	1	2,029	-	-	-	2,030
Sale of shares of common stock for cash at $2.784 per share in May 2003	1,796	2	4,998	-	-	-	5,000

Sales of shares of common stock for cash at $2.784 per share in June 2003	3,592	4	9,996	-	-	-	10,000
Conversion of notes payable to common stock at $1.392 per share in June 2003	71,837	72	99,928	-	-	-	100,000
Beneficial conversion feature associated with notes issued in June 2003	-	-	60,560	-	-	-	60,560
Amortization of deferred compensation	-	-	-	9,000	-	-	9,000
Costs of GPN Merger in July 2003	236,813	237	(121,036)	-	-	-	(120,799)
Value of warrants issued with extended notes payable in October 2003	-	-	189,937	-	-	-	189,937
							-
Value of Company warrants issued in conjunction with fourth quarter notes payable issued October through December 2003	-	-	207,457	-	-	-	207,457
Value of warrants contributed by founders in conjunction with fourth quarter notes payable issued October through December 2003	-	-	183,543	-	-	-	183,543

Value of warrants issued for services in October through December 2003	-	-	85,861	-	-	-	85,861
Net loss for the twelve month period ended December 31, 2003	-	-	-	-	-	(1,856,702)	(1,856,702)
							-
Balance at December 31, 2003	2,343,130	$2,343	$1,056,529	$-	$-	$(1,902,620)	$(843,748)

F-4

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Shares granted at $10.00 per share pursuant to the Senior Note Agreement in January 2004	60,000	60	599,940	(600,000)	-	-	-
Shares issued at $10.00 per share to a consultant for services rendered in January 2004	80,000	80	799,920	(800,000)	-	-	-
Shares issued to a consultant at $6.20 per share for services rendered in February 2004	4,000	4	24,796	(24,800)	-	-	-
Shares issued to a consultant at $4.00 per share for services rendered in March 2004	105,160	105	420,535	(420,640)	-	-	-
Shares issued to a consultant at $5.00 per share for services rendered in March 2004	50,000	50	249,950	(250,000)	-	-	-
Shares sold for cash at $1.50 per share in March, 2004	800	1	1,199	-	-	-	1,200
Shares issued at $5.00 per share to consultants for	2,000	2	9,998	-	-	-	10,000

services rendered in March 2004							
Shares issued to a consultant at $4.00 per share for services rendered in March 2004	200	0	800	-	-	-	800
Shares issued to consultants at $3.20 per share for services rendered in March 2004	9,160	9	29,303	-	-	-	29,312

F-5

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Shares to be issued to consultant at $4.10 per share in April 2004 for services to be rendered through March 2005	-	-	-	(82,000)	-	-	(82,000)
Shares granted pursuant to the New Senior Note Agreement in April 2004	60,000	60	149,940	(150,000)	-	-	-
Shares issued to officer at $3.20 per share for services rendered in April 2004	20,000	20	63,980	-	-	-	64,000
Conversion of Note Payable to common stock at $1.00 per share in May 2004	35,000	35	34,965	-	-	-	35,000
Beneficial Conversion Feature associated with note payable in May 2004	-	-	35,000	-	-	-	35,000
Issuance of warrants to officers and founder for services rendered in May 2004	-	-	269,208	-	-	-	269,208

Shares to a consultant at $2.00 per share as a due diligence fee in May 2004	12,500	13	24,988	-	-	-	25,000
Shares issued to a consultant at $10.00 per share for services to be rendered over twelve months beginning May 2004	50,000	50	499,950	(500,000)	-	-	-
Beneficial Conversion Feature associated with notes payable issued in June 2004	-	-	3,000	-	-	-	3,000
Issuance of warrants to note holders in April, May, and June 2004	-	-	17,915	-	-	-	17,915
Issuance of warrants to employees and consultants for services rendered in April through June 2004	-	-	8,318	-	-	-	8,318

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Shares issued in July to a consultant at $1.00 for services to be rendered through July 2005	25,000	25	24,975	(25,000)	-	-	-
Shares issued to a consultant in July and September at $4.10 per share for services to be rendered through April 2005	20,000	20	81,980	-	-	-	82,000
Shares issued to a consultant in September at $1.20 to $2.20 for services rendered through September 2004	12,728	13	16,896	-	-	-	16,909
Shares issued in July to September 2004 as interest on note payable	30,000	30	35,970	-	-	-	36,000
Issuance of warrants with notes payable in July and August 2004	-	-	72,252	-	-	-	72,252
Accrued deferred compensation in August 2004 to a consultant for 10,000 shares at	-	-	-	(10,000)	-	-	(10,000)

$1.00 per share, committed but unissued							
Shares issued in August 2004 at $1.40 to a consultant for services to be performed through October 2004	10,000	10	13,990	(14,000)	-	-	-
Shares issued in August 2004 at $1.25 per share for conversion of $30,000 demand loan	24,000	24	29,976	-	-	-	30,000
Shares issued in August 2004 at $1.60 per share to a consultant for services provided.	12,500	13	19,988	-	-	-	20,000
Shares issued to employees at $1.60 to $2.50 per share	4,880	5	8,379	-	-	-	8,384

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Commitment to issue 10,000 shares of stock to a consultant at $2.30 per share for services to be provided through September 2005	-	-	-	(23,000)	-	-	(23,000)
Sale of stock for cash in October at $1.25 per share, net of costs of $298,155	1,816,000	1,816	1,362,107	-	-	-	1,363,923
Value of warrants issued with sale of common stock in October, net of costs	-	-	607,922	-	-	-	607,922
Issuance of warrant to officer in October	-	-	112,697	-	-	-	112,697
Issuance of stock to investment bankers in October 2004 for commissions earned	490,000	490	(490)	-	-	-	-
Conversion of accounts payable to stock in October at $1.25 per share	125,775	126	108,514	-	-	-	108,640
	-	-	48,579	-	-	-	48,579

Value of warrants issued with accounts payable conversions							
Conversion of demand loan to stock in October at $1.10 per share	9,330	9	10,254	-	-	-	10,263
Forgiveness of notes payable in October 2004	-	-	36,785	-	-	-	36,785
Issuance of stock to officer and director at $1.25 per share in October for conversion of liability	144,000	144	123,789	-	-	-	123,933
Value of warrants issued with officer and director conversion of liabilities	-	-	56,067	-	-	-	56,067
Conversion of debt and accrued interest to common stock at $0.75 to $1.25 per share in October 2004	670,315	670	423,547	-	-	-	424,217
Value of warrants issued with conversion of debt	-	-	191,111	-	-	-	191,111

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Conversion of Note Payable of $5,000 plus accrued interest of $71 in October, 2004	6,761	7	4,993	-	-	-	5,000
Issuance of warrants to note holders in October 2004	-	-	112,562	-	-	-	112,562
Value of shares issued to CFO as compensation in December 2004	10,000	10	34,990	-	-	-	35,000
Value of warrants issued to members of advisory committees in November and December 2004	-	-	16,348	-	-	-	16,348
Beneficial conversion feature associated with notes payable in December 2004	-	-	124,709	-	-	-	124,709
Shares issued in error to be cancelled in December	(900)	(1)	1	-	-	-	0
Amortization of deferred	-	-	-	2,729,454	-	-	2,729,454

compensation through December 31, 2004							
Loss for the twelve months ended December 31, 2004	-	-	-	-	-	(5,305,407)	(5,305,407)
Balance at December 31, 2004	6,242,339	$6,242	$7,979,124	$(169,986)	$-	$(7,208,027)	$607,353
Sale of shares of common stock for cash at $2.00 per share in March 2005 for warrant exercise, net of costs	660,078	660	1,190,196	-	-	-	1,190,856
Value of warrants issued to members of advisory committees in March 2005	-	-	137,049	-	-	-	137,049
Deferred compensation in February 2005 to a consultant for 5,000 shares of common stock at $6.50 per share	-	-	-	(32,500)	-	-	(32,500)
Warrants exercised at $0.50 per share in June 2003	8,000	8	3,992	-	-	-	4,000

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Value of warrants issued to members of advisory committee in June 2005	-	-	70,781	-	-	-	70,781
Value of warrants issued to investors and service providers in June 2005	-	-	32,991	-	-	-	32,991
Issuance of 23,215 shares of common stock in July 2005 for conversion of notes payable	23,215	23	64,980	-	-	-	65,003
Issuance of 10,000 shares of common stock in August 2005 to a consultant for services provided	10,000	10	9,990	-	-	-	10,000
Value of warrants issued to advisory committee in September 2005 for services	-	-	20,491	-	-	-	20,491
Amortization of deferred comp for the twelve months ended December, 2005	-	-	-	199,726	-	-	199,726

Value of warrants issued in October and December 2005 to investors and service providers	-	-	18,399	-	-	-	18,399
Loss for the year ended December 31,2005	-	-	-	-	-	(4,591,107)	(4,591,107)
Balance as of December 31, 2005	6,943,632	$6,943	$9,527,993	$(2,760)	$-	$(11,799,134)	$(2,266,958)

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Issuance of 10,000 shares to officer, previously accrued	10,000	10	41,406	-	-	-	41,416
Value of warrants issued to members of advisory committee in March 2006	-	-	8,399	-	-	-	8,399
Amortization of deferred compensation for the three months ended March 31, 2006	-	-	-	2,760	-	-	2,760
Issuance of common stock in May 2006 to a consultant for services provided	3,446	3	16,194	-	-	-	16,197
Conversion of accrued interest to common stock at $1.25 per share in May, 2006	1,929	2	2,409	-	-	-	2,411
Conversion of accrued interest to common stock at $1.25 per share in May, 2006	1,632	2	2,039	-	-	-	2,041
	1,345	1	1,354	-	-	-	1,355

Conversion of accrued interest to common stock at $1.00 per share in May, 2006							
Common stock issued pursuant to the exercise of warrants at $0.90 per share in June 2006	500	1	450	-	-	-	450
Value of warrants issued to members of advisory committee in June 2006	-	-	8,820	-	-	-	8,820
Value of warrants issued to members of advisory committee in September 2006	-	-	3,495	-	-	-	3,495
Value of warrants issued to officers	-	-	50,874	-	-	-	50,874
Issuance of penalty Common Stock, previously accrued	415,080	415	871,250	-	-	-	871,665
Issuance of penalty warrants, previously accrued	-	-	182,239	-	-	-	182,239
Value of options issued to officer	-	-	78,802	-	-	-	78,802
Value of warrants issued to members of advisory committee in December 2006	-	-	1,974	-	-	-	1,974
	3,426,625	3,427	4,610,122	-	-	-	4,613,549

Issuance of Common Stock for cash							
Common stock to be issued as commission for equity fund raising	-	-	(5,483)	-	5,483	-	-
Value of options issued to officer	-	-	185,472	-	-	-	185,472
Value of shares issued to officer	-	-	32,120	-	-	-	32,120
Loss for the year ended December 31, 2006	-	-	-	-	-	(1,486,046)	(1,486,046)
Balance as of December 31, 2006	10,804,190	$10,804	$15,619,928	$-	$5,483	$(13,285,180)	$2,351,035

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Common stock issued as commission for equity fund raising in January 2007	548,260	548	4,935	-	(5,483)	-	-
Common stock issued to consultant in January 2007 at $1.50 per share	29,804	30	44,676	-	-	-	44,706
Common stock issued to consultants in January 2007 at $1.55 per share	40,000	40	61,960	-	-	-	62,000
Common stock issued to consultants in January 2007 at $1.50 per share	10,000	10	14,990	-	-	-	15,000
Value of options issued to officer in January, February and March 2007	-	-	471,457	-	-	-	471,457
Value of options issued to employee in January 2007	-	-	5,426	-	-	-	5,426
Value of warrants issued	-	-	166,998	-	-	-	166,998

to consultant in April 2007							
Value of options issued to employees in July 2007	-	-	996,133	-	-	-	996,133
Value of options issued to directors in July 2007	-	-	537,833	-	-	-	537,833
Value of options issued to consultants in July 2007	-	-	80,996	-	-	-	80,996
Common stock to be issued for consulting services in 2008 at $1.10 per share in November 2007	-	-	-	-	33,000	-	33,000
Common stock to be issued for finders fee in 2008 at $1.20 per share in November 2007	-	-	-	-	120,000	-	120,000
Loss for the year ended December 31, 2007	-	-	-	-	-	(5,463,958)	(5,463,958)
Balance as of December 31, 2007	11,432,254	$11,432	$18,005,332	$-	$153,000	$(18,749,138)	$(579,374)

F-12

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Common stock issued for consulting services previously accrued in November 2007	30,000	30	32,970	-	(33,000)	-	-
Common stock issued for finders fee previously accrued in November 2007	100,000	100	119,900	-	(120,000)	-	-
Value of warrants issued pursuant to convertible debt agreement in January 2008	-	-	226,754	-	-	-	226,754
Adjustment to value of warrants, previously issued in January 2008, due to decrease of exercise price	-	-	60,092	-	-	-	60,092
Value of options issued to advisory board in March 2008	-	-	3,729	-	-	-	3,729
Value of options issued to employee in January 2007	-	-	5,428	-	-	-	5,428
Value of options issued to consultants in July	-	-	6,994	-	-	-	6,994

2007							
Common stock issued for March 2008 interest payment at $0.488 per share	39,500	39	19,237	-	-	-	19,276
Value of options issued to employees in March 2008	-	-	1,708	-	-	-	1,708
Value of options issued to a Director in March 2008	-	-	19,625	-	-	-	19,625
Common stock issued for June 2008 interest payment at $0.699 per share in July 2008	28,220	28	19,698	-	-	-	19,726

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Common stock issued for June 2008 interest payment at $0.699 per share in July 2008	2,822	3	1,969	-	-	-	1,972
Common stock issued for interest payment at $0.33032 per share in August 2008	95,825	96	31,557	-	-	-	31,653
Common stock issued for interest payment at $0.33032 per share in August 2008	2,228	2	734	-	-	-	736
Common stock issued for interest payment at $0.33032 per share in August 2008	124,794	125	41,097	-	-	-	41,222
Common stock issued for pre-payment of interest payment at $0.33032 per share in August 2008	162,721	163	53,587	-	-	-	53,750
Common stock issued for pre-payment of	3,785	4	1,246	-	-	-	1,250

interest payment at $0.33032 per share in August 2008							
Common stock issued for pre-payment of interest payment at $0.33032 per share in August 2008	211,916	212	69,788	-	-	-	70,000
Common stock issued pursuant to the exercise of warrants at $0.375 per share in June and July 2008	30,000	30	11,220	-	-	-	11,250
Common stock issued for rounding due to reverse stock split in August 2008	126	1	(1)	-	-	-	-
Common stock subscribed pursuant to agreement for capital raise in August 2008	-	-	-	-	250,000	-	250,000
Value of warrants issued pursuant to convertible debt agreement in August 2008	-	-	286,846	-	-	-	286,846
Value of warrants issued pursuant to convertible debt agreement in August 2008	-	-	427,628	-	-	-	427,628
Value of warrants issued	-	-	9,946	-	-	-	9,946

pursuant to convertible debt agreement in August 2008							
Value of warrants issued pursuant to convertible debt agreement in August 2008	-	-	556,949	-	-	-	556,949
Value of options issued to directors in November 2008	-	-	52,284	-	-	-	52,284
Loss for the year ended December 31, 2008	-	-	-	-	-	(5,807,353)	(5,807,353)
Balance at December 31, 2008	12,264,191	$12,265	$20,066,317	$-	$250,000	$(24,556,491)	$(4,227,909)

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Cumulative effect of change in accounting principle- January 1, 2009 reclassification of embedded feature of equity-linked financial instrument to derivative liability	-	-	(1,856,576)	-	-	3,259,335	1,402,759
Common stock issued pursuant to agreement for capital raise previously accrued in August 2008 at $0.30 per share	833,334	833	249,167	-	(250,000)	-	-
Common stock issued for consulting services performed from June to August 2009 at $0.19 per share	200,000	200	37,800	-	-	-	38,000
Common stock issued for consulting services performed in September 2009 at $0.36 per share	44,444	44	15,956	-	-	-	16,000

Common stock issued for consulting services performed in October 2009 at $0.36 per share	44,444	44	15,956	-	-	-	16,000
Common stock issued for consulting services performed in November 2009 at $0.23 per share	44,444	44	10,178	-	-	-	10,222
Common stock issued for consulting services performed in November 2009 at $0.35 per share	200,000	200	69,800	-	-	-	70,000
Common stock to be issued for consulting services performed in December 2009 at $0.23 per share	-	-	-	-	10,222	-	10,222
Value of options issued to employees in March 2008	-	-	244	-	-	-	244
Value of options issued to advisory board in Aug 2009	-	-	4,045	-	-	-	4,045
Value of options issued to consultants in Aug 2009	-	-	3,646	-	-	-	3,646
Value of options issued to employees in Aug 2009	-	-	6,250	-	-	-	6,250

Value of options issued to Officers and Directors in Aug 2009	-	-	94,792	-	-	-	94,792
Loss for the year ended December 31, 2009	-	-	-	-	-	(6,462,817)	(6,462,817)
Balance at December 31, 2009	13,630,857	$13,630	$18,717,575	$-	$10,222	$(27,759,973)	$(9,018,546)

F-15

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Common stock issued for consulting services performed in November 2009 at $0.35 per share	500,000	500	189,500	-	-	-	190,000
Common stock to be issued for consulting services performed in January 2010 at $0.23 per share	-	-	-	-	10,222	-	10,222
Value of options issued to consultants in Aug 2009	-	-	2,188	-	-	-	2,188
Value of options issued to employees in Aug 2009	-	-	3,750	-	-	-	3,750
Value of options issued to Officers and Directors in Aug 2009	-	-	56,875	-	-	-	56,875
Loss for the three months ended March 31, 2010	-	-	-	-	-	(3,326,202)	(3,326,202)
	14,130,857	$14,130	$18,969,888	$-	$20,444	$(31,086,175)	$(12,081,713)

Balance at
March 31, 2010

F-16

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From Date of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	Common Stock Shares	Amount	Paid-In Capital	Additional Deferred Compensation	Stock Subscribed	Common Accumulated Deficit	Total
Common stock issued for consulting services performed December 2009 at $0.23 per share, previously accrued	44,444	44	10,178	-	(10,222)	-	-
Common stock issued for consulting services performed January 2010 at $0.23 per share, previously accrued	44,444	44	10,178	-	(10,222)	-	-
Common stock issued for consulting services performed in March and April 2010 at $0.31 per share	735,000	735	227,115	-	-	-	227,850
Common stock issued for consulting services performed in March and April 2010 at $0.34 per share	420,000	420	142,380	-	-	-	142,800

Common stock issued for consulting services performed January to April 2010 at $0.34 per share	26,961	27	9,140	-	-	-	9,167
Common stock issued for consulting services performed January to April 2010 at $0.34 per share	15,000	15	5,085	-	-	-	5,100
Common stock issued for consulting services performed January to April 2010 at $0.34 per share	15,000	15	5,085	-	-	-	5,100
Common stock issued for consulting services performed March to May 2010 at $0.30 per share	500,000	500	149,500	-	-	-	150,000
Value of options issued to consultants in Aug 2009	-	-	2,917	-	-	-	2,917
Value of options issued to employees in Aug 2009	-	-	5,000	-	-	-	5,000
Value of options issued to Officers and Directors in Aug 2009	-	-	75,833	-	-	-	75,833

Value of options issued to Officers and Directors in May 2010	-	-	7,212	-	-	-	7,212
Loss for the three months ended June 30, 2010	-	-	-	-	-	1,181,363	1,181,363
Balance at June 30, 2010	15,931,706	$15,930	$19,619,511	$ -	$-	$(29,904,812)	$(10,269,371)

IR BioSciences Holding, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statement of Stockholders' (Deficit)
From date of inception (October 30, 2002) to September 30, 2010
(Continued)

Common stock issued for optional conversion of principal of outstanding notes in July 2010 at $0.1048 per share	780,534	781	81,019	-	-	-	81,800
Common stock issued as partial payment for installment payment of principal of outstanding notes in August 2010 at $0.13 per share	59,724	60	7,704	-	-	-	7,764
Common stock issued as partial payment for installment payment of principal of outstanding notes in August 2010 at $0.13 per share	263,353	263	33,973	-	-	-	34,236
Common stock issued as partial payment for installment payment of principal of outstanding notes in September 2010 at $0.13 per share	47,646	48	6,146	-	-	-	6,194
Value of options issued to Officers and Directors in	-	-	1,803	-	-	-	1,803

May 2010							
Reclassification from conversion options liability to equity	-	-	90,774	-	-	-	90,774
Accretion of preferred discount	-	-	(244,405)	-	-	-	(244,405)
Loss for the three months ended September 30, 2010	-	-	-	-	-	(2,789,992)	(2,789,992)
Balance at September 30, 2010	17,082,963	$ 17,082	$ 19,596,525	$ -	$ -	$ (32,694,804)	$ (13,081,197)

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

IR BioSciences Holdings, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2010 and 2009,
And For the Period of Inception (October 30, 2002) to September 30, 2010
(Unaudited)

	For the Nine Months Ended September 30 2010	For the Nine Months Ended September 30 2009	Cumulative from Inception (October 30, 2002) to September 30, 2010
Cash flows from operating activities:			
Net loss	$ (4,934,831)	$(7,193,842)	$ (32,694,804)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash compensation	895,817	100,164	8,313,365
Cost of penalty for late registration of shares - stock portion	-	-	1,631,726
Cost of penalty for late registration of shares - warrant portion	-	-	560,434
Loss from the extinguishment of debt	5,187,455	-	5,187,455
Change in fair value of derivative liability	(3,946,689)	3,082,961	(7,609,311)
Legal fees for note payable	-	-	20,125
Placement fees for note payable	-	-	65,000
Impairment of intangible asset	-	-	6,393
Interest expense	400,000	600,000	1,774,880
Amortization of discount on notes payable	675,411	799,907	3,293,055
Redemption Option Liability	-	225,000	300,000
Depreciation and amortization	6,484	10,937	89,221
Changes in operating assets and liabilities:			
Cash overdraft	29,464	-	29,464
Increase in deposits	7,693	(315)	2,510
Decrease in prepaid services and other assets	63,527	139,856	287,671
Increase/(Decrease) in accounts payable and accrued expenses	1,335,360	(134,560)	2,366,614
Net cash used in operating activities	(280,309)	(2,369,892)	(16,376,202)
Cash flows from investing activities:			
Acquisition of property and equipment	-	(1,500)	(86,577)
Net cash used in investing activities	-	(1,500)	(86,577)
Cash flows from financing activities:			
Proceeds from notes payable	-	-	9,668,375
Principal payments on notes payable and demand loans	-	-	(1,094,747)

Shares of stock sold for cash	-	-	7,873,451
Proceeds from exercise of warrant	-	-	15,700
Officer repayment of amounts paid on his behalf	-	-	19,880
Cash paid on behalf of officer	-	-	(19,880)
Net cash provided by financing activities	-	-	16,462,779
Net increase (decrease) in cash and cash equivalents	(280,309)	(2,371,392)	-
Cash and cash equivalents at beginning of period	280,309	3,158,226	-
Cash and cash equivalents at end of period	$ -	$786,834	$ -

IR BioSciences Holdings, Inc. and Subsidiary
(A Development Stage Company)
Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2010 and 2009,
And For the Period of Inception (October 30, 2002) to September 30, 2010
(Unaudited)
(Continued)

	For the Nine Months Ended September 30 2010	For the Nine Months Ended September 30 2009	Cumulative from Inception (October 30, 2002) to September 30, 2010
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$ -	$ -	$ 127,051
Taxes	$ -	$ -	$ 8,115
Common stock issued in exchange for proprietary rights	$ -	$ -	$ 9,250
Common stock issued in exchange for previously incurred debt and accrued interest	$ -	$ -	$ 1,066,401
Debt and accrued interest forgiveness from note holders	$ -	$ -	$ 36,785
Stock issued as commission for equity fundraising	$ -	$ -	$ 125,483
Accretion of discount on redeemable preferred stock	$ 244,405	-	$ 244,405

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

F-20

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Note 1 - Summary Of Accounting Policies

General

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q, and therefore, do not include all the information necessary for a fair presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America for a complete set of financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results from operations for the three- and nine-month periods ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ended December 31, 2010. The unaudited condensed consolidated financial statements should be read in conjunction with the December 31, 2009 financial statements and footnotes thereto included in the Company's annual report on SEC Form 10-K filed with the Securities and Exchange Commission on April 15, 2010 and as amended on April 30, 2010.

Business and basis of presentation

IR BioSciences Holdings, Inc. (the "Company," "we," or "us") formerly GPN Network, Inc. ("GPN") is currently a development stage company as set forth in Accounting Standard Codification (ASC). The Company, which was incorporated under the laws of the State of Delaware on October 30, 2002, is a development-stage biopharmaceutical company. Through our wholly-owned subsidiary, ImmuneRegen BioSciences, Inc., the Company is engaged in the research and development of potential drugs. The Company’s goal is to develop therapeutics to be used for the protection of the body from exposure to harmful agents such as toxic chemicals and radiation, as well as, biological agents, including influenza and anthrax. The Company’s research and development efforts are at a very early stage and the Company’s potential drug candidates have only undergone pre-clinical testing. From its inception through the date of these financial statements, the Company has recognized negligible revenues and has incurred significant operating expenses.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, ImmuneRegen BioSciences, Inc. Significant inter-company transactions have been eliminated in consolidation.

In July 2003, the Company effected a 1-for-20 reverse stock split of its common stock. In April 2004, the Company effected a 2-for-1 forward split of its common stock. On July 10, 2008, the Company effected a 1-for-10 reverse stock split of its common stock and simultaneously reduced its total authorized shares of common stock to 100,000,000. Par value remained unchanged as a result of the July 2008 stock split and reduction of authorized shares. Accordingly, the effect of the reverse-split has been presented in the accompanying unaudited condensed consolidated financial statement and footnote disclosures.

Reclassification

Certain reclassifications have been made to conform to prior periods' data to the current presentation. These reclassifications had no effect on reported losses.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Stock based compensation

In accordance with GAAP regarding "Share-Based Payment," (which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options based on estimated fair values), we are using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006.

Under the modified prospective approach, Share-Based Payment applies to new awards and to awards that were outstanding on January 1, 2006 that are subsequently modified, repurchased or cancelled. Under the modified prospective approach, compensation cost recognized in the nine months of fiscal 2006 includes compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of Share-Based Payments, and compensation cost for all share-based payments granted subsequent to January 1, 2006 based on the grant-date fair value estimated in accordance with the provisions of Share Based Payments. Prior periods were not restated to reflect the impact of adopting the new standard.

A summary of option activity under the Company's stock option plan as of September 30, 2010, and changes during the period ended are presented below:

	Options	Weighted Average Exercise Price
Outstanding at December 31, 2009	2,812,403	$ 1.78
Issued	65,000	0.27
Exercised	-	-
Forfeited or expired	339,776	6.93
Outstanding at September 30, 2010	2,537,627	$ 1.05
Non-vested at September 30, 2010	24,375	$ 0.27
Exercisable at September 30, 2010	2,513,252	$ 1.06

Aggregate intrinsic value of options outstanding and exercisable at September 30, 2010 was $0. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the fiscal period, which was $0.08 as of September 30, 2010, and the exercise price multiplied by the number of options outstanding. As of September 30, 2010, total unrecognized stock-based compensation expense related to stock options was $5,409. The total fair value of options vested during the three months ended September 30, 2010 was $1,803.

Interim financial statements

The accompanying balance sheet as of September 30, 2010, the statements of operations for the three- and nine-months ended September 30, 2010 and 2009, and for the period of inception (October 30, 2002) to September 30, 2010, and the statements of cash flows for the nine months ended September 30, 2010 and 2009, and from the period of inception (October 30, 2002) to September 30, 2010 are unaudited. These unaudited interim financial statements include all adjustments (consisting of normal recurring accruals), which, in the opinion of management, are necessary for a fair presentation of the results of operations for the periods presented. Interim results are not necessarily indicative of the results to be expected for a full year.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Use of estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could materially differ from those estimates.

Long-lived assets

Intangible and long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should an impairment in value be indicated, the carrying value of intangible assets will be adjusted, based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset.

Prepaid services and other current assets

Prepaid services and other current assets at September 30, 2010 and December 31, 2009 consist of the following:

	September 30, 2010	December 31, 2009
Prepaid monitoring fees	$ -	$ 15,625
Prepaid insurance	3,680	46,472
Prepaid software	-	6,250
Salary advance	1,139	-
Total prepaid services and other current assets	$ 4,819	$ 68,347

Deposits and other assets

The Company had no deposits as of the nine month period ending September 30, 2010. The balance for the period ending December 31, 2009 consists of a deposit on leased office space in the amount of $7,693.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Advertising

The Company follows the policy of charging the costs of advertising to expenses incurred. The Company did not incur any advertising costs during the nine months ended September 30, 2010 or during the nine months ended September 30, 2009.

Derivative Instruments and Hedging

In June 2008, the FASB issued new accounting guidance which requires entities to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock by assessing the instrument's contingent exercise provisions and settlement provisions. See Note 5.

Recent Accounting Pronouncements

Accounting Standards Codification and GAAP Hierarchy — Effective for interim and annual periods ending after September 15, 2009, the Accounting Standards Codification and related disclosure requirements issued by the FASB became the single official source of authoritative, nongovernmental GAAP. The ASC simplifies GAAP, without change, by consolidating the numerous, predecessor accounting standards and requirements into logically organized topics. All other literature not included in the ASC is non-authoritative. We adopted the ASC as of September 30, 2009, which did not have any impact on our results of operations, financial condition or cash flows as it does not represent new accounting literature or requirements. All references to pre-codified U.S. GAAP have been removed from this Form 10-Q.

Subsequent Events — Effective for interim and annual periods ending after June 15, 2009, GAAP established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The new requirements do not change the accounting for subsequent events; however, they do require disclosure, on a prospective basis, of the date an entity has evaluated subsequent events. We adopted these new requirements as of September 30, 2009, which had no impact on our results of operations, financial condition or cash flows.

Transfers and Servicing – Effective for interim and annual periods beginning after November 15, 2009, GAAP eliminates the concept of a qualifying special purpose entity, changes the requirements for derecognizing financial assets and requires additional disclosures. We are currently assessing the future impact these new standards will have on our results of operations, financial position or cash flows.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not, or are not believed by management to, have a material impact on the Company's present or future consolidated financial statements.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Note 2 – Furniture and equipment

Furniture and Equipment

Furniture and equipment are valued at cost. Depreciation and amortization are provided over the estimated useful lives up to seven years using the straight-line method. The estimated service lives of property and equipment are as follows:

Computer equipment	3 years
Laboratory equipment	3 years
Website	5 years
Furniture	7 years

Depreciation and amortization expense for the nine months ended September 30, 2010 and 2009 was $6,484 and $10,937, respectively. The amount depreciated from the date of inception (October 30, 2002) through September 30, 2010 was $87,194. Company's furniture and equipment consists of the following:

	September 30, 2010	December 31, 2009
Office Equipment	$ 49,909	$ 49,909
Office Fixtures and Furniture	30,568	30,568
Website	28,600	28,600
Licensed Proprietary Rights	9,250	9,250
	118,327	118,327
Accumulated Depreciation and Amortization	(95,614)	(89,130)
	$ 22,713	$ 29,197

F-25

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Note 3 - Accounts Payable And Accrued Liabilities

Accounts payable and accrued liabilities at September 30, 2010 and December 31, 2009 are as follows:

	September 30, 2010	December 31, 2009
Accounts payable and accrued liabilities	$ 1,899,022	$ 716,029
Accounts payable - Pre-merger	34,926	34,926
Interest payable	109,392	3,215
Credit cards	30,324	28,131
State income tax payable	3,200	3,200
	$ 2,076,864	$ 785,501

Note 4 - Notes Payable

Amendment to Notes Issued To YA Global Investments, L.P.

On July 19, 2010 the Company and YA Global Investments, L.P. ("YA Global") entered into an agreement to amend two secured convertible debentures held by YA Global dated January 3, 2008 and June 12, 2008 totaling $3,000,000, $2,000,000 and $1,000,000, respectively. The debentures per the agreement are amended to: (i) extend the maturity dates to December 31, 2011; (ii) increase the annual interest rate from ten percent (10.0%) to thirteen percent (13.0%); (iii) eliminate the $1,500,000 optional redemption provision; (iv) reduce the conversion price of the debentures to a range between $0.13 and $0.45; and, (v) require the Company pay a monthly installment amount of $42,000 in cash, stock or a combination thereof to YA Global as a reduction of the outstanding debt obligation. In addition, the exercise price of warrants that were issued to YA Global was reduced to a range between $0.13 and $0.45.

Per the agreement, the conversion price of the $2,000,000 note prior to the occurrence of any triggering event will be $0.13 for the first $1,500,000 converted and $0.17 for the remaining $500,000 converted. The conversion price of the $1,000,000 note prior to the occurrence of any triggering event has been reduced to be $0.17 for the first $500,000 converted and $0.22 for the remaining $500,000 converted. For both notes, following the occurrence of any triggering event, the conversion price shall be eighty percent (80%) of the lowest daily volume weighted average price for the thirty (30) trading days immediately prior to the applicable conversion date.

With regard to the $42,000 monthly installment payment, the Company shall pay to the holder by converting the installment amount into shares of common stock of the Company at the lowest conversion price then available, provided that there is not an equity conditions failure and volume limitations, based on the prior 20 trading days, allow. Any amount in excess of the volume limitation must be paid in cash unless this restriction is waived for that period. The Company may, at its option following notice to the holder, redeem such installment amount in cash or by any combination of both. Further, so long as no event of default has occurred and is continuing and the Company has paid to the holder all prior installment amounts, the Holder agrees to not convert any portion of this debenture during the calendar month immediately following the applicable installment date.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Amendment, Restatement and Consolidation of 0% Interest Notes Issued To YA Global Investments, L.P.

Furthermore, on July 19, 2010 the Company and YA Global entered into an agreement to amend, restate and consolidate into one debenture all 0% interest convertible debentures previously issued quarterly to YA Global beginning September 30, 2008 through June 30, 2010. The total principal due under the secured convertible note is $593,888 with an annual interest rate of 13.0% and maturing on December 31, 2011. The conversion price of the note prior to the occurrence of any triggering event will be $0.25 for the first $143,888 converted, $0.30 for the next $75,000 converted, $0.35 for the following $75,000 converted and $0.45 for the remaining $300,000 converted. Following the occurrence of any triggering event, the conversion price shall be eighty percent (80%) of the lowest daily volume weighted average price for the thirty (30) trading days immediately prior to the applicable conversion date.

Exchange of Notes Issued To Funds Managed by Brencourt Advisors, LLC For Preferred Stock

On September 15, 2010 the Company entered into a Securities Exchange Agreement with Brencourt Advisors, LLC ("Brencourt") to exchange notes held by Brencourt totaling $5,875,000 and $41,667 of accrued interest for shares of Series A Convertible Preferred Stock. The agreement, which has an effective date of July 30, 2010, exchanges: (i) Secured Convertible Debentures, as amended totaling $5,000,000; (ii) 0% interest convertible debentures previously issued quarterly to funds managed by Brencourt beginning December 2008 through June 30, 2010 totaling $875,000; and, (iii) accrued interest in the amount of $41,667 through July 31, 2010, for Series A Convertible Preferred Stock. In addition, the exercise price of warrants that were issued to funds managed by Brencourt was reduced to $0.30.

As of September 30, 2010 and December 31, 2009 notes payable consist of:

	September 30, 2010	December 31, 2009
YA Global Investments, L.P. Debentures	$ 2,870,006	$ 3,000,000
Note Issued To YA Global Investments, L.P. For Accrued Interest	593,889	443,889
Brencourt Advisors, LLC Debentures	-	5,000,000
Note Issued To Brencourt Advisors, LLC For Accrued Interest	-	625,000
Less: Debt discount	(360,160)	(3,006,498)
Total note payable	3,103,735	6,062,391
Less: current portion of notes payable	-	2,000,000
	$ 3,103,735	$ 4,062,391

Total long term portion of notes payable

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Aggregate maturities of notes payable as of September 30, 2010 are as follows:

For the twelve months ended September 30,	Amount
2011	3,463,895
2012	-
2013	-
2014	-
2015	-
	$ 3,463,895

Note 5 – Derivative Liability

In accordance with Accounting for Derivative Instruments and Hedging mandates a two-step process for evaluating whether an equity-linked financial instrument or embedded feature is indexed to the entity's own stock. The Company has entered into certain debenture and warrant agreements which contain a strike price adjustment feature resulted in the instruments no longer being considered indexed to the Company's own stock. Accordingly, Accounting for Derivative Instruments and Hedging changed the current classification (from equity to liability) and the related accounting for these warrants outstanding as of January 1, 2009.

In accordance with Accounting for Derivative Instruments and Hedging, a derivative liability of $1,679,670 related to the debenture conversion feature and warrants is included in our condensed consolidated balance sheet as of September 30, 2010. During the three and nine months ended September 30, 2010, we recorded a gain of $2,977,923 and $3,946,690, respectively, related to the change in fair value of the debenture conversion feature, warrants, and convertible preferred stock.

During the three months ended September 30, 2010, the Company amended some of the debentures which contain conversion features (see note 4) and converted the remaining debentures into preferred common stock (see note 6), this resulted in a loss on extinguishment of debt in the amount of $5,187,456, of which $2,470,161 was attributable to the derivative liability that resulted from the debenture conversion feature, warrants and convertible preferred stock. Pursuant to the terms of the agreement, the Company issued 5,919 shares of convertible preferred stock in exchange for the settlement of convertible debentures in the aggregate amount of $5,875,000 and accrued interest in the amount of $44,000. The issuance of the convertible preferred stock resulted in a beneficial conversion feature in the amount of $244,405, which was charged to operations during the three months ended September 30, 2010. Pursuant to the terms of the amended convertible debenture agreements, the Company recorded a discount to the convertible debentures in the amount of $455,284 (see note 4). The Company also reclassified $129,994 debentures conversion options from derivative liability to Additional paid-in capital with a fair value at the time of conversion of $90,774, which resulted from the principal payments on the convertible debentures.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

In accordance to the Accounting for Derivative Instruments and Hedging, the Company is required to disclose the fair value measurements required by Accounting for Fair Value Measurements. The other liabilities recorded at fair value in the balance sheet as of September 30, 2010 are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by Fair Value Measurements are directly related to the amount of subjectivity associated with the inputs to fair valuation of these liabilities are as follows:

Level 1 —Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 —Inputs other than Level 1 inputs that are either directly or indirectly observable; and

Level 3 —Unobservable inputs, for which little or no market data exist, therefore requiring an entity to develop its own assumptions.

The following table summarizes the financial liabilities measured at fair value on a recurring basis as of September 30, 2010, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1	Level 2	Level 3	Liabilities at fair value
Derivative liability	$ -	$ -	$ 1,679,670	$ 1,679,670
Total	$ -	$ -	$ 1,679,670	$ 1,679,670

The following table is a reconciliation of the derivative liability for which Level 3 inputs were used in determining fair value:

Beginning balance as of January 1, 2010	$ 2,256,200
Add: Fair value of notes issued in the 1st Quarter	200,000
Loss in change in fair value	1,940,840
Ending balance as of March 31, 2010	$ 4,397,040
Add: Fair value of notes issued in the 2nd Quarter	91,084
Gain in change in fair value	(2,909,607)
Ending balance as of June 30, 2010	$ 1,578,517
Loss on extinguishment of debt	2,470,161
Fair value of discount on amended notes	455,284
Expense of discount generated by preferred stock	244,405
Reclassification from liability to equity treatment	(90,774)
Gain in change in fair value	(2,977,923)
	$ 1,679,670

Ending balance as of September 30, 2010

F-29

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

In accordance with Accounting for Derivative Instruments and Hedging, we calculated the fair value of the debenture conversion features and warrants using the Black–Scholes–Merton valuation model.

The assumptions used in the Black-Scholes-Merton valuation model were as follows:

	September 30, 2010
Expected volatility	164.62%
Expected life (years)	5
Risk free interest rate	0.19% to 1.17%
Forfeiture rate	-
Dividend rate	-

Note 6 - Equity

Preferred Stock

On July 13, 2010 the Company filed a Certificate of Designation with the Secretary of State of Delaware providing for the issuance of up to 100,000 shares of a series of preferred stock for cash or exchange of other securities, rights or property and to fix and determine the designations, powers, rights, preferences, restrictions, qualifications, limitations and other matters relating to such series of preferred stock. The series of preferred stock was designated as the Company's Series A 5% Convertible Preferred Stock and the number of shares designated shall be up to 100,000. Each share of Preferred Stock shall have a par value of $.001 per share and a stated value equal to $1,000. Holders shall be entitled to receive, and the Company shall pay, cumulative dividends at the rate per share (as a percentage of the stated value per share) of 5% per annum, payable quarterly on January 1, April 1, July 1 and October 1, beginning on the first such date after the original issue date in duly authorized, validly issued, fully paid and nonassessable shares of Series A 5% Convertible Preferred Stock. The Preferred Stock shall have no voting rights. Each share of Preferred Stock shall be convertible, at any time and from time to time from and after the original issue date at the option of the holder, into that number of shares of common stock (subject to certain limitations) determined by dividing the stated value of such share of preferred stock by the conversion price of $0.30, (subject to certain adjustments).

Exchange of Notes Issued To Funds Managed by Brencourt Advisors, LLC For Preferred Stock

On September 15, 2010 the Company entered into a Securities Exchange Agreement with Brencourt Advisors, LLC (“Brencourt”) to exchange notes and accrued interest totaling $5,916,667 for shares of Series A 5% Convertible Preferred Stock. The agreement, which has an effective date of July 30, 2010, exchanges: (i) secured convertible debentures, as amended, totaling $5,000,000; (ii) 0% interest convertible debentures previously issued quarterly to funds managed by Brencourt beginning December 2008 through June 30, 2010 totaling $875,000; and, (iii) accrued interest in the amount of $41,667 through July 31, 2010, for Series A 5% Convertible Preferred Stock. Pursuant to this agreement, on September 17, 2010 the Company issued an aggregate of 5,919 shares of Series A 5% Convertible Preferred Stock to three funds managed by Brencourt Advisors, LLC.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Common stock

In July 2003, the Company effected a 1-for-20 reverse stock split of its common stock. In April 2004, the Company effected a 2-for-1 forward split of its common stock. On July 10, 2008, the Company effected a 1-for-10 reverse stock split of its common stock and simultaneously reduced its authorized shares of common stock to 100,000,000; par value remained unchanged. Accordingly, the effect of the reverse-split has been presented in the accompanying unaudited condensed consolidated financial statement and footnote disclosures.

Issuance of Common Shares for Conversion of Principal to YA Global Investments, L.P.

On July 1, 2010, the Company issued to YA Global Investments, L.P. ("YA Global") 780,534 shares of common stock for the partial conversion of principal of a $2,000,000 10% senior secured convertible debenture dated January 3, 2008, as amended, held by YA Global. The conversion price was equal to $0.1048 per share and the fair value of the principal converted was $81,800.

Issuance of Common Shares to YA Global Investments, L.P. for Installment Payment of Principal

On July 19, 2010 the Company and YA Global entered into an agreement to amend secured convertible debentures held by YA Global. Per the agreement, the Company is required pay a monthly installment amount of $42,000 in cash, common shares or a combination thereof to YA Global as a reduction of the outstanding debt obligation. The $42,000 monthly installment payment shall be made by converting the installment amount into shares of common stock of the Company at the lowest conversion price then available, provided volume limitations, based on the prior 20 trading days, are not exceeded and that there is not an equity conditions failure. Any amount in excess of the volume limitation must be paid in cash unless this restriction is waived for that period. The Company may, at its option following notice to the holder, redeem such installment amount in cash or by any combination of both.

On August 10, 2010 the Company issued to YA Global 59,724 shares of common stock with a fair value of $7,764 for the partial payment of the total $42,000 installment amount due for August 2010.

On September 1, 2010 the Company issued to YA Global 263,353 shares of common stock with a fair value of $34,236 for the remaining balance of the installment payment due for August 2010.

On September 8, 2010 the Company issued to YA Global 47,646 shares of common stock with a fair value of $6,194 for the partial payment of the total $42,000 installment amount due for September 2010.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Options

In May 2010, the Company issued options to purchase 65,000 shares of common stock to its officers and directors. Options vest 50% in 30-days and the balance in twelve month equal monthly installments beginning June 2010. The Company valued these options at $14,424. This amount will be charged to operations as the options vest.

The following table summarizes the changes in options outstanding and the related prices for the shares of the company's common stock issued to employees of the company under a non-qualified employee stock option plan September 30, 2010. The effect of the 1-for-10 reverse-split has been presented in the accompanying tables and related disclosures.

Options Outstanding			Options Exercisable		
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Prices	Number Exercisable	Weighted Average Remaining Contractual Life (years)
$ 0.10-0.49	1,222,500	8.56	$ 0.10-0.49	1,198,125	8.64
0.50-1.00	41,735	5.30	0.50-1.00	41,735	5.30
1.01-2.00	957,000	6.43	1.01-2.00	957,000	6.43
2.01-2.99	316,292	0.94	2.01-2.99	316,292	0.94
3.00-5.00	100	0.20	3.00-5.00	100	0.20
	2,537,627	6.75		2,513,252	6.77

Options not vested are not exercisable. Transactions involving stock options issued to employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2009	2,812,403	$ 1.78
Granted	65,000	0.27
Exercised	-	-
Expired/Forfeit	339,776	6.93
Outstanding at September 30, 2010	2,537,627	$ 1.05
Non-vested at September 30, 2010	24,375	$ 0.27
	2,513,252	$ 1.06

Exercisable September 30,
2010

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Aggregate intrinsic value of options outstanding and exercisable at September 30, 2010 was $0. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the fiscal period, which was $0.08 as of September 30, 2010, and the exercise price multiplied by the number of options outstanding. As of September 30, 2010, total unrecognized stock-based compensation expense related to stock options was $5,409. The total fair value of options vested during the three months ended September 30, 2010 was $1,803.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. We use historical data to estimate expected volatility, the period of time that option grants are expected to be outstanding, as well as employee termination experience. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the estimated life of the option. The following assumptions were used to estimate the fair value of options granted during the three-month periods ended September 30, 2010 and 2009 using the Black-Scholes option-pricing model:

	2010	2009
Risk-free interest rate at grant date	0.74 %	1.48 %
Expected stock price volatility	129.72%	347.95 – 349.02 %
Expected dividend payout	-	-
Expected option life-years	5	3 to 10

Warrants

The Company issued no warrants during the three months ended September 30, 2010.

Amendment to Warrants Issued To YA Global Investments, L.P.

On July 19, 2010 the Company and YA Global Investments, L.P. (“YA Global”) entered into an agreement to amend secured convertible debentures held by YA Global. As part of the agreement, the exercise price of 1,500,000 warrants that were previously issued to YA Global were reduced to a range between $0.13 and $0.45. The exercise prices of the warrants were reduced as follows: $0.13 for the first 375,000 warrants; $0.20 for the next 375,000 warrants; $0.35 for the following 375,000 warrants; and, $0.45 for the remaining 375,000 warrants.

Amendment to Warrants Issued To Funds Managed by Brencourt Advisors, LLC

On September 15, 2010 the Company entered into a Securities Exchange Agreement with Brencourt Advisors, LLC (“Brencourt”) to exchange notes held by Brencourt for shares of Series A Convertible Preferred Stock. As part of the agreement, the exercise price of an aggregate of 2,500,000 warrants that were issued to funds managed by Brencourt was reduced to $0.30.

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

The following table summarizes the changes in warrants outstanding and the related prices for the shares of the Company's common stock issued to non-employees of the Company. These warrants were granted in lieu of cash compensation for services performed or financing expenses and in connection with placement of convertible debentures.

Warrants Outstanding			Warrants Exercisable		
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (years)
$ 0.50-1.00	4,000,000	2.94	$ 0.50-1.00	4,000,000	2.94
$ 1.25-2.20	96,875	1.51	$ 1.25-2.20	96,875	1.51
$ 2.30-5.60	1,816,229	1.19	$ 2.30-5.60	1,816,229	1.19
	5,913,104	2.38		5,913,104	2.38

Transactions involving warrants are summarized as follows:

	Number of Shares (post-split)	Weighted Average Price Per Share (post-split)
Outstanding at December 31, 2009	5,927,435	$ 2.31
Granted	-	-
Exercised	-	-
Cancelled or expired	-	-
Outstanding at March 31, 2010	5,927,435	$ 2.31
Granted	-	-
Exercised	-	-
Cancelled or expired	14,331	2.40
Outstanding at June 30, 2010	5,913,104	$ 2.31
Granted	-	-
Exercised	-	-
Cancelled or expired	-	-
Outstanding at September 30, 2010	5,913,104	$ 1.16

IR BIOSCIENCES HOLDINGS, INC. AND SUBSIDARY
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Unaudited)

Note 7 - Subsequent Events

Issuance of PreferredShares for Dividend Payment

On October 8, 2010, per the terms of the Securities Exchange Agreement with Brencourt Advisors, L.P. dated July 30, 2010, the Company issued 52 shares of Series A Preferred Stock as payment of quarterly dividends due on October 1, 2010. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

Private Placement of Series A Promissory Note

Effective October 28, 2010, we entered into a series of unsecured Senior Promissory Notes in the aggregate principal amount of $150,000 (the “Notes”). Following the payment of commissions and expenses, the company received net proceeds of approximately $150,000. The outstanding principal amount of the Notes, plus interest at the rate of 25% per annum, is payable in cash on February 25, 2011 (See Item 5 – Entry into a Material Definitive Agreement).

Delinquency of YA Global monthly Installment Payments

Installment Payments for debt reduction to YA Global of $42,000 each are outstanding for October 1, 2010 and November 1, 2010 respectively. We are in discussions with YA Global on a proposal to remedy these delinquencies along with $36,802 still payable from September 1, 2010.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Special Note Regarding Forward-looking Statements

Some of the statements under "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q constitute forward-looking statements. All statements other than historical facts contained in this report, including statements regarding our future financial position and revenues, capital expenditures, cash flows, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, those described under "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q and in the "Risk Factors" section of our annual report on SEC Form 10-K filed with the Securities and Exchange Commission on April 15, 2010.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We are under no duty to update any of the forward-looking statements after the date of this report.

The following information should be read in conjunction with the financial statements and the notes thereto. The analysis set forth below is provided pursuant to applicable Securities and Exchange Commission regulations and is not intended to serve as a basis for projections of future events.

Overview

IR BioSciences Holdings, Inc. is a development-stage biotechnology company. Through our wholly-owned subsidiary ImmuneRegen BioSciences, Inc., we are engaged in the research and development of potential drug candidates, Homspera® and its derivatives, Radilex® and Viprovex®. Although containing the identical active ingredient Homspera, we defined Radilex and Viprovex as derivatives of Homspera due to the potential difference in formulations and indications for use. Our goals include developing these potential drug candidates to be used as possible countermeasures for homeland security threats, including radiological, chemical and biological agents, and to meet the commercial need for similar beneficial effects in conditions such as radiation therapy, influenza, anthrax and potentially other microbial ailments. We have discovered activities of Homspera that may potentially open additional commercialization opportunities in areas such as human adult stem cell stimulation, vaccine adjuvants, which stimulate the immune system above that of a stand-alone vaccine, and wound healing.

Our patents, patent applications and continued research are partially derived from discoveries made during research studies related to the function of Substance P, which is found in the body and has a large number of actions. These studies were funded by the Air Force Office of Scientific Research (AFOSR) in the early 1990s and were conducted by research scientists, including our co-founders Drs. Mark Witten and David Harris. In the course of research on Substance P, scientists created a number of synthetic analogues, structural derivatives with slight chemical differences, for study. One of these, which we have named Homspera, is the basis for our drug development efforts and our intellectual property. All of our research and development efforts are at the pre-clinical stage and Homspera has only undergone exploratory studies to evaluate its biological activity in small animals. There can be no assurance that our interpretation of study results will prove to be accurate after further testing, and our beliefs regarding the potential uses of our drug candidates may never materialize.

Our current focus is to develop Homspera for regenerating or strengthening the human immune system, in part, through stimulating human adult stem cells. It is the belief of our management that the stem cell activity exhibited by Homspera underlies some of the effects previously reported in potential applications like treatment for radiation exposure and infectious diseases using Homspera derivatives Radilex and Viprovex, respectively, which are described below. Recent studies have evaluated the effects of Homspera on human adult stem cell activity. Additionally, ongoing studies are being performed to evaluate the efficacy of Homspera as a potential product to increase the healing rate of wounds. One aspect of this evaluation is to consider the impact of Homspera on the mechanisms and pathology of fibrosis, which is associated with scar formation, pulmonary injury and can occur following exposure to ionizing radiation (gamma rays or x-rays).

We are researching Radilex for use as a potential treatment for acute exposure to radiation. We believe that a commercial market may exist for the use of Radilex as it relates to the amelioration of certain side effects of cancer treatments, whether chemotherapy or radiotherapy.

We are researching Viprovex for potential use in treatments of exposure to biological agents, such as infectious diseases, which include influenza and anthrax. We believe that potential commercial opportunities may exist for the treatment of seasonal influenza and other viral or bacterial infections, either as a stand-alone drug or as an adjuvant to other existing drugs. We believe that Viprovex, if adequately developed, may be used in potential applications for sale to governments for the treatment of exposure to anthrax and pandemic influenza. In addition, ongoing studies are being performed to evaluate the efficacy of Viprovex as a vaccine adjuvant to enhance immune response to a given dose of vaccine for either prophylactic protection, such as influenza, or therapy, such as cancer.

To date we have submitted an Investigational New Drug application (IND) for Homspera to the U.S. Food and Drug Administration (FDA) for the treatment of Idiopathic Pulmonary Fibrosis. We have also submitted preliminary study data to the FDA and have been issued two Pre-Investigational New Drug (PIND) numbers, one for the potential use of Radilex in the treatment of acute radiation syndrome (PIND 63,255) and the other for the potential use of Viprovex in the treatment of avian influenza (PIND 73,709). We have evaluated and/or contracted with a number of FDA regulatory consultants to assist us in our preparation and submission of an IND application, a necessary prerequisite to human clinical studies, which can only follow after the FDA's allowance of our IND.

We have filed patent applications directed to various methods of using and compositions comprising Substance P analogues. As of September 30, 2010 we owned approximately 16 issued patents, including three issued U.S. patents and thirteen issued foreign patents. Also as of September 30, 2010 we had approximately 43 pending patent applications, including approximately 14 pending U.S. patent applications and approximately 29 pending foreign patent applications. All inventions embodied in these applications and issued patents have been assigned to the company by the inventors. In addition, we have entered into a license agreement with the University of Pittsburgh whereby we have licensed the University's ownership interest to a patent that was jointly filed with the University of Pittsburgh.

Our potential drug candidates, Homspera, Radilex and Viprovex, are at pre-clinical stages of development and may not be shown to be safe or effective in humans and may never receive regulatory approval. Neither Homspera, Radilex nor Viprovex have been tested in humans. There is no guarantee that regulatory authorities will ever permit human testing of Homspera, Radilex, Viprovex or any other potential products derived from Homspera. Even if such testing is permitted, neither Homspera, Radilex, Viprovex or any other potential drug candidates, if any, derived from Homspera may be successfully developed or shown to be safe or effective in humans.

The results of our pre-clinical studies and clinical trials may not be indicative of future clinical trial results. A commitment of substantial resources to conduct time-consuming research, pre-clinical studies and clinical trials will be required if we are to develop any commercial applications using Homspera or any derivatives thereof. It is possible that partnerships and/or licensing agreements will not develop during the preclinical and/or clinical stages of development, if at all. Delays in planned patient enrollment in our future clinical trials may result in increased costs, program delays or both. None of our potential technologies may prove to be safe or effective in clinical trials. Approval of the FDA, or other regulatory approvals, including export license permissions, may not be obtained and even if successfully developed and approved, our potential applications may not achieve market acceptance. Any potential applications resulting from our programs may not be successfully developed or commercially available for a number of years, if at all.

To date, we have not obtained regulatory approval for, or commercialized any applications, using Homspera or any of its derivatives. We have incurred significant losses since our inception and we expect to incur annual losses for at least the next three years as we continue with our drug research and development efforts.

Research and Development

Research partners have continued to provide research services to IRBS during the quarter ending September 30, 2010. Studies underway at academic, corporate and government laboratories within the US and abroad have provided, at no additional expense to ImmuneRegen, additional insights into Homspera activity and potential clinical utility. These activities continue unabated as they are stimulated by the interests of the outside investigators and funding of this work (except for the providing of Homspera) is provided by the investigators' institutions.

University of Rochester

Recent work performed by research groups under the direction of Dr. Jacob Finkelstein, professor in the departments of Pediatrics, Radiation Oncology and Environmental Medicine at the University of Rochester Medical School, Rochester, N.Y., has looked at the effect of Homspera to mitigate the acute and chronic impact of ionizing radiation and neonatal hyperoxemia on pulmonary structure and function. These results, while preliminary, will underpin ImmuneRegen's orphan product designation application for Homspera.

Dr. Finkelstein is a co-director at The University's Center for Biophysical Assessment and Risk Management Following Irradiation (CBARMFI), which exists to bring together the knowledge, technologies, and effort of a multidisciplinary, international team of scientific personnel in order to develop medical countermeasures to radiological terrorism. The Center housed at the University of Rochester is one of 8 NIH/NIAID funded centers throughout the United States. In August 2010, the National Institute of Health / National Institute of Allergy and Infectious Disease awarded the University of Rochester Medical Center (URMC), a $15 million five-year, continuation grant for studies that utilize ImmuneRegen's Homspera. This grant followed an initial grant of $21 million in 2005 to the University to become part of a national research network - the Centers for Medical Countermeasures Against Radiation.

National Cancer Institute, NIH

Based on initial findings of Homspera activity, researchers at the National Institute of Health (NIH) / National Cancer Institute (NCI) are evaluating Homspera's effect on mucosal immunity in an effort to further define the mechanisms that make Homspera an effective vaccine adjuvant.

Scancell

Scancell Holdings Plc, a UK based developer of therapeutic cancer vaccines, is performing follow-up studies designed to optimize the effects of Homspera in enhancing the next generation of Scancell's cancer vaccines.

Radboud University Nijmegen Medical Centre

Investigators have instituted studies looking at activity in new and innovative cancer vaccine paradigms using Homspera at the Nijmegen Centre for Molecular Life Sciences, Radboud University Nijmegen Medical Centre, a leading academic centre with expertise in medical science and healthcare in the Netherlands.

Results of Operations for the Three Month Periods Ended September 30, 2010 and September 30, 2009

Revenue

We have not generated any revenues from operations from our inception.

Costs and Expenses

From our inception through September 30, 2010, we have incurred losses of $32,694,804. These expenses were associated principally with equity-based compensation to employees and consultants, product development costs, professional services and interest expense.

For the three months ending September 30, 2010, Sales, General and Administrative expenses (“SG&A”) were $341,402, a decrease of $401,981, or approximately 54%, compared to SG&A expenses of $743,383 during the three months ended September 30, 2009. The decrease is due to lower costs for research and development, legal and accounting fees and consulting and professional fees. For the three months ended September 30, 2010, this amount consisted primarily of payroll and related expenses of $217,283, legal and accounting fees of $37,685, consulting and professional fees of $14,835 and insurance costs of $40,033.

The Company expects SG&A to remain flat during the coming twelve months.

Financing Cost

Financing costs were $0 for the three months ended September 30, 2010, a decrease of $31,250 or approximately 100% compared to financing costs of $31,250 during the three months ended September 30, 2009. The Company deposited cash in the amount of $250,000 held in escrow pursuant to the Securities Purchase Agreements with YA Global Investments, L.P. that were entered into in January 2008 and June 2008, of which $175,000 was placed into escrow on January 3, 2008 and an additional $75,000 was placed into escrow on June 12, 2008. These funds were amortized on a straight-line basis over a 24 month period. Prior to December 31, 2008, these costs were captured in SG&A expenses.

The Company expects no significant increase to financing costs during the coming twelve months.

Interest Expense (net)

Interest expense (net) was $243,270 for the three months ended September 30, 2010, a decrease of $299,852 or approximately 55% compared to interest expense of $543,122 for the three months ended September 30, 2009. Interest expense decreased during the three months ended September 30, 2010 mostly due to the redemption premium expense on YA Global Investments, L.P.’s call option being fully amortized in the fourth quarter of 2009.

The Company expects interest expense to remain flat during the coming quarters.

Net Loss

Our net loss for the three months ended September 30, 2010 was $2,794,205 or $0.17 per share, a decrease of $229,951 or approximately 8% compared to a net loss of $3,024,156 for the three months ended September 30, 2009. In addition to the year over year variances described above, the net loss was primarily due to a loss in the three month period ending September 30, 2010 on the extinguishment of debt in the amount of $5,187,456 that was partially offset by a gain of $2,977,923 due to the change in value of the equity-linked financial instruments as mandated by ASC Accounting for Derivative Instruments and Hedging. (See Note 5 of the Notes to unaudited condensed consolidated financial statements, September 30, 2010 – Derivative Liabilities).

Results of Operations for the Nine Month Periods Ended September 30, 2010 and September 30, 2009

Revenue

We have not generated any revenues from operations from our inception.

Costs and Expenses

For the nine months ending September 30, 2010, Sales, General and Administrative expenses (“SG&A”) were $2,458,075, an increase of $49,824, or approximately 2%, compared to SG&A expenses of $2,408,251 during the nine months ended September 30, 2009. The increase is primarily due to higher costs for non-cash compensation. For the nine months ended September 30, 2010, this amount consisted primarily of non-cash compensation of $895,817, research and development costs of $298,375, payroll and related expenses of $700,113, legal and accounting fees of $231,980, consulting and professional fees of $77,726 and insurance costs of $122,094.

The Company expects SG&A to remain flat during the coming twelve months.

Financing Cost

Financing costs were $15,625 for the nine months ended September 30, 2010, a decrease of $78,125 or approximately 83% compared to financing costs of $93,750 during the nine months ended September 30, 2009. The Company deposited cash in the amount of $250,000 held in escrow pursuant to the Securities Purchase Agreements with YA Global Investments, L.P. that were entered into in January 2008 and June 2008, of which $175,000 was placed into escrow on January 3, 2008 and an additional $75,000 was placed into escrow on June 12, 2008. These funds were amortized on a straight-line basis over a 24 month period. Prior to December 31, 2008, these costs were captured in SG&A expenses.

The Company expects no significant increase to financing costs during the coming twelve months.

Interest Expense (net)

Interest expense (net) was $1,224,578 for the nine months ended September 30, 2010, a decrease of $384,302 or approximately 24% compared to interest expense of $1,608,880 for the nine months ended September 30, 2009. Interest expense decreased during the nine months ended September 30, 2010 mostly due to the redemption premium expense on YA Global Investments, L.P.’s all option being fully amortized in the fourth quarter of 2009.

The Company expects interest expense to remain flat during the coming quarters.

6

Net Loss

Our net loss for the nine months ended September 30, 2010 was $4,934,831 or $0.32 per share, a decrease of $2,259,011 or approximately 31% compared to a net loss of $7,193,842 for the nine months ended September 30, 2009. In addition to the year over year variances described above, the decrease in net loss for the nine months ended September 30, 2010 was primarily due to a gain of $3,946,690 due to the change in value of the equity-linked financial instruments as mandated by ASC Accounting for Derivative Instruments and Hedging. (See Note 5 of the Notes to unaudited condensed consolidated financial statements, September 30, 2010 – Derivative Liabilities).

Going Concern

Our independent certified public accountants have stated in their report included in our annual report on SEC Form 10-K filed with the Securities and Exchange Commission on April 15, 2010 that we have incurred a net loss and negative cash flows from operations of $6,462,817 and $2,876,417, respectively, for the year ended December 31, 2009. This loss, in addition to a lack of operational history, raises substantial doubt about our ability to continue as a going concern. In the absence of significant revenue and profits, and since we do not expect to generate significant revenues in the foreseeable future, we, in order to fund the immediate future operations, will be completely dependent on additional debt and equity financing arrangements. In anticipation of the need to raise additional financing in the immediate future, we have commenced, and will continue to pursue, efforts to raise additional financing from a variety of sources and means. No assurance can be given that any such additional funding will be available or that, if available, can be obtained on terms favorable to us. If we are unable to raise needed funds on acceptable terms, we will not be able to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. A material shortage of capital will require us to take drastic steps such as reducing our level of operations, disposing of selected assets or seeking an acquisition partner. If cash is insufficient, we will not be able to continue operations

The Company expects losses to increase during the coming twelve months. The Company does not expect to begin to generate significant revenue in the coming twelve months, and our costs are likely to increase as we continue our research and development efforts on our early, pre-clinical stage products and build out our corporate infrastructure.

Plan of Operations

We expect to continue to incur operating losses for the foreseeable future, primarily due to our continued research and development activities attributable to Radilex, Viprovex and any other proposed product, if any, derived from Homspera and general and administrative activities.

The preliminary results of our pre-clinical studies using Homspera, Radilex and Viprovex may not be indicative of results that will be obtained from subsequent studies or from more extensive trials. Further, our pre-clinical or clinical trials may not be successful, and we may not be able to obtain the required regulatory approvals in a timely fashion, or at all.

Product Research and Development

We incurred $298,375 in expenses for the nine month period ended September 30, 2010 in research and development activities related to the development of Homspera, Radilex and Viprovex versus expenses of $479,310 for the nine months ended September 30, 2009. From our inception in October 2002, we have spent $3,715,808 on research and development activities. These costs only include the manufacture and delivery of our drug by third party manufacturers and payments to contract research organizations and consultants for consulting related to our studies and costs of performing such studies. Significant costs relating to research and development, such as compensation for Dr. Siegel, have been classified in officers' salaries for consistency of financial reporting.

Research partners have continued to provide research services to IRBS during the quarter ending September 30, 2010. Studies underway at academic, corporate and government laboratories within the US and abroad have provided, at no additional expense to ImmuneRegen, additional insights into Homspera activity and potential clinical utility. These activities continue unabated as they are stimulated by the interests of the outside investigators and funding of this work (except for the providing of Homspera) is provided by the investigators' institutions.

We anticipate that during the next 12 months we will increase our research and development spending to a total of approximately $1,500,000 in an effort to further develop Radilex and Viprovex. This research and development cost estimate includes additional animal pharmacology studies, formulation and animal safety/toxicity studies. If we receive additional funds, through investment funding, licensing agreements or grants, we expect we will increase our research and development spending above this level.

We believe that initial revenues, if any, will likely be generated through partnerships, alliances and/or licensing agreements with pharmaceutical or biotechnology companies. Our focus during the next 12 months will be to identify those companies which we believe may have an interest in our proposed products and attempt to negotiate arrangements for potential partnerships, alliances and/or licensing arrangements. Alliances between pharmaceutical and biotechnology companies can take a variety of organizational forms and involve many different payment structures such as upfront payments, milestone payments, equity injections and royalty payments. To date, we have entered into discussions with one company regarding the licensure of our potential bio-defense applications. Even if we are successful in entering into such a partnership or alliance or licensing our technology, we anticipate that the earliest we may begin to generate revenues from operations would be calendar year 2010. There is no assurance that we will ever be successful in reaching such agreements or ever generate revenues from operations.

We will need to generate significant revenues from product sales and or related royalties and license agreements to achieve and maintain profitability. Through September 30, 2010, we had no revenues from any product sales, royalties or licensing fees and have not achieved profitability on a quarterly or annual basis. Our ability to achieve profitability depends upon, among other things, our ability to develop products, obtain regulatory approval for products under development and enter into agreements for product development, manufacturing and commercialization. Moreover, we may never achieve significant revenues or profitable operations from the sale of any of our potential products or technologies.

If product development or approval does not occur as scheduled, our time to reach market will be lengthened and our costs will substantially increase. Additionally, we may be requested to expand our findings to gather additional data or we may not achieve the desired results. If so, we may have to design new protocols and conduct additional studies. This will increase our costs and delay the time to market for our potential products, if any. Any of these occurrences would have a material negative impact on our business and our liquidity as it may cause us to seek additional capital sooner than expected and allow our competitors to successfully enter the market ahead of us.

If we are successful in achieving desirable results for these applications, we intend to design the protocols and begin further studies for this and other applications, when capital is available. As we have only collected preliminary data and additional studies are required, we cannot predict when, if ever, a viable treatment for these indications can be commercialized. If we do not observe significant results or we lack the capital to further the development, we may abandon such research and development efforts; thereby limiting our future potential revenues.

If we are successful in completing our studies and the results are as we anticipate, we intend to prepare and submit the necessary documentation to the FDA and other regulatory agencies for approval. If approval for Homspera, Radilex and/or Viprovex is granted, we expect to begin efforts to commercialize our product, if any, immediately thereafter, however, since we are currently in the pre-clinical stage of development, it will take an indeterminate amount of time in development before we have a marketable drug, if ever.

8

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as of September 30, 2010.

Liquidity and Capital Resources

At September 30, 2010, we had current assets of $4,819 consisting of cash and cash equivalents of $0, and prepaid assets and other current assets of $4,819. Also, at September 30, 2010, we had current liabilities of $2,406,324 consisting of cash overdrafts of $29,464, accounts payable and accrued liabilities of $2,076,860 and redemption option liability of $300,000. This resulted in working capital deficit of $2,401,505. During the nine months ended September 30, 2010 and 2009, we used cash in operating activities of $280,309 and $2,369,892, respectively. From the date of inception (October 30, 2002) to September 30, 2010, we had a net loss of $32,939,209 and used cash of $16,376,202 in operating activities. We met our cash requirements from our inception (October 30, 2002) through September 30, 2010 via the private placement of $7,889,151 of our common stock and $8,573,628 from the issuance of notes payable, net of repayments.

We currently have no revenue. There is no guarantee that our business model will be successful, or that we will be able to generate sufficient revenue to fund future operations. As a result, we expect our operations to continue to use net cash, and that we will be required to seek additional debt or equity financings during the coming quarters. Since inception, we have financed our operations through debt and equity financing. While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development of our product line.

Since our inception, we have been seeking additional third-party funding. During such time, we have retained a number of different investment banking firms to assist us in locating available funding; however, we have not yet been successful in obtaining any of the long-term funding needed to make us into a commercially viable entity. During the period from October 2002 to September 30, 2010, we were able to obtain financing of $17,557,526 from the private placements of our securities (which resulted in net proceeds to us of $16,462,779). In January 2008 we sold $2 million in secured convertible debentures which resulted in net proceeds to us of $1,815,000. In June 2008 we sold an additional $1 million of the secured convertible debentures as per the terms of the securities purchase agreement with YA Global Investments L.P. In August 2008 we sold $5 million in secured convertible debentures to a group of funds managed by Brencourt Advisors LLP. We currently need additional financing to fund our immediate operating expenses. If we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, it would have a material adverse effect on our business, results of operations, liquidity and financial condition.

Our registered independent certified public accountants have stated in their report included in our annual report on SEC Form 10-K for the year ended December 31, 2009 filed with the Securities and Exchange Commission on April 15, 2010 that the Company's recurring losses and negative cash flow raise substantial doubt about the Company's ability to continue as a going concern.

While we have raised capital to meet our working capital and financing needs in the past through debt and equity financings, additional financing will be required in order to implement our business plan and to meet our current and projected cash flow deficits from operations and development. There can be no assurance that we will be able to consummate future debt or equity financings in a timely manner on a basis favorable to us, or at all. If we are unable to raise needed funds, we will not be able to develop or enhance our potential products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. A material shortage of capital will require us to take drastic steps such as reducing our level of operations, disposing of selected assets or seeking an acquisition partner.

During fiscal year 2010, we will pay our Chief Executive Officer, Chief Financial Officer and Chief Scientific Officer an aggregate of $775,000 pursuant to their employment agreements.

We currently have $3,463,895 in notes payable, of which $0 is current and payable on September 30, 2010 and which will mature on December 31, 2011. We also have a balance of $35,806 for the September 1, 2010 Installment Payment to YA Global which is past due as of September 30, 2010. We are in discussions with YA Global to remedy this delinquency.

Until such time, if at all, as we receive adequate funding, we intend to continue to defer payment of all of our obligations which are capable of being deferred, which actions have resulted in some vendors demanding cash payment for their goods and services in advance, and other vendors refusing to continue to do business with us. We do not expect to generate a positive cash flow from our operations for at least several years, if at all, due to anticipated expenditures for research and development activities, administrative and marketing activities, and working capital requirements and expect to continue to attempt to raise further capital through one or more further private placements. In the absence of significant revenue and profits, and since we do not expect to generate significant revenues in the foreseeable future, we, in order to fund the immediate future operations, will be completely dependent on additional debt and equity financing arrangements. In anticipation of the need to raise additional financing in the immediate future, we have commenced, and will continue to pursue, efforts to raise additional financing from a variety of sources and means. No assurance can be given that any such additional funding will be available or that, if available, can be obtained on terms favorable to us. If we are unable to raise needed funds on acceptable terms, we will not be able to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. A material shortage of capital will require us to take drastic steps such as reducing our level of operations, disposing of selected assets or seeking an acquisition partner. If cash is insufficient, we will not be able to continue operations. Based on our operating expenses and anticipated research and development activities we believe that we will require an additional $3,500,000 to meet our expenses over the next 12 months.

Acquisition or Disposition of Plant and Equipment

We did not dispose or acquire any significant property, plant or equipment during the quarter ended September 30, 2010. We do not anticipate the sale of any significant property, plant or equipment during the next twelve months.

Inflation

We do not believe that inflation has had a material effect on our business, financial condition or results of operations.

Critical Accounting Policies and Estimates

The preparation of our consolidated unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities.

We describe our significant accounting policies in the Notes to Consolidated Financial Statements included in our Annual Report on SEC Form 10-K filed with the Securities and Exchange Commission. We discuss our critical accounting policies and estimates in Management's Discussion and Analysis of Financial Condition and or Plan of Operation in SEC Form 10-K. Except for the below accounting for Derivative Instruments and Hedging, and any other accounting as indicated in this quarterly report, there have been no material revisions to the critical accounting policies as filed in our Annual Report on Form 10-K as of and for the year ended December 31, 2009 with the SEC on April 15, 2010.

Accounting for Derivative Instruments and Hedging

In June 2008, the FASB issued new accounting guidance which requires entities to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock by assessing the instrument's contingent exercise provisions and settlement provisions. The effect of this guidance is described in Note 5 to unaudited condensed consolidated financial statements, September 30, 2010.

Recent Accounting Pronouncements

For information regarding other recent accounting pronouncements and their effect on the Company, see "Recent Accounting Pronouncements" in Note 1 of the Unaudited Notes to Condensed Consolidated Financial Statements contained herein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this Quarterly Report on form 10-Q, our management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial (and principal accounting) Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation and due to the material weakness existing in our internal controls as of December 31, 2009 (described below) which has not been fully remediated as of September 30, 2010, we have concluded that as of September 30, 2010, our disclosure controls and procedures were ineffective.

Changes in internal controls.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses would permit information required to be disclosed by the Company in the reports that it files or submits to not be recorded, processed, summarized and reported, within the time periods specified in the Securities Exchange Commission's rules and forms. In our Annual Report on Form 10-K for the year ended December 31, 2009, we identified a material weakness consisting of limited resources and a limited number of employees, namely, an understaffed financial and accounting function, and the need for additional personnel to prepare and analyze financial information in a timely manner and to allow review and on-going monitoring and enhancement of our controls.

During the three months ending September 30, 2010 we continued to evaluate our internal control documentation. Although we made progress towards remediation of the deficiencies giving rise to the material weakness, we are unable to conclude that the material weakness described above was remediated as of September 30, 2010.

There were no changes in our internal controls over financial reporting during the quarter ended September 30, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors 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. 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 the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also 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. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

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

Preferred Stock

Convertible Preferred Stock Issued in Exchange of Notes

On September 15, 2010 the Company entered into a Securities Exchange Agreement with Brencourt Advisors, LLC ("Brencourt") to exchange notes and accrued interest totaling $5,916,667 for shares of Series A 5% Convertible Preferred Stock. The agreement, which has an effective date of July 30, 2010, exchanges: (i) secured convertible debentures, as amended, totaling $5,000,000; (ii) 0% interest convertible debentures previously issued quarterly to funds managed by Brencourt beginning December 2008 through June 30, 2010 totaling $875,000; and, (iii) accrued interest in the amount of $41,667 through July 31, 2010, for Series A 5% Convertible Preferred Stock. Pursuant to this agreement, on September 17, 2010 the Company issued an aggregate of 5,919 shares of Series A 5% Convertible Preferred Stock to three funds managed by Brencourt Advisors, LLC. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

Common Shares Issued for Conversion of Principal

On July 1, 2010, the Company issued to YA Global Investments, L.P. ("YA Global") 780,534 shares of common stock for the partial conversion of principal of a $2,000,000 10% senior secured convertible debenture dated January 3, 2008, as amended, held by YA Global. The conversion price was equal to $0.1048 per share and the fair value of the principal converted was $81,800. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

Issuance of Common Shares for Installment Payment of Principal

On July 19, 2010 the Company and YA Global entered into an agreement to amend secured convertible debentures held by YA Global. Per the agreement, the Company is required pay a monthly installment amount of $42,000 in cash, common shares or a combination thereof to YA Global as a reduction of the outstanding debt obligation. The $42,000 monthly installment payment shall be made by converting the installment amount into shares of common stock of the Company at the lowest conversion price then available, provided volume limitations, based on the prior 20 trading days, are not exceeded and that there is not an equity conditions failure. Any amount in excess of the volume limitation must be paid in cash unless this restriction is waived by YA Global for that period. The Company may, at its option following notice to the holder, redeem such installment amount in cash or by any combination of both.

On August 10, 2010 the Company issued to YA Global 59,724 shares of common stock with a fair value of $7,764 for the partial payment of the total $42,000 installment amount due for August 2010. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and

Rule 506 promulgated thereunder.

12

On September 1, 2010 the Company issued to YA Global 263,353 shares of common stock with a fair value of $34,236 for the remaining balance of the installment payment due for August 2010. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

On September 8, 2010 the Company issued to YA Global 47,646 shares of common stock with a fair value of $6,194 for the partial payment of the total $42,000 installment amount due for September 2010. The securities were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. RESERVED

None.

ITEM 5. OTHER INFORMATION

Hal N. Siegel Employment Agreement

On October 13, 2010, IR BioSciences Holdings, Inc. (the "Company"), through its wholly-owned subsidiary ImmuneRegen BioSciences, Inc., approved a new two year employment agreement with Hal N. Siegel as the Vice President and Chief Scientific Officer of the Company. Mr. Siegel, who is also a member of the Company's Board of Directors, also entered into a change of control agreement with the Company. The Effective date of these agreements is October 24, 2010 (the "Effective Date"). The Company and Mr. Siegel have agreed to accrue his salary until sufficient capital is raised.

Pursuant to terms of the employment agreement, Mr. Siegel will be compensated at an annual base salary of $247,500 for the first year and $270,000 for the second year. Mr. Siegel will also be eligible for discretionary bonuses under the Company's stock option plan during his employment. The employment agreement has a term of two years, subject to early termination provisions. The Company may terminate the employment agreement at any time for cause, as defined in the employment agreement, and with 30 days notice without cause. Mr. Siegel may terminate the employment agreement for any reason with 30 days notice. Upon termination of Mr. Siegel's employment by the Company without cause or constructive termination, as defined in the agreement, the Company agrees to pay to Mr. Siegel the remainder of his salary for the year or six months salary, whichever is greater, and any accrued vacation. Pursuant to the terms of the employment agreement, Mr. Siegel may not compete against the Company and he may not solicit the Company's customers during the term of the agreement and for a period of three years following the termination of his employment agreement. Mr. Siegel also may not disclose any confidential information during or within three years after his employment.

Pursuant to the terms of the change of control agreement, the Company agrees to pay Mr. Siegel his salary for a period of 18 months from the date an involuntary termination, payable in accordance with the Company's compensation practice. Involuntary termination is defined as the termination of Mr. Siegel's employment by Company without cause or due to constructive termination at any time within one-year from a change of control event, as defined in the agreement. The change of control agreement commences on the Effective Date and continues until the earlier of (i) the termination of Mr. Siegel's employment with Company if the termination is prior to a change of control or (ii) subsequent to a Change of Control Date the earlier of (x) the termination of Mr. Siegel's employment absent involuntary termination or (y) the one-year anniversary of a change of control.

The foregoing description of the employment agreement and change of control agreement entered into by the Company and Mr. Siegel does not purport to be complete and is governed by and qualified by the actual agreements, which are included as exhibits to this Current Report.

Entry Into a Material Definitive Agreement

ImmuneRegen BioSciences, Inc. Series A Promissory Note

Effective October 28, 2010, IR BioSciences Holdings, Inc. (the "Company") entered into a series of unsecured Senior Promissory Notes in the aggregate principal amount of $150,000 (the "Notes"). Following the payment of commissions and expenses, the company received net proceeds of approximately $150,000. The outstanding principal amount of the Notes, plus interest at the rate of 25% per annum, is payable in cash on February 25, 2011.

Pursuant to the terms of the Notes, the Company agreed to use the proceeds from the Note for working capital and general corporate purposes. The Borrower may prepay all or any part of the principal of this Note, without payment of any premium or penalty. All payments on this Note shall be applied first to accrued interest hereon and the balance to the payment of principal hereof. The payment of principal of, and accrued and unpaid interest on, this Note is senior unsecured indebtedness of the Borrower. The Notes are pari passu with one another and are neither senior to, nor junior to, one another. In an event of default, as defined in the Note, the Note shall become immediately due and payable.

The Notes were sold to five investors whom the Company had reasonable grounds to believe were "accredited investors" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"). The investors were provided access to business and financial information about the Company and had such knowledge and experience in business and financial matters that they were able to evaluate the risks and merits of an investment in the Company. Each certificate evidencing the Note issued to the investors included a legend to the effect that the Note was not registered under the Securities Act and could not be resold absent registration or the availability of an applicable exemption from registration. No general solicitation or advertising was used in connection with the transaction.

The issuance of the Notes was exempt from the registration requirements of the Securities Act by reason of Section 4(2) of the Securities Act and the rules and regulations, including Regulation D thereunder, as transactions by an issuer not involving a public offering.

The above description, which summarizes the material terms of the Notes, is not complete. Please read the full text of the Notes, which has been filed with the Securities and Exchange Commission as Exhibits 5.03 to this Current Report.

ITEM 6. EXHIBITS

5.01 Employment Agreement for Vice-President and Chief Scientific Officer, Hal Siegel
5.02 Change of Control Agreement for Vice-President and Chief Scientific Officer, Hal Siegel
5.03 Form of Series A Promissory Note
31.1 Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 Certifications of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2 Certifications of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under

the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 22, 2010.

IR BioSciences Holdings, Inc.

Date: November 22, 2010	By:	/s/ Michael K. Wilhelm Michael K. Wilhelm President and Chief Executive Officer
		/s/ John N. Fermanis John N. Fermanis Chief Financial Officer

15