TAPIMMUNE INC.
Form 10-Q
May 15, 2018

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

FORM 10-Q

x Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **March 31, 2018**

.. Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File Number: **001-37939**

TAPIMMUNE INC.

(Name of registrant in its charter)

NEVADA	**45-4497941**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5 West Forsyth Street, Suite 200	
Jacksonville, FL	**32202**
(Address of principal executive offices)	(Zip Code)

904-516-5436
(Issuer's telephone number)

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

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

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

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

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

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

As of May 11, 2018, the Company had 10,684,516 shares of common stock issued and outstanding.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TAPIMMUNE INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash	$2,801,092	$5,129,289
Prepaid expenses and deposits	129,028	51,150
Total current assets	2,930,120	5,180,439
Total assets	$2,930,120	$5,180,439
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$2,301,161	$1,508,312
Warrant liability	8,000	9,000
Promissory note	5,000	5,000
Total current liabilities	2,314,161	1,522,312
Total liabilities	2,314,161	1,522,312
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Preferred stock - $0.001 par value, 5 million shares authorized at March 31, 2018 and December 31, 2017, respectively		
Series A, $0.001 par value, 1.25 million shares designated, 0 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively	-	-
Series B, $0.001 par value, 1.5 million shares designated, 0 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively	-	-
Common stock, $0.001 par value, 41.7 million shares authorized, 10.6 million and 8.4 million shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively	10,636	10,616
Additional paid-in capital	161,221,836	161,067,538
Accumulated deficit	(160,616,513)	(157,420,027)
Total stockholders' equity	615,959	3,658,127

Total liabilities and stockholders' equity	$2,930,120	$5,180,439

See accompanying notes to these unaudited condensed consolidated financial statements.

TAPIMMUNE INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	For the three months ended March 31,	
	2018	2017
Operating expenses:		
Research and development	$1,599,550	$989,092
General and administrative	1,597,936	1,427,793
Total operating expenses	3,197,486	2,416,885
Loss from operations	(3,197,486)	(2,416,885)
Other income (expense):		
Change in fair value of warrant liabilities	1,000	(3,000)
Net loss	$(3,196,486)	$(2,419,885)
Net loss per share, Basic and Diluted	$(0.30)	$(0.29)
Weighted average number of common shares outstanding	10,622,420	8,429,595

See accompanying notes to these unaudited condensed consolidated financial statements.

TAPIMMUNE INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(UNAUDITED)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Par value	Capital	Deficit	Equity
Balance at January 1, 2018	10,615,724	$10,616	$161,067,538	$(157,420,027)	$3,658,127
Stock options exercised for cash	10,416	10	18,115	-	18,125
Stock-based compensation	10,042	10	136,183	-	136,193
Net loss	-	-	-	(3,196,486)	(3,196,486)
Balance, March 31, 2018	10,636,182	$10,636	$161,221,836	$(160,616,513)	$615,959

See accompanying notes to these unaudited condensed consolidated financial statements.

TAPIMMUNE INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the three months ended March 31,	
	2018	2017
Cash Flows from Operating Activities:		
Net loss	$(3,196,486)	$(2,419,885)
Reconciliation of net loss to net cash used in operating activities:		
Changes in fair value of warrant liabilities	(1,000)	3,000
Stock-based compensation	136,193	376,317
Changes in operating assets and liabilities:		
Prepaid expenses and deposits	(77,878)	(107,362)
Accounts payable and accrued expenses	792,849	224,252
Net cash used in operating activities	(2,346,322)	(1,923,678)
Cash Flows from Financing Activities:		
Proceeds from exercise of stock options	18,125	-
Net cash provided by financing activities	18,125	-
Net decrease in cash	(2,328,197)	(1,923,678)
Cash at beginning of period	5,129,289	7,851,243
Cash at end of period	$2,801,092	$5,927,565

See accompanying notes to these unaudited condensed consolidated financial statements.

TAPIMMUNE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

(Unaudited)

Note 1: Nature of Operations

TapImmune Inc. (the “Company” or “we”), a Nevada corporation incorporated in 1991, is a biotechnology company focusing on immunotherapy specializing in the development of innovative peptide and gene-based immunotherapeutics and vaccines for the treatment of oncology and infectious disease. Unlike other vaccine technologies that narrowly address the initiation of an immune response, TapImmune's approach broadly stimulates the cellular immune system by enhancing the function of killer T-cells and T-helper cells and by restoring antigen presentation in tumor cells allowing their recognition and killing by the immune system.

NOTE 2: Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X of the Securities and Exchange Commission (“SEC”) and on the same basis as the Company prepares its annual audited consolidated financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of such interim results.

The results for the condensed consolidated statement of operations are not necessarily indicative of results to be expected for the year ending December 31, 2018 or for any future interim period. The condensed consolidated balance sheet at March 31, 2018 has been derived from unaudited financial statements; however, it does not include all of the information and notes required by U.S. GAAP for complete financial statements. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017, and notes thereto included in the Company’s annual report on Form 10-K filed on March 23, 2018.

NOTE 3: LIQUIDITY AND FINANCIAL CONDITION

The Company's activities since inception have consisted principally of acquiring product and technology rights, raising capital, and performing research and development. Successful completion of the Company's development programs and, ultimately, the attainment of profitable operations are dependent on future events, including, among other things, its ability to access potential markets; secure financing, develop a customer base; attract, retain and motivate qualified personnel; and develop strategic alliances and collaborations. From inception, the Company has been funded by a combination of equity and debt financings.

The Company expects to continue to incur substantial losses over the next several years during its development phase. To fully execute its business plan, the Company will need to complete certain research and development activities and clinical studies. Further, the Company's product candidates will require regulatory approval prior to commercialization. These activities may span many years and require substantial expenditures to complete and may ultimately be unsuccessful. Any delays in completing these activities could adversely impact the Company. The Company plans to meet its capital requirements primarily through issuances of debt and equity securities and, in the longer term, revenue from product sales.

As of March 31, 2018, the Company had cash of approximately $2.8 million. Historically, the Company had net losses and negative cash flows from operations. Management intends to continue its research efforts and to finance operations of the Company through debt and/or equity financings. Management plans to seek additional debt and/or equity financing through private or public offerings. There can be no assurance that the Company will be successful in obtaining additional financing on favorable terms, or at all. The Company has no sources of revenue to provide incoming cash flows to sustain its future operations. The Company's ability to pursue its planned business activities is dependent upon successful efforts to raise additional capital. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Note 4: SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes in the Company's significant accounting policies to those previously disclosed in the Company's annual report on Form 10-K, which was filed with the SEC on March 23, 2018.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that we adopt as of the specified effective date. Unless otherwise discussed, we do not believe that the impact of recently issued standards that are not yet effective will have a material impact on our financial position or results of operations upon adoption.

Recent Accounting Pronouncements Adopted in the Year

Compensation-Stock Compensation

In May 2017, the FASB issued Accounting Standards Update ("ASU") No. 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting, which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. It is effective prospectively for the annual period beginning after December 15, 2017 and interim periods within that annual period. Early adoption is permitted. The Company adopted ASU 2017-09 on January 1, 2018; the adoption of ASU 2017-09 did not have a material impact on its financial condition or results of operations, as the Company has not had any modifications to share-based payment awards. However, if the Company does have a modification to an award in the future, it will follow the guidance in ASU 2017-09.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" (ASU 2014-09) as modified by ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the

Effective Date," ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," and ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients." The revenue recognition principle in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, new and enhanced disclosures will be required. Companies may adopt the new standard either using the full retrospective approach, a modified retrospective approach with practical expedients, or a cumulative effect upon adoption approach. The Company adopted the new standard effective January 1, 2018, using the modified retrospective approach. The only impact of the adoption of ASU 2014-09 was to reclassify the Company's grant income as revenue.

Recent Accounting Pronouncements Not Yet Adopted

Accounting for Certain Financial Instruments with Down Round Features

On July 13, 2017, the FASB has issued a two-part ASU, No. 2017-11, (i). Accounting for Certain Financial Instruments with Down Round Features and (ii) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests With a Scope Exception.

The ASU is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018 and the interim periods within that annual period. Early adoption is permitted. The Company will be evaluating the impact of adopting this standard on the consolidated financial statements and disclosures.

Note 5: NET LOSS PER SHARE APPLICABLE TO COMMON SHAREHOLDER

Basic loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the reporting period. Diluted loss per common share is computed similarly to basic loss per common share except that it reflects the potential dilution that could occur if dilutive securities or other obligations to issue common stock were exercised or converted into common stock.

The following table sets forth the computation of net loss per share:

	Three Months Ended March 31,	
	2018	2017
Numerator:		
Net loss	$(3,196,486)	$(2,419,885)
Denominator:		
Weighted average common shares outstanding	10,622,420	8,429,595
Net loss per share data:		
Basic and Diluted	$(0.30)	$(0.29)

The following securities, rounded to the thousand, were not included in the diluted net loss per share calculation because their effect was anti-dilutive for the periods presented:

	Three Months Ended March 31,	
	2018	2017
Common stock options	439,000	417,000
Common stock purchase warrants	6,520,000	5,060,000
Potentially dilutive securities	6,959,000	5,477,000

Note 6: WARRANT LIABILITY AND FAIR VALUE MEASUREMENTS

A summary of quantitative information with respect to valuation methodology and significant unobservable inputs used for the Company’s common stock purchase warrants that are categorized within Level 3 of the fair value

hierarchy for the three months ended March 31, 2018 and 2017 is as follows:

	March 31, 2018		March 31, 2017	
Stock price	$ 3.38		$4.49	
Exercise price	$ 1.20		$1.20	
Contractual term (years)	0.28		0.12 - 1.28	
Volatility (annual)	69	%	67% - 79	%
Risk-free rate	1	%	1	%
Dividend yield (per share)	0	%	0	%

The foregoing assumptions are reviewed quarterly and are subject to change based primarily on management's assessment of the probability of the events described occurring. Accordingly, changes to these assessments could materially affect the valuations.

Financial Liabilities Measured at Fair Value on a Recurring Basis

Financial liabilities measured at fair value on a recurring basis are summarized below and disclosed on the balance sheet under Warrant liability:

	Fair value measured at March 31, 2018			
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value at March 31, 2018
Warrant liability	$ -	$ -	$ 8,000	$ 8,000

	Fair value measured at December 31, 2017			
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value at December 31, 2017
Warrant liability	$ -	$ -	$ 9,000	$ 9,000

The fair value accounting standards define fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is determined based upon assumptions that market participants would use in pricing an asset or liability. Fair value measurements are rated on a three-tier hierarchy as follows:

- Level 1 inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets;

- Level 2 inputs: Inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly; and

- Level 3 inputs: Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

There were no transfers between Level 1, 2 or 3 during the three months ended March 31, 2018.

The following table presents changes in Level 3 liabilities measured at fair value for the three months ended March 31, 2018:

	Warrant Liability
Balance - December 31, 2017	$ 9,000
Change in fair value of warrant liability	(1,000)
Balance – March 31, 2018	$ 8,000

Note 7: STOCKHOLDERS' EQUITY

2018 Common Stock Transactions

Exercise of Stock Options

In January 2018, Dr. John Bonfiglio exercised 10,416 shares of common stock pursuant to stock options at an exercise price equal to $1.74 per share.

Consulting Arrangements

During the three months ended March 31, 2018, the Company issued 10,042 shares of common stock as part of consulting agreements. The fair value of the common stock of approximately $33,000 was recognized as stock-based compensation in general and administrative expenses.

Note 8: STOCK-BASED COMPENSATION

The Company recorded approximately $136,000 and $376,000 of stock-based compensation expense for the three months ended March 31, 2018 and 2017, respectively.

At March 31, 2018, the total stock-based compensation cost related to unvested awards not yet recognized was $262,000. The expected weighted average period compensation costs to be recognized was 0.47 years. Future option grants will impact the compensation expense recognized.

$33,000 and $103,000 of stock-based compensation expenses for the three months ended March 31, 2018 were included in general and administrative expenses and research and development expenses, respectively, on the condensed consolidated statements of operations.

Note 9: SUBSEQUENT EVENTS

Common Stock Purchase Agreement and Warrant Exercise Agreements

On May 14, 2018, the Company entered into a Common Stock Purchase Agreement with Eastern Capital Limited pursuant to which such investor has agreed to purchase 1,300,000 shares of common stock at a price per share of $2.40 providing gross proceeds to the Company of $3.12 million.

On May 14, 2018, certain institutional holders of outstanding warrants entered into Warrant Exercise Agreements with the Company that amends the exercise price of certain warrants to purchase an aggregate of 782,505 shares of

common stock to $2.50 per share which will provide aggregate proceeds to the Company of approximately $2.0 million.

Closing of the Common Stock Purchase Agreement and the Warrant Exercise Agreements is subject to customary closing conditions and is expected to occur on May 18, 2018.

Financing Commitment

Mr. John Wilson, CEO of Marker, provided a written commitment on May 14, 2018 for additional financing to the Company of up to $1 million. Such commitment is subject to customary conditions none of which relate to the Agreement and Plan of Merger described below.

Agreement and Plan of Merger

On May 15, 2018, the Company entered into an agreement and plan of merger and reorganization with Marker Therapeutics, Inc., subject to shareholder approval and other terms and conditions set forth in the merger agreement.

At the effective time of the merger, each outstanding share of Marker's common stock will be converted into the right to receive (i) shares of TapImmune's common stock. Under the exchange ratio formulae in the merger agreement, as of immediately after the merger, the former Marker stockholders and the former TapImmune stockholders are each expected to own approximately 50% of the combined company, subject to certain assumptions (on a fully diluted basis) and prior to the contemplated issuance of shares in the financing that is expected to occur concurrently with the Merger. The final number of shares will be determined at the closing of the merger based on the number of shares of TapImmune common stock outstanding at the time of closing, and the final number of warrants will be determined at the closing of the merger based on the number of options and warrants of TapImmune outstanding at the time of closing. The number of warrants issuable to the Marker stockholders may be adjusted based upon certain conditions related to the terms of any additional financing closed concurrently with the merger.

The merger is subject to other customary closing conditions, including, among other things, the accuracy of the representations and warranties, subject generally to an overall material adverse effect qualification, compliance by the parties with their respective covenants and no existence of any law or order preventing the merger and related transactions. In addition, the merger is contingent upon TapImmune receiving commitments from third-party investors to purchase at least $25 million in equity securities of TapImmune, which equity financing would close contemporaneously with the closing of the merger.

The Merger Agreement contains certain termination rights and provides for the payment of a termination fee and reimbursement of certain fees and expenses of up to $2,000,000 by TapImmune to Marker upon termination of the Merger Agreement under specified circumstances.

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

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended, that involve risks and uncertainties. All statements other than statements relating to historical matters including statements to the effect that we "believe", "expect", "anticipate", "plan", "target", "intend" and similar expressions should be considered forward-looking statements. Our actual results could differ materially from those discussed in the forward-looking statements as a result of a number of important factors, including factors discussed in this section and elsewhere in this quarterly report on Form 10-Q, and the risks discussed in our other filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as the date hereof. We assume no obligation to update these forward-looking statements to reflect events or circumstance that arise after the date hereof.

As used in this quarterly report: (i) the terms "we", "us", "our", "TapImmune" and the "Company" mean TapImmune Inc. and its wholly owned subsidiary, GeneMax Pharmaceuticals Inc. which wholly owns GeneMax Pharmaceuticals Canada Inc., unless the context otherwise requires; (ii) "SEC" refers to the Securities and Exchange Commission; (iii) "Securities Act" refers to the Securities Act of 1933, as amended; (iv) "Exchange Act" refers to the Securities Exchange Act of 1934, as amended; and (v) all dollar amounts refer to United States dollars unless otherwise indicated.

The following should be read in conjunction with our unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2018 included in this quarterly report, as well as our Annual Report on Form 10-K for the year ended December 31, 2017 filed on March 23, 2018.

Company Overview

We are a clinical-stage immuno-oncology company specializing in the development of innovative peptide and gene-based immunotherapeutics and vaccines for the treatment of cancer and metastatic disease. We are actively advancing our clinical programs by expanding our Folate Receptor Alpha program (TPIV200) for breast and ovarian cancers and our HER2/neu peptide antigen program (TPIV110) in Phase II clinical trials. In parallel, we are developing a proprietary DNA expression technology named PolyStart™ to improve the ability of the cellular immune system to recognize and destroy diseased cells. We plan to complete the pre-clinical development of our PolyStart™ vaccine and move it into the clinic as an integral component of a prime-boost vaccine methodology.

We are a leader in the development of immunotherapies for women's cancers, with multiple Phase 2 and Phase 1b/2 clinical studies for the treatment of ovarian and breast cancer. The company's peptide or nucleic acid-based

immunotherapeutic products comprise one or multiple naturally processed epitopes (NPEs) designed to comprehensively stimulate a patient's killer T-cells and helper T-cells, and to restore or further augment antigen presentation by using proprietary nucleic acid-based expression systems. Our technologies may be used as stand-alone medications or in combination with current treatment modalities.

Immuno-oncology has become the most rapidly growing sector in the pharmaceutical and biotech industry. The approval and success of checkpoint inhibitors, including ipilimumab and nivolumab (Yervoy® and Opdivo®, respectively, Bristol Myers Squibb), pembrolizumab (Keytruda®, Merck & Co.), avelumab (Bavencio®, EMD Serono), durvalumab (Imfinzi™, AstraZeneca), and atezolizumab (Tecentriq®, Genentech), together with the development and approval of CAR T-cell therapies sponsored by Novartis, Juno Therapeutics, and Kite Pharma, has provided much momentum in this sector. In addition, new evidence points to the increasing use of combination immunotherapies for the treatment of cancer. This has provided greater justification and opportunities for the successful development of T-cell vaccines in combination with other approaches.

On May 23, 2017, the U.S. Food and Drug Administration (“FDA”) approved expanded use of Keytruda for immunotherapy. The FDA granted accelerated approval to a treatment for patients whose cancers have a specific genetic feature (biomarker). This is the first time the FDA has approved a cancer treatment based on a common biomarker rather than the location in the body where the tumor originated.

We believe the strength of our science and development approaches is becoming more widely appreciated, particularly as our clinical program has now generated positive Phase I data using our two products in clinical programs in breast and ovarian cancers.

We continue to focus primarily on our Phase II triple-negative breast cancer trials using TPIV200 (which has achieved Fast Track and Orphan Drug Status), and are planning for the next Phase II HER2/neu breast cancer trial.

We expect to continue to prosecute our PolyStart™ patent filings and develop new PolyStart™ constructs to facilitate collaborative efforts in our current clinical indications. We will also evaluate those indications where others have already indicated interest in combination therapies.

We believe that these fundamental programs and corporate activities have positioned our company to capitalize on the acceptance of immunotherapy as a leading therapeutic strategy in cancer and infectious diseases.

We are continuously working on improving our product formulation and supply. TPIV200 and TPIV110 are both off-the-shelf, lyophilized products that only require reconstitution and mixing with GM-CSF at the clinical site before injection. We believe our off-the-shelf product may provide a significant competitive advantage over autologous products that require preparation for each patient. We also believe the investments we have made in the formulation work for both very stable products will result in commercially viable products consistent with typically high pharmaceutical profit margins.

The Phase I data produced for both TPIV200 and TPIV100 in collaboration with the Mayo Clinic are the driving force behind the high-value collaborations we have established and maintained with organizations such as Mayo Clinic, AstraZeneca, Memorial Sloan Kettering, and the U.S. Department of Defense. As we move forward into advanced Phase II studies, some of which incorporate collaborations with prestigious third-party organizations, we believe they will represent further independent validation of the potential of our technology.

Intellectual Property Strategies

A key component to success is having a comprehensive patent strategy that continually updates and extends patent coverage for key products. It is highly unlikely that early patents will extend through ultimate product marketing, so extending patent life is an important strategy for ensuring product protection.

We have three active patent families that we are supporting:

1. Filed patents on the PolyStart™ expression vector (owned by TapImmune and filed in 2014: this IP covers the use with TAP). We announced the allowance of this patent in February 2016.

2. Filed patents on HER2/neu Class II and Class I antigens: exclusive license from Mayo Foundation; and

3. Filed patents on Folate Receptor Alpha antigens: exclusive license from Mayo Foundation.

While doing the studies on the path to successful product development takes time, we believe we have put together a team that can deliver the highest quality data in the least amount of time. The strength of our product pipeline and access to leading scientists and institutions gives us a unique opportunity to make a major contribution to global health care.

With respect to the broader market, a major driver and positive influence on our activities has been the emergence and general acceptance of the potential of a new generation of immunotherapies that promise to change the standard of care for cancer. The immunotherapy sector has been greatly stimulated by the approval of Provenge® for prostate cancer and Yervoy™ for metastatic melanoma, progression of the areas of immune checkpoint inhibitors and adoptive T-cell therapy, as well as multiple other approaches reaching Phase II and Phase III status.

We believe that through our combination of technologies, we are well positioned to be a leading player in this emerging market. It is important to note that many of the late-stage immunotherapies currently in development do not represent competition to our programs, but instead offer synergistic opportunities to partner our antigen-based immunotherapeutics and the PolyStart™ expression system. Thus, the use of naturally processed T-cell antigens discovered using samples derived from cancer patients, plus our PolyStart™ expression technology to improve antigen presentation to T-cells, could not only produce an effective cancer vaccine in its own right, but could also enhance the efficacy of other immunotherapy approaches such as CAR-T and checkpoint inhibitors.

Products and Technology in Development-Clinical

TPIV200

Phase I Human Clinical Trials **– Folate Alpha Breast and Ovarian Cancers – Mayo Clinic**

Folate Receptor Alpha ("FRa") is overexpressed in over 80% of breast cancers and in addition, over 90% of ovarian cancers, for which the only treatment options are surgery, radiation therapy and chemotherapy, leaving a very important and urgent clinical need for a new therapeutic. Time to recurrence is relatively short for ovarian cancer and survival prognosis is extremely poor after recurrence. In the United States alone, there are approximately 30,000 ovarian cancer patients and 40,000 triple-negative breast cancer patients newly diagnosed every year.

We have completed a 21-patient Phase I clinical trial for the FRa vaccine. Twenty-one patients with breast or ovarian cancer, who had undergone standard surgery and adjuvant treatment, were treated with one cycle of cyclophosphamide. Following this, patients were vaccinated intradermally with a mixture of the five FRa peptides adjuvanted with GM-CSF (now called TPIV200) on day one of a 28-day cycle for a maximum of six vaccination cycles. The vaccine was well-tolerated and safe and 20 out of 21 evaluable patients showed positive immune responses, providing a strong rationale for progressing to Phase II trials. Further, the data showed that 16 out of 16 patients in the observation stage still showed immune responses (Source: published online 15Mar2018; DOI: 10.1158/1078-0432.CCR-17-2499). We have developed a commercial quality lyophilized formulation of the peptides in a single vial for reconstitution and injection. Good Manufacturing Practice ("GMP") manufacturing for the Phase II trials has been completed.

On July 27, 2015, we exercised our option agreement with Mayo Foundation with the signing of a worldwide exclusive license agreement to commercialize a proprietary Folate Receptor Alpha vaccine technology for all cancer indications. As part of this agreement, the IND from the Folate Receptor Alpha Phase I Trial was transferred from Mayo Foundation to us for amendment for Phase II Clinical Trials on our lead product.

On September 15, 2015, we announced that our collaborators at the Mayo Foundation had been awarded a grant of $13.3 million from the U.S. Department of Defense. This grant, commencing September 15, 2015, covers the costs for a 280-patient Phase II Clinical Trial of Folate Receptor Alpha Vaccine in patients with triple-negative breast cancer. We are working closely with Mayo Foundation on this clinical trial by providing clinical and manufacturing expertise, as well as providing GMP vaccine formulations. These vaccine formulations are being developed for multiple Phase II clinical programs in triple-negative breast and ovarian cancer in combination with other immunotherapeutics. This Phase II study of TPIV200 in the treatment of triple-negative breast cancer began enrolling patients in late 2017.

On December 9, 2015, we announced that we received Orphan Drug Designation from the U.S. Food & Drug Administration's Office of Orphan Products Development ("OOPD") for our cancer vaccine TPIV200 in the treatment of ovarian cancer. The TPIV200 ovarian cancer clinical program will now receive benefits including tax credits on clinical research and seven-year market exclusivity upon receiving marketing approval. TPIV200 is a multi-epitope peptide vaccine that targets Folate Receptor Alpha which is overexpressed in multiple cancers including over 90% of ovarian cancer cells.

On February 3, 2016, we announced that the U.S. FDA designated the investigation of multiple-epitope FRa Vaccine (TPIV200) for maintenance therapy in subjects with platinum-sensitive advanced ovarian cancer who achieved stable disease or partial response following completion of standard-of-care chemotherapy, as a Fast Track Development Program. We began enrolling a Phase II study in this indication in 2017.

We have opened multiple clinical sites and have completed enrollment of patients in a Phase II trial of our Folate Receptor Alpha cancer vaccine, TPIV200, in the treatment of triple-negative breast cancer, one of the most difficult-to-treat cancers representing a clear unmet medical need. The open-label, 80-patient clinical trial is designed to evaluate dosing regimens, efficacy, and immune responses in women with triple-negative breast cancer and is fully enrolled. Key data from the trial is expected to be included in a future New Drug Application submission to the FDA for marketing clearance. This trial is sponsored and conducted by TapImmune.

On April 21, 2016, we announced our participation in an ovarian cancer study sponsored by Memorial Sloan Kettering Cancer Center in New York City in collaboration with AstraZeneca Pharmaceuticals in ovarian cancer patients who are not responsive to platinum, a commonly used chemotherapy for ovarian cancer. This study, a Phase II study of TPIV200 is currently enrolling ovarian cancer patients and is designed to look at the effects of combination therapy with AstraZeneca's checkpoint inhibitor durvalumab. The study will enroll 40 patients and is open-label. Because they are unresponsive to platinum, these patients have no real options left. If the combination therapy proves effective, we believe it would address a critical unmet need. TPIV200 has received Orphan Drug designation for use in the treatment of ovarian cancer. Although we have no business relationship with AstraZeneca, we are paying for one-half of the costs of the clinical study, in addition to providing our TPIV200 for the study.

A Company-sponsored Phase II study in platinum-sensitive ovarian cancer patients was initiated in 2017. This study is designed to evaluate TPIV200 with GM-CSF in a randomized, placebo-controlled fashion during the first maintenance period after primary surgery and chemotherapy. Patients at this stage of their treatment have the highest potential for an immunotherapeutic effect and no other approved treatment options. The study will enroll up to 120 patients over the next year and a half, with an interim analysis planned in the first half of 2019.

TPIV 100/110

Phase I Human Clinical Trials – HER2/neu+ Breast Cancer – Mayo Clinic

A Phase I study using TPIV 100 (four HER2/neu peptides adjuvanted with GM-CSF) was completed in 2015. Final safety analysis on all the patients treated is complete and shown to be safe. In addition, 19 out of 20 evaluable patients showed robust T-cell immune responses to the antigens in the vaccine composition providing a solid case for advancement to Phase II in 2017. An additional secondary endpoint incorporated into this Phase I Trial will be a two-year follow on recording time to disease recurrence in the participating breast cancer patients.

For Phase I(b)/II studies, we plan to add a Class I peptide, licensed from the Mayo Clinic (April 16, 2012), to the four Class II peptides, producing TPIV 110 (five peptide product). Management believes that the combination of Class I and Class II HER2/neu antigens, gives us the leading HER2/neu vaccine platform. We are amending the IND to incorporate the fifth peptide in the Phase I(b)/II study. Discussions with the FDA have resulted in a pre-clinical development project that should allow us to file the amended IND in mid-2018.

Products and Technology-Pre-clinical

Polystart

On February 7, 2017, we announced that we received a Notice of Allowance from the U.S. Patent and Trademark Office of our patent application titled, “Chimeric nucleic acid molecules with non-AUG initiation sequences and uses thereof,” which represents our first patent on our Polystart program. We anticipate additional patent filings in connection with our research and development in this area. We plan to develop Polystart as both a stand-alone therapy and as a ‘boost strategy’ to be used synergistically with our peptide-based vaccines for breast and ovarian cancers.

TapImmune's Clinical Program Pipeline

Refer to the "Clinical Program Pipeline Status Updates" section below for latest updates on above clinical pipeline chart.

In addition to the exciting clinical developments, our peptide vaccine technology may be coupled with our recently developed in-house PolyStart™ nucleic acid-based technology, which is designed to make vaccines significantly more effective by producing four times the required peptides for the immune systems to recognize and act on.

Recent Developments and Company Highlights

Recent Developments

Completed GMP Manufacturing Scale Up and Second Clinical Lot of TPIV200; to Supply Additional Phase II Clinical Trials

We successfully completed a multi-gram production scale-up as well as GMP manufacturing of a second clinical lot of TPIV200. The vaccine supply will be used in the company's ongoing Phase II study in platinum-sensitive ovarian cancer, as well as the planned 280-patient Phase II study sponsored by the Mayo Clinic and funded by the U.S. Department of Defense for treating triple-negative breast cancer. We also made various improvements to the vaccine manufacturing process, resulting in, what we believe to be, a superior formulation of the vaccine that is more amenable to large-scale manufacturing and commercialization.

Clinical Program Pipeline Status Updates

Announcement of Publication of Clinical Trial Results for the TPIV200 Cancer Vaccine in Clinical Cancer Research

On March 15, 2018, we announced the publication of clinical data from a Phase I trial of TPIV200, our multi-epitope T-cell vaccine targeting Folate Receptor Alpha ("FRa") in patients with ovarian and breast cancer. The results show that TPIV200 vaccination was well tolerated by all patients and over 90% developed robust and durable antigen-specific immune responses against FRa without regard for HLA type, which aligns with the intended mechanism of action of the vaccine.

Enrollment Completed: Phase II TPIV200 Trial in Triple-Negative Breast Cancer

We have completed enrollment and are now treating and following the patients in a Phase II trial of our Folate Receptor Alpha cancer vaccine, TPIV200, in the treatment of triple-negative breast cancer, one of the most difficult cancers to treat, representing a clear unmet medical need. The open-label, 80-patient clinical trial is designed to evaluate dosing regimens, pre-treatment, efficacy, and immune responses in women with triple-negative breast cancer.

Key data from the trial is expected to be included in a future Biologics License Application submission to the FDA for marketing clearance. This trial is sponsored and conducted by TapImmune.

An independent Data Safety Monitoring Board (DSMB) reviews the safety every quarter in this ongoing Phase II study enrolling women with stage I-III triple-negative breast cancer who have completed initial surgery and chemo/radiation therapy. The randomized four-arm study is evaluating two doses of TPIV200 (a high dose and a low dose), each of which will be tested both with and without immune priming with cyclophosphamide prior to vaccination. Safety reviews are conducted quarterly and have shown no safety issues. The study completed enrollment at the end of 2017, with interim data expected in mid-2018. Details regarding this trial can be found at www.clinicaltrials.gov under identifier numbers NCT02593227 and FRV-002.

Enrolling Patients: Phase II TPIV200 Trial in Platinum-Sensitive Ovarian Cancer

We have opened multiple clinical sites and have enrolled the first 30 patients in a Phase II trial of TPIV200 for a 120-patient study on ovarian cancer patients who are responsive to platinum. We have received the FDA's Fast Track designation to develop TPIV200 as a maintenance in women with Stage III and IV ovarian cancer who are in remission following their first round of successful platinum-based chemotherapy. This multi-center, double-blind efficacy study is sponsored and conducted by TapImmune. We expect to complete enrollment mid-2019. An interim analysis is planned based upon 50% patient enrollment, which we anticipate completing in the first half of 2019. Details regarding this trial can be found at www.clinicaltrials.gov under identifier numbers NCT02978222 and FRV-004. TPIV200 has also received Orphan Drug designation for use in the treatment of ovarian cancer.

Enrolling Patients: Phase II Mayo Clinic-U.S. DOD Trial of TPIV200 in Triple-Negative Breast Cancer

Patients are being enrolled in this Phase II study of TPIV200 in the treatment of triple-negative breast cancer, conducted by the Mayo Clinic and sponsored by the U.S. DOD. The 280-patient study is led by Dr. Keith Knutson of the Mayo Clinic in Jacksonville, Florida. Dr. Knutson is the inventor of the technology and a member of the Scientific Advisory Board at TapImmune. While we are supplying doses of TPIV200 for the trial and being reimbursed for the costs associated with manufacturing, the costs associated with conducting this study are being funded by a $13.3 million grant made by the DOD to the Mayo Clinic.

Enrolling Patients: Phase II Trial at Memorial Sloan Kettering of TPIV200 in Platinum-Resistant Ovarian Cancer

A Phase II study of TPIV200 in ovarian cancer patients who are not responsive to platinum, a commonly used chemotherapy for ovarian cancer, being sponsored by Memorial Sloan Kettering Cancer Center (“MSKCC”) in collaboration with AstraZeneca and TapImmune, has begun enrollment for a 40-patient study. The open-label study is designed to evaluate a combination therapy which includes our TPIV200 T-cell vaccine and AstraZeneca’s checkpoint inhibitor, durvalumab. Because they are unresponsive to platinum, these patients have no real remaining options. If the combination therapy proves effective, we believe it would address a critical unmet need. We successfully completed enrollment of the first safety cohort. This may enable MSKCC to increase the number of patients that can be enrolled and will subsequently increase the study’s enrollment rate. Currently more than 50% of patients have been enrolled. An interim analysis is planned in the first half of 2018. Details regarding this trial can be found at www.clinicaltrials.gov under identifier numbers NCT02764333 and 16-011.

Open IND with FDA for TPIV110 in 2018: Phase II Protocol Now in Preparation

We have enhanced the formulation of our second cancer vaccine product, TPIV110 (the five-peptide product), following very strong safety and immune responses from a Phase I Mayo Clinic study using TPIV100 (the four-peptide product). TPIV110 targets HER2/neu+, which makes it applicable to breast, ovarian, and colorectal cancers. The enhanced TPIV product adds a fifth antigen that should produce an even more robust immune response activating both CD4+ (helper) and CD8+ (killer) T-cells. We have participated in a pre-Investigational New Drug (“pre-IND”) meeting with the FDA and will file the amended IND containing the fifth peptide in mid-2018. The protocol for a Phase II trial of TPIV110 in the treatment of HER2/neu+ positive breast cancer patients is currently under review by our Clinical Advisory Board and collaborators.

Mayo Clinic to Vaccinate Women With Ductal Carcinoma In Situ (DCIS) Using TapImmune TPIV100 HER2-targeted T-Cell Vaccine

On March 14, 2017, we announced that our partners at the Mayo Clinic received a grant from the U.S. Department of Defense to conduct a Phase IB study of our HER2-targeted vaccine candidate TPIV100 in an early form of breast cancer called DCIS. This is the second TapImmune vaccine to be tested in a fully funded study sponsored by the Mayo Clinic. Our collaborators at Mayo Clinic announced a $3.8 million grant which we believe would fully fund this trial. If the study is successful, our vaccine may eventually augment or even replace standard surgery and chemotherapy, and potentially could become part of a routine immunization schedule for preventing breast cancer in healthy women. The study is expected to enroll 40-45 women with DCIS and begin to commence such enrollment in mid-2018.

Results of Operations

In this discussion of the Company's results of operations and financial condition, amounts, other than per-share amounts, have been rounded to the nearest thousand dollars.

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017

We recorded a net loss of $3.2 million or ($0.30) basic and diluted per share during the three months ended March 31, 2018 compared to a net loss of $2.4 million or ($0.29) basic and diluted per share during the three months ended March 31, 2017. The change in net loss period over period was due to the following changes in operating expenses and other expense:

Operating Expenses

Operating expenses incurred during the three months ended March 31, 2018 were $3.2 million compared to $2.4 million in the prior period. Significant changes in operating expenses are outlined as follows:

- Research and development costs during the three months ended March 31, 2018 were $1.6 million compared to $1.0 million during the prior year period. The three months ended March 31, 2018 had increased expenses from the prior period relating to our clinical trials.

- General and administrative expenses increased to $1.6 million during the three months ended March 31, 2018 from $1.4 million during the prior year period. This was due to increased expenses relating to:

  - stock-based compensation for employees and outside consultants,

  - compensation expenses resulting from increased headcount,

  - investor relations expenses, and

  - increased legal, audit and other professional fees.

Other Expense

Change in fair value of warrant liabilities

The change in fair value of warrant liabilities for the three months ended March 31, 2018 was ($1,000) as compared to $3,000 for the three months ended March 31, 2017. This decrease by $1,000 for the three months ended March 31, 2018 is reflected by a corresponding gain in the condensed consolidated statement of operations.

Liquidity and Capital Resources

We have not generated any revenues since inception. We have financed our operations primarily through public and private offerings of our stock and debt including warrants and the exercises thereof.

The following table sets forth our cash and working capital as of March 31, 2018 and December 31, 2017:

	March 31, 2018	December 31, 2017
Cash	$2,801,000	$ 5,129,000
Working Capital	$615,000	$ 3,658,000

Cash Flows

The following table summarizes our cash flows for the three months ended March 31, 2018 and 2017:

	Three Months Ended March 31,	
	2018	2017
Net Cash provided by (used in):		
Operating activities	$(2,346,000)	$(1,924,000)
Financing activities	$18,000	$-
Net decrease in cash	$(2,328,000)	$(1,924,000)

Financings

Our financing activities during the three months ended March 31, 2018 were solely the result of the exercising of stock options by a former officer of the Company.

Future Capital Requirements

As of March 31, 2018, we had working capital of $0.6 million, compared to working capital of $3.7 million as of December 31, 2017.

We expect our expenses to continue at a similar pace through 2018 primarily to continue funding our in-process Phase II clinical trials. Two of our clinical studies are expected to be funded by a total of $17.1 million of grants made by the DOD to the Mayo Clinic. Our collaborators at Mayo Clinic announced a $3.8 million grant which we expect would fully fund a Phase II clinical trial in DCIS that we had planned for our HER2/neu+ vaccine.

Our capital requirements for 2018 and beyond will depend on numerous factors, including the success of our research and development, the resources we devote to develop and support our technologies and our success in pursuing strategic licensing and funded product development collaborations with external partners as well as other strategic initiatives we may determine to pursue. Subject to our ability to raise additional capital, we expect to incur substantial expenditures to further develop our technologies including continued increases in costs related to research, nonclinical testing and clinical studies and trials, as well as costs associated with our capital raising efforts and being a public company.

We believe our existing cash will fund our operations into the third quarter of fiscal 2018. We will require substantial additional capital to conduct research and development, to fund nonclinical testing and Phase II clinical trials of our licensed, patented technologies, and to begin cultivating collaborative relationships for the Phase II and future Phase III clinical testing. Our plans could include seeking both equity and debt financing, alliances or other partnership agreements with entities interested in our technologies, or other business transactions that could generate sufficient resources to ensure continuation of our operations and research and development programs.

We expect to continue to seek additional funding for our operations. Any such required additional capital may not be available on reasonable terms, if at all. If we were unable to obtain additional financing, we may be required to reduce the scope of, delay or eliminate some or all of our planned clinical testing and research and development activities,

which could harm our business. The sale of additional equity or debt securities may result in additional dilution to our shareholders. If we raise additional funds through the issuance of debt securities or preferred stock, these securities could have rights senior to those holders of our common stock and could contain covenants that could restrict our operations. We also will require additional capital beyond our currently forecasted amounts.

Because of the numerous risks and uncertainties associated with research, development and commercialization of our product candidates, we are unable to estimate the exact amounts of our future working capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the number and characteristics of the product candidates we pursue;

- the scope, progress, results and costs of researching and developing our product candidates, and conducting pre-clinical and clinical trials including the research and development expenditures we expect to make in connection with our license agreements with Mayo Foundation;

- strategic transactions we may undertake;

- the timing of, and the costs involved in, obtaining regulatory approvals for our product candidates;

- our ability to maintain current research and development licensing agreements and to establish new strategic partnerships and collaborations, licensing or other arrangements and the financial terms of such agreements;

- our ability to achieve our milestones under our licensing arrangements and the payment obligations we may have under such agreements;

- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation; and

- the timing, receipt and amount of sales of, or royalties on, our future products, if any.

We have based our estimates on assumptions that may prove to be wrong. We may need to obtain additional funds sooner or in greater amounts than we currently anticipate.

Various conditions outside of our control may detract from our ability to raise additional capital needed to execute our plan of operations, including overall market conditions in the international and local economies. We recognize that the United States economy has suffered through a period of uncertainty during which the capital markets have been impacted, and that there is no certainty that these levels will stabilize or reverse despite the optics of an improving economy. Any of these factors could have a material impact upon our ability to raise financing and, as a result, upon our short-term or long-term liquidity.

Critical Accounting Policies

The condensed consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. The critical accounting estimates that affect the consolidated financial statements and the judgments and assumptions used are consistent with those described under Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2017.

Going Concern

We have no sources of revenue to provide incoming cash flows to sustain our future operations. As outlined above, our ability to pursue our planned business activities is dependent upon our successful efforts to raise additional capital.

These factors raise substantial doubt regarding our ability to continue as a going concern. Our condensed consolidated financial statements have been prepared on a going concern basis, which implies that we will continue to realize our assets and discharge our liabilities in the normal course of business. Our financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes of financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are not effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act.

It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable (and not absolute) assurance as to its effectiveness, and there can be no assurance that any design will succeed in achieving its stated goals.

(b) Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Management is not aware of any material legal proceedings and there are no pending material procedures that would affect the property of the Company. Management is not aware of any legal proceedings contemplated by any government authority or any other party involving the Company. As of the date of this Quarterly Report, no director, officer or affiliate is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceeding.

Item 1A. Risk Factors

For risk factors, see Item 1.A.-"Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017 filed on March 23, 2018. These risk factors have not materially changed from the disclosures provided in such Form 10-K, except for the following:

RISKS RELATED TO THE PROPOSED MERGER WITH MARKER

There can be no assurance that the conditions to the Merger will be satisfied.

The proposed Merger with Marker requires approval by the holders of a majority of our outstanding shares of common stock, receipt of certain financing commitments and other closing conditions. There can be no assurance that the conditions to the Merger will be satisfied. The failure to satisfy closing conditions could result in a termination of the Merger Agreement.

We may be obligated to pay Marker a Termination Fee.

Upon termination of the Merger Agreement under certain specified circumstances, we will be required to pay Marker a Termination Fee of $1.5 million. Any fees due as a result of termination could have a material adverse effect on our financial condition, and cash flows.

Failure to consummate the Merger could have negatively impact the market value of our common stock and access to capital.

There can be no assurance that the Merger will be consummated. Failure to consummate the Merger could (i) affect the value of our common stock, including by reducing it to a level at or below the trading range preceding the announcement of the Merger and (ii) negatively affect our access to and cost of both equity and debt financing.

Additionally, if the Merger is not consummated, we will have incurred significant costs and diverted the time and attention of management. A failure to consummate the Merger may also result in negative publicity, litigation against us or our directors and officers, and a negative impression of us in the financial markets. The occurrence of any of these events individually or in combination could have a material adverse effect on our financial condition and stock price.

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

(a) We issued the following unrestricted securities during the period covered by this report to the named individual pursuant to exemptions under the Securities Act of 1933 including Section 4(2):

On March 9, 2018, we issued 10,042 shares of common stock to Richard Kenney, pursuant to a consulting services agreement.

On April 10, 2018, we issued 15,000 shares of common stock to Omnicor Media, LLC pursuant to a vendor agreement.

On April 13, 2018, we issued 33,334 shares of common stock to Collision Capital, LLC pursuant to a vendor agreement.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The following exhibits are included with this Quarterly Report on Form 10-Q:

Exhibit number	Exhibit description	Incorporated by Reference				Filed herewith
		Form	File no.	Exhibit	Filing date	
2.1	Agreement and Plan of Merger and Reorganization, dated as of May 15, 2018, by and among TapImmune Inc., Timberwolf Merger Sub, Inc. and Marker Therapeutics, Inc.	8-K	000-27239	2.1	5/15/18	
3.1	Articles of Incorporation as Amended	10-Q	001-37939	3.1	11/4/16	
3.2	Certificate of Change to Articles of Incorporation (reverse split)	8-K	000-27239	3.1	9/15/16	
3.3	Amended and Restated Bylaws	8-K	000-27239	3.1	7/15/16	
10.1	Common Stock Purchase Agreement					X
10.2	Warrant Exercise Agreement					X
10.3	Warrant Exercise Agreement					X
10.4	Warrant Exercise Agreement					X
10.5	Warrant Exercise Agreement					X
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1933, as amended.					X
31.2	Certification of Chief Financial Officer and Chief Accounting Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the					X

	Securities Exchange Act of 1933, as amended.	
32.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1933, as amended.	X
32.2	Certification of Chief Financial Officer and Chief Principal Accounting Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X

Exhibit 101

101.INS - XBRL Instance Document

101.SCH - XBRL Taxonomy Extension Schema Document

101.CAL - XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF - XBRL Taxonomy Extension Definition Linkbase Document

101.LAB - XBRL Taxonomy Extension Label Linkbase Document

101.PRE - XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 15th day of May 2018.

TAPIMMUNE INC.

/s/ Peter L. Hoang
Peter L. Hoang

President and Chief Executive Officer and Principal Executive Officer

/s/ Michael J. Loiacono
Michael J. Loiacono

Chief Financial Officer and Principal Accounting Officer