TAPIMMUNE INC
Form 10-Q
August 15, 2016

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 June 30, 2016**

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

Commission File Number: 000-27239

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.)**

50 N. Laura Street, Suite 2500

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 or a smaller reporting company. See definition of accelerated filer , large 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 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 ¨ No x

As of August 15, 2016, the Company had 98,481,757 shares of common stock issued and outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

TAPIMMUNE INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	June 30, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash	$ 3,767,656	$ 6,576,564
Prepaid expenses and deposits	21,394	68,803
	$ 3,789,050	$ 6,645,367
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,346,391	$ 967,358
Research agreement obligations	492,365	492,365
Derivative liability warrants	21,252,000	26,493,000
Promissory note	5,000	30,000
Promissory note, related party	23,000	23,000
	23,118,756	28,005,723
Stockholders Equity (Deficit)		
Convertible preferred stock, $0.001 par value 5,000,000 shares authorized:		
Series A, $0.001 par value, 1,250,000 shares designated, -0- shares issued and outstanding		
Series B, $0.001 par value, 1,500,000 shares designated, -0- shares issued and outstanding		
Common stock, $0.001 par value, 500,000,000 shares authorized 71,416,268 shares issued and outstanding (2015 70,550,763)	71,416	70,551
Additional paid-in capital	112,882,904	112,077,520
Accumulated deficit	(132,284,026)	(133,508,427)
	(19,329,706)	(21,360,356)
	$ 3,789,050	$ 6,645,367

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

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TAPIMMUNE INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating expenses:				
Research and development	$ 1,248,165	$ 201,157	$ 2,233,916	$ 810,535
General and administrative	1,177,408	936,887	1,945,396	1,355,673
Loss from Operations	(2,425,573)	(1,138,044)	(4,179,312)	(2,166,208)
Other Income (Expense)				
Changes in fair value of derivative liabilities	8,237,000	(59,079,025)	5,241,000	(58,751,585)
Foreign exchange		775		775
Grant income	231,200		231,200	
Shares issued in debt settlement agreements	(70,315)		(70,315)	
Other income	1,828		1,828	
Net Income (Loss) for the Period	$ 5,974,140	$ (60,216,294)	$ 1,224,401	$ (60,917,018)
Basic Net Income (Loss) per Share	$ 0.08	$ (1.80)	$ 0.02	$ (1.99)
Diluted Net Income (Loss) per Share	$ 0.03	$ (1.80)	$ (0.02)	$ (1.99)
Weighted Average Number of Common Shares Outstanding, Basic	71,220,000	33,525,656	70,907,000	30,584,794
Weighted Average Number of Common Shares Outstanding, diluted	78,297,000	33,525,656	79,829,000	30,584,794

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

TAPIMMUNE INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY (DEFICIT)

(UNAUDITED)

	Common Stock		Additional Paid In	Accumulated	
	Number of shares	Amount $	Capital $	Deficit $	Total $
Balance, December 31, 2015	70,550,763	70,551	112,077,520	(133,508,427)	(21,360,356)
Shares issued in debt settlement agreements	122,287	122	70,193		70,315
Stock- based compensation	743,218	743	735,191		735,934
Net income				1,224,401	1,224,401
Balance, June 30, 2016	71,416,268	71,416	112,882,904	(132,284,026)	(19,329,706)

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

TAPIMMUNE INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 1,224,401	$ (60,917,018)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Changes in fair value of derivative liabilities	(5,241,000)	58,751,585
Shares issued in debt settlement agreements	70,315	
Stock based compensation	544,934	248,561
Changes in operating assets and liabilities:		
Prepaid expenses	47,409	(60,086)
Accounts payable and accrued liabilities	570,033	149,320
NET CASH USED IN OPERATING ACTIVITIES	(2,783,908)	(1,827,638)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net of finders fee		2,326,014
Repayment of promissory note	(25,000)	
Proceeds from exercise of warrants		2,500,000
Finders fee on exercise of warrants		(35,000)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(25,000)	4,791,014
INCREASE (DECREASE) IN CASH	(2,808,908)	2,963,376
CASH, BEGINNING OF PERIOD	6,576,564	141,944
CASH, END OF PERIOD	$ 3,767,656	$ 3,105,320

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

TAPIMMUNE INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES		
Reclassification of accrued liability upon issuance of common shares relating to Dr. Glynn Wilson s compensation	$ 191,000	$
Accounts payable settled in common stock		231,000
Fair value of issuance of warrants in January and March 2015 financing		9,313,000
Issuance of additional warrants in May 28, 2015 transaction		6,133,000
Reclassification of Derivative Warrant Liabilities to Equity at Exercise Date		4,245,000

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

TAPIMMUNE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

(Unaudited)

NOTE 1: NATURE OF OPERATIONS

TapImmune Inc. (the Company), a Nevada corporation incorporated in 1992, 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 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. The condensed consolidated balance sheet as of June 30, 2016, condensed consolidated statements of interim financials include all adjustments, consisting only of normal recurring adjustments, which the Company considers necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The results for the statement of operations are not necessarily indicative of results to be expected for the year ending December 31, 2016 or for any future interim period. The condensed consolidated balance sheet at December 31, 2015 has been derived from audited 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, 2015, and notes thereto included in the Company s annual report on Form 10-K.

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. 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 June 30, 2016, the Company had cash and cash equivalents of approximately $3,768,000. Historically, the Company has net losses and negative cash flows from operations. The Company believes its current capital resources are not sufficient to support its 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 or through a business combination or strategic partnership. There can be no assurance that the Company will be successful in obtaining additional financing on favorable terms, or at all. These matters raise substantial doubt about 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 April 14, 2016 other than the one disclosed below:

Grant Income

The Company recognizes grant income in accordance with the terms stipulated under the grant awarded to the Company s collaborators at the Mayo Foundation from the U. S. Department of Defense. In various situations, the Company receives certain payments from the U. S. Department of Defense for reimbursement of clinical supplies. These payments are non-refundable, and are not dependent on the Company s ongoing future performance. The Company has adopted a policy of recognizing these payments as grant income when received.

Recent accounting pronouncement

Accounting Standards Update (ASU), No. 2016-09 - In March 2016, the Financial Accounting Standards Board (the FASB) issued ASU No. 2016-09, Compensation-Stock Compensation. The new guidance simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this standard are effective for the Company s annual year and first fiscal quarter beginning on January 1, 2017 with early adoption permitted. The Company is currently evaluating the impact of the application of this accounting standard update on its financial statements and related disclosures.

NOTE 5: EARNINGS PER SHARE APPLICABLE TO COMMON STOCKHOLDERS

Basic income (loss) per common share is computed by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted income per common share is computed similar to basic income 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.

Potential dilutive common shares also include the dilutive effect of the common stock underlying in-the-money stock options and warrants that were calculated based on the average share price for each period using the treasury stock method. Under the treasury stock method, the proceeds from the exercise of an option or warrant is assumed to be used to repurchase shares in the current period. In addition, the average amount of compensation cost for in-the-money options, if any, for future service that the Company has not yet recognized when the option is exercised, is also assumed to repurchase shares in the current period.

A reconciliation of the numerator and denominator used in the calculation is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Numerator:				
Net income (loss)	$ 5,974,000	$ (60,216,294)	$ 1,224,000	$ (60,917,018)
Less: noncash income from change in fair value of common stock warrants	3,697,000		2,492,000	

Net income (loss) diluted		2,277,000	(60,216,294)	(1,268,000)	(60,917,018)
Denominator:					
Weighted average shares outstanding	basic	71,220,000	33,525,656	70,907,000	30,584,794
Dilutive effect of warrants, net		6,785,000		8,922,000	
Dilutive effect of stock options, net		292,000			
Weighted average shares outstanding	diluted	78,297,000	33,525,656	79,829,000	30,584,794
Net income (loss) per share data:					
Basic		$ 0.08	$ (1.80)	$ 0.02	$ (1.99)
Diluted		$ 0.03	$ (1.80)	$ (0.02)	$ (1.99)

The following securities were not included in the diluted net income (loss) per share calculation because their effect was anti-dilutive as for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Common stock options	3,014,000	465,000	3,564,000	465,000
Common stock warrants - equity treatment	2,556,000	2,556,000	2,556,000	2,556,000
Common stock warrants - liability treatment	27,390,000	81,834,000	24,817,000	81,834,000
Potentially dilutive securities	32,960,000	84,855,000	30,937,000	84,855,000

NOTE 6: DERIVATIVE LIABILITY - WARRANTS

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 six months ended 2016 and 2015 is as follows:

Share Purchase Warrants	Weighted Average Inputs for the Period	
Date of valuation	For the Six Months Ending June 30, 2016	For the Six Months Ending June 30, 2015
Fair market value of stock	$ 0.51	$ 0.96
Strike price	$ 0.70	$ 0.50
Contractual term (years)	3.7	3.2
Volatility (annual)	150.00%	148.00%
Risk-free rate	0.9%	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 Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

	As of June 30, 2016 Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3	Total

Derivative liability - warrants	$ 21,252,000		$ 21,252,000	$ 21,252,000
Total	$ 21,252,000		$ 21,252,000	$ 21,252,000

		As of December 31, 2015 Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3	Total
Derivative liability - warrants	$ 26,493,000			$ 26,493,000	$ 26,493,000
Total	$ 26,493,000			$ 26,493,000	$ 26,493,000

There were no transfers between Level 1, 2 or 3 during the six months ended June 30, 2016.

The following table presents changes in Level 3 liabilities measured at fair value for the six months ended June 30, 2016:

	Derivative liability warrants
Balance January 1, 2016	$ 26,493,000
Change in fair value of warrant liability	(5,241,000)
Balance June 30, 2016	$ 21,252,000

The valuation of warrants is subjective and is affected by changes in inputs to the valuation model including the price per share of common stock, the historical volatility of the stock price, risk-free rates based on U.S. Treasury security yields, the expected term of the warrants and dividend yield. Changes in these assumptions can materially affect the fair value estimate. The Company could ultimately incur amounts to settle the warrant at a cash settlement value that is significantly different than the carrying value of the liability on the financial statements. The Company will continue to classify the fair value of the warrants as a liability until the warrants are exercised, expire, or are amended in a way that would no longer require these warrants to be classified as a liability. Changes in the fair value of the common stock warrants liability are recognized as a component of other income (expense) in the condensed and consolidated statements of operations.

NOTE 7: PROMISSORY NOTE

The Company has outstanding promissory note in the amount of $5,000 (December 31, 2015 - $30,000). The promissory note bears 10% annual interest.

NOTE 8: PROMISSORY NOTE, RELATED PARTY

The Company has an outstanding promissory note in the amount of $23,000 (December 31, 2015 - $23,000) owed to an officer of the Company. The promissory note bears no interest charges and has no fixed repayment terms.

NOTE 9: CAPITAL STOCK
2016 Share Transactions

Management Compensation

In November 2015, the Company entered into an employment agreement with Dr. Glynn Wilson, the Company s Chief Executive Officer, President and Chairman of the Company. As part of the agreement, Dr. Wilson was awarded 0.3 million fully vested common shares at consummation of the agreement. The Company recorded an obligation to deliver the shares of $0.3 million based on the fair value of the Common stock at December 31, 2015. The Company issued the shares in March 2016 and reclassified the accrued liability to stockholders equity (deficit). In the quarter ended June 30, 2016, to adjust for the withholding tax liability, which is payable in cash, Dr. Wilson returned the 0.3 million fully vested common shares to the treasury and was issued 0.2 million fully vested common shares. The recorded obligation was reduced to $0.1 million based on the fair value of the common stock at May 1, 2016.

Consulting arrangements

During the six months ended June 30, 2016, the Company issued 0.5 million common shares as part of consulting agreements. The fair value of the common stock of approximately $0.3 million was recognized as stock-based compensation in general and administrative expense.

Debt Settlement

In May 2016, the Company issued 0.1 million common shares as part of debt conversion agreements from 2014. The fair value of the common stock of approximately $0.1 million was recognized as shares issued in debt settlement agreements in other income (expense).

NOTE 10: GRANT INCOME
During the six months ended June 30, 2016, the Company received $0.2 million of grant awarded to Mayo Foundation from the US Department of Defense for the Phase II Clinical Trial of TPIV 200. The grant paid for the clinical supplies purchased by the Company.

NOTE 11: SUBSEQUENT EVENT
On August 10 2016, the Company completed a private placement of units with certain accredited investors The units (Units) consisted of (i) one share of the Company s common stock, par value $0.001 per share and (ii) one warrant to purchase one share of Company common stock for $0.50 (the PIPE Warrants). The Company issued and sold an aggregate of 6,065,489 Units at a purchase price per Unit of $0.40 for an aggregate of approximately$2.5 million.

In addition, the Company issued warrants to the placement agent in the offering providing for the purchase of up to 606,549 shares of Company common stock for $0.40 per share.

In connection with the closing of the offering, holders of an aggregate of 7 million outstanding Series C Warrants and 5 million Series C-1 Warrants, each providing for the purchase of one share of Company common stock for $0.50 per share, entered into binding commitments to exercise their warrants for an aggregate exercise price of $6,000,000 and such warrants were exercised on August 11, 2016.

In connection with this warrant exercise, the Company and the holders of the warrants entered into a Warrant Amendment Agreement amending the terms of other outstanding warrants to remove provisions that had previously caused them to be classified as a derivative liability as opposed to equity on the Company s balance sheet. In consideration for such amendment and the exercise of the 12 million warrants, the Company issued an aggregate of 9,000,000 additional shares of common stock to such warrant holders and new five-year warrants to purchase 12 million shares of Company common stock at an exercise price of $0.60 per share. On a pro forma basis, as of June 30, 2016, the exercise of the 12 million warrants and the amendment of the other warrants will reduce the derivative liability relating to warrants reflected on the Company s June 30 balance sheet by $21,092,000, from $21,252,000 to $160,000.

The Company incurred approximately $925,000 in expenses relating to the offering, the exercise of the outstanding Series C Warrant and Series C-1 Warrants and the amendment of the Outstanding Series Warrants, including agency fees resulting in net proceeds to the Company of approximately $7.5 million.

Below is a Pro Forma Balance Sheet as of June 30, 2016 which shows the retroactive effect of the financing and warrant exercise and amendment, net of closing costs and fees.

TapImmune Inc. and Subsidiaries

Condensed Consolidated Pro Forma Balance Sheets

(Unaudited)

	June 30, 2016 (As Stated)	Adjustment	June 30, 2016 (Adjusted)
Total assets	$ 3,789,050	7,509,194	$ 11,298,244
Other current liabilities	1,866,756		1,866,756
Derivative liability - warrants	21,252,260	(21,092,000)	160,260
Total liabilities	23,119,016	(21,092,000)	2,027,016
Total stockholders equity	(19,329,966)	28,601,194	9,271,228
Total liabilities and stockholders equity	$ 3,789,050	7,509,194	$ 11,298,244

Below is a Pro Forma table of common shares outstanding as of June 30, 2016.

Common stock outstanding at June 30, 2016	71,416,268
Warrants Exercised	12,000,000
Common stock issued to warrant holders as part of financing	9,000,000
Common stock sold as part of Private Placement	6,065,489
Pro Forma Common stock outstanding at June 30, 2016	98,481,757

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 consolidated interim financial statements and related notes for the three and six months ended June 30, 2016 included in this quarterly report, as well as our Annual Report on Form 10-K for the year ended December 31, 2015.

Company Overview

Our Cancer Vaccines

We are an immune-oncology company specializing in the development of innovative peptide and gene-based immunotherapeutics and vaccines for the treatment of cancer and metastatic disease. We combine a set of proprietary technologies to improve the ability of the cellular immune system to recognize and destroy diseased cells. These are peptide antigen technologies and DNA expression technologies, Polystart and TAP.

To enhance shareholder value and taking into account development timelines, we plan to focus on advancing our clinical programs including our Folate Receptor Alpha program for breast and ovarian and our HER2/neu peptide antigen program into Phase II clinical trials. In parallel, we plan to complete the preclinical development of our Polystart technology and to continue to develop the TAP-based franchise as an integral component of our prime-and-boost vaccine methodology.

The Immunotherapy Industry for Cancer

Immuno-oncology has become the most rapidly growing sector in the pharmaceutical and biotech industry. The approval and success of checkpoint inhibitors Yervoy and Opdivo (Bristol Myers Squibb) and Keytruda (Merck) together with the development of CAR T-cell therapies (Juno, Kite) 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 opportunities for the successful development of T-cell vaccines in combination with other approaches.

Products and Technology in Development-Clinical

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

Folate Receptor Alpha is expressed in over 80% of triple negative breast cancers and in addition, over 90% of ovarian cancers, for which the only treatment options are surgery and chemotherapy, leaving a very important and urgent clinical need for a new therapeutic. Time to recurrence is relatively short for these types of 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.

A 24 patient Phase I clinical trial has been completed. The vaccine is well tolerated and safe and 20 out of 21 evaluable patients showed positive immune responses providing a strong rationale rational for progressing to phase II trials. GMP manufacturing for Phase II trials is progressing well towards a commercial formulation and final analyses of clinical plans are near completion. On July 27, 2015, TapImmune exercised its option agreement with Mayo Clinic 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 for the folate receptor alpha Phase I trial was transferred from Mayo to TapImmune for amendment for the Company s Phase II Clinical Trials on our lead product.

On September 15, 2015, we announced that our collaborators at the Mayo Clinic had been awarded a grant of $13.3 million from the U.S. Department of Defense. This grant, commencing September 15, 2015, will cover the costs for a 280 patient Phase II Clinical Trial of Folate Receptor Alpha Vaccine in patients with Triple Negative Breast Cancer. TapImmune will

work closely with Mayo Clinic 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.

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 TPIV 200 in the treatment of ovarian cancer. The TPIV 200 ovarian cancer clinical program will now receive benefits including tax credits on clinical research and 7-year market exclusivity upon receiving marketing approval. TPIV 200 is a multi-epitope peptide vaccine that targets Folate Receptor Alpha which is overexpressed in multiple cancers.

On February 3, 2016 we announced that the U.S. Food & Drug Administration (FDA) has designated the investigation of multiple-epitope Folate Receptor Alpha Peptide Vaccine (TPIV 200) with GM-CSF adjuvant 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.

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

Patient dosing has been completed. 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 2015. 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. Management believes that the combination of Class I and Class II HER2/neu antigens, gives us the leading HER2/neu vaccine platform. As the folate receptor alpha vaccine is our lead product our plans are now initiating formulation studies to progress the HER2/neu vaccine towards a Phase II Clinical Trial in 2016.

Products and Technology-Preclinical

Polystart

We converted the previously filed U.S. Provisional Patent Application on Polystart into a full Patent Application, and in February 2016 we received a Notice of Allowance from the U.S. Patent and Trademark Office (USPTO) for a patent application entitled, A chimeric nucleic acid molecule with non-AUG initiation sequences. The term of this patent extends to March 17, 2034. Additional patent filings are in progress. 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 cancer.

Current State of the Company

We are a clinical-stage immunotherapy company specializing in the development of innovative peptide and gene-based immunotherapeutics and vaccines for the treatment of cancer. We now plan to conduct multiple Phase II clinical trials on our vaccines. The largest of these studies in triple-negative breast cancer is expected to be totally funded by a $13.3 million grant from the US Department of Defense to our collaborators at the Mayo Clinic in Jacksonville, FL. A Company sponsored trial in triple negative breast cancer started in Q2 with recruitment at multiple sites and treatment of first patients. We believe that our development pipeline is strong and provides us the opportunity to continue to expand on collaborations with leading institutions and corporations.

We believe, the strength of our science and development approaches is becoming more widely appreciated, particularly as our clinical program has now generated positive interim data on both clinical programs in Breast and Ovarian Cancer.

We continue to be focused on our entry into Phase II Triple Negative Cancer Trials including application for Fast Track & Orphan Drug Status as well as planning for Phase II HER2/neu Breast Cancer Trials.

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

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

TapImmune s Pipeline

We have a pipeline of potential immunotherapies under development. Phase I clinical programs on HER2/neu and breast and ovarian cancer have been completed and strong immune responses in over 90% of patients treated has provided the rationale and catalyst to advance these programs to Phase II clinical trials.

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 designed to make vaccines significantly more effective by producing four times the required peptides for the immune systems to recognize and act on. Our nucleic acid-based systems can also incorporate TAP which stands for Transporter associated with Antigen Presentation.

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 PolyStart expression vector (owned by TapImmune and filed in 2014: this IP covers the use with TAP)

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 the pathway to successful product development takes time, we believe we have put in place significant for success. 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 checkpoint inhibitors and adoptive T-cell therapy and multiple 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 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 vaccines in its own right but also to enhance the efficacy of other immunotherapy approaches such as CAR-T and PD1 inhibitors for example.

Recent Developments and Highlights

August 2016 Private Placement Transaction. On August 10, 2016, we completed a private placement of units with certain accredited investors. The units (Units) consisted of (i) one share of our common stock, par value $0.001 per share and (ii) one five-year warrant to purchase one share of our common stock for $0.50 (the PIPE Warrants). We issued and sold an aggregate of 6.06 million Units at a purchase price per Unit of $0.40 for an aggregate of approximately $2.5 million.

August 2016 Warrant Exercises. On August 11, 2016, holders of an aggregate of 7 million outstanding Series C Warrants and 5 million Series C-1 Warrants, each providing for the purchase of one share of our common stock for $0.50 per share, exercised their warrants for an aggregate exercise price of $6,000,000.

August 2016 Warrant Amendments. Simultaneous with the exercise of the warrants, we and holders of an aggregate of 37,159,975 outstanding Series A Warrants, Series A-1 Warrants, Series C Warrants, Series C-1 Warrants, Series D Warrants, Series D-1 Warrants, Series E Warrants and Series E-1 Warrants (the Outstanding Series Warrants) entered into Warrant Amendment Agreements (the Amendment Agreement), in which they agreed to amend the terms of the Outstanding Series Warrants to remove provisions from the Outstanding Series Warrants that had previously caused them to be classified as a derivative liability as opposed to equity on our balance sheet. In consideration for such amendment and the exercise of the Series C Warrants and Series C-1 Warrants, we issued an aggregate of 9 million additional shares of common stock to such warrant holders and new five-year warrants to purchase 12 million shares of our common stock at an exercise price of $0.60 per share (the Series F and F-1Warrants).

The following table reflects the status of the outstanding warrants from the January and March 2015, and August 2016 private placement financings (including placement agent warrants) following the Amendment Agreement and private placement:

Series	Outstanding Warrants	Exercise Price	Expiration
A	2,573,195	$ 0.10	01/13/2020
C	5,019,990	$ 0.50	01/13/2020
D	7,319,995	$ 0.75	Between 07/16/2020 and 08/13/2020 and 08/19/2020 and 09/09/2020
E	7,393,195	$ 1.25	Between 10/01/2020 and 11/12/2020 and 11/30/2020 and 12/09/2020
A-1	5,025,000	$ 0.10	03/09/2020
D-1	5,000,000	$ 0.75	Between 08/19/2020 and 09/09/2020
E-1	5,025,000	$ 1.25	06/16/2020
F	7,000,000	$ 0.60	8/11/2021
F-1	5,000,000	$ 0.60	8/11/2021
PIPE Warrants	6,065,489	$ 0.50	8/11/2021
Broker Warrants	606,549	$ 0.40	8/11/2021

Addition of Executive Officer. On July 18, 2016 we announced that Dr. John Bonfiglio, a consultant and a member of our Board of Directors was appointed as our President and Chief Operating Officer and entered into an employment agreement with us. Concurrent with such appointment we amended the employment agreement of Dr. Wilson for Dr. Wilson to relinquish the office of President.

Her2neu License Agreement. On June 7, 2016 the Company announced that it exercised its option agreement with Mayo Clinic and signed a worldwide license agreement to a proprietary HER2neu vaccine technology. The license gives TapImmune the right to develop and commercialize the technology in any cancer indication in which the Her2neu antigen is overexpressed.

Phase II Trials Started. On April 26, 2016 the Company announced plans to participate in a Phase 2 trial of its cancer vaccine, TPIV 200, a multi-epitope anti-folate receptor vaccine (FRa), in combination with durvalumab (MEDI4736), an anti-PD-L1 antibody, in patients with platinum-resistant ovarian cancer. The study started with the enrollment and treatment of patients in the second quarter of 2016 at Memorial Sloan Kettering Cancer Center in New York and is being led by Jason Konner, M.D. as Principal Investigator. On June 21, 2016, we announced the treatment of the first patient in a company-sponsored Phase II trial in triple negative breast cancer as part of a multi-center study.

Manufacturing. On April 7, 2016, the Company announced that it has successfully completed formulation development, scale-up, GMP (Good Manufacturing Practice) manufacturing, and the release of TPIV 200, its multi-epitope folate receptor peptide vaccine for breast and ovarian cancer. The manufactured product contains five peptide antigens freeze dried in a single vial, ready for injection after reconstitution and addition of granulocyte-macrophage colony-stimulating factor (GM-CSF). TPIV 200 doses are now available for the upcoming Phase II clinical trials in both triple negative breast cancer and ovarian cancer.

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 June 30, 2016 Compared to Three Months Ended June 30, 2015

We recorded a net income of $5,974,000 or $0.08 basic and ($0.03) diluted per share during the three months ended June 30, 2016 compared to a net loss of $60,216,000 or ($1.80) basic and diluted per share for the three months ended June 30, 2015 due primarily to the changes in the fair value of our derivative liability.

Operating costs increased to $2,426,000 during the three months ended June 30, 2016 compared to $1,138,000 in the prior period. Significant changes in operating expenses are outlined as follows:

Research and development costs during the three months ended June 30, 2016 were $1,248,000 compared to $201,000 during the prior period. The increase was primarily due to the Company expensing the Mayo Foundation license fee payments in the current period and higher expenses relating to research.

General and administrative expenses increased to $1,177,000 during the three months ended June 30, 2016 from $937,000 during the prior period. This was due to generally increased expenses relating to consulting, general and administrative and professional fees during the three months ended June 30, 2016 due to increased activity in operations.

The changes in fair value of derivative liabilities for the three months ended June 30, 2016 was $8,237,000 as compared to ($59,079,000) for the three months ended June 30, 2015. The variance is due to the revaluation of the Series A, Series C, Series D and Series E warrants issued by us in January and March 2015. We revalue the derivative liabilities at each balance sheet date to fair value. The fair value is determined using Black-Scholes valuation model using various assumptions. The two most significant changes in the assumptions was the difference in the strike price used at June 30, 2016 of $0.51 compared to $0.96 at June 30, 2015 and the number of warrants with derivative liabilities. Due to these significant changes, the fair value of the derivative liabilities decreased by $8,237,000 with a corresponding gain in the condensed and consolidated statement of operations.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

We recorded a net income of $1,224,000 or $0.02 basic and loss of ($0.02) diluted per share during the six months ended June 30, 2016 compared to a net loss of $60,917,000 or ($1.99) basic and diluted per share for the six months ended June 30, 2015.

Operating costs increased to $4,179,000 during the six months ended June 30, 2016 compared to $2,166,000 in the prior period. Significant changes in operating expenses are outlined as follows:

Research and development costs during the six months ended June 30, 2016 were $2,234,000 compared to $811,000 during the prior period. This was due to the Company exercising its option to acquire Mayo Clinic technology as part of an agreement entered into in March 2014 and increased in in-house research activity in

the current period.

General and administrative expenses increased to $1,945,000 during the six months ended June 30, 2016 from $1,356,000 during the prior period. This was due to generally increased expenses relating to consulting, general and administrative and professional fees during the six months ended June 30, 2016 as the Company s operating activities increased substantially.

The changes in fair value of derivative liabilities for the six months ended June 30, 2016 was $5,241,000 as compared to $(58,752,000) for the six months ended June 30, 2015. The variance in the current period is due to the revaluation of the Series A, Series C, Series D and Series E warrants issued by us in January and March 2015. We revalue the derivative liabilities at each balance sheet date to fair value. The two most significant changes in the assumptions was the difference in the strike price used at June 30, 2016 of $0.51 compared to $0.96 at June 30, 2015 and the number of warrants with derivative liabilities. Due to these significant changes, the fair value of the derivative liabilities decreased by $5,241,000 with a corresponding gain in the condensed and consolidated statement of operations.

During the six months ended June 30, 2016, the Company received $231,000 of a grant awarded to Mayo Foundation from the US Department of Defense for the Phase II Clinical Trial of TPIV 200. The grant paid for the clinical supplies purchased by the Company.

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 exercise thereof. The following table sets forth our cash and working capital as of June 30, 2016 and December 31, 2015:

	June 30, 2016	December 31, 2015
Cash reserves	$ 3,768,000	$ 6,577,000
Working capital (deficit)	$ (19,330,000)	$ (21,360,000)

Net Cash Used in Operating Activities

Net cash used in operating activities during the six months ended June 30, 2016 was $2,784,000 compared to $1,828,000 during the prior period. We had no revenues during the current or prior periods. Operating expenditures, excluding non-cash interest and stock-based charges during the current period primarily consisted of consulting and management fees, office and general expenditures, and professional fees.

Net Cash Used in / Provided by Financing Activities

Net cash used in financing activities during the six months ended June 30, 2016 was $25,000 compared to net cash provided by financing activities of $4,791,000 during the prior period. In the current period we repaid a promissory note while prior period financing relates to proceeds from private placement.

Financings

Our current available funding has come from financings that we conducted in January and March of 2015 and from warrants issued in connection with our January and March, 2015 financings as well as our recent August 2016 private placement.

January 2015 Financing

In January, 2015, we entered into a Securities Purchase Agreement with certain investors for the sale of 7,320,000 units at a purchase price of $0.20 per unit, for a total purchase price of approximately $1,250,000, net of finders fee and offering expenses of approximately $214,000. Each unit consisting of (i) one share of the Company s Common Stock, (ii) one Series A warrant to purchase one share of common stock, (iii) one Series B warrant to purchase one share of common stock (iv) one Series C warrant to purchase one share of common stock, (v) one Series D warrant to purchase one share of common stock, and (vi) one Series E warrant to purchase one share of common stock (the Series A, B, C, D and E warrants are hereby collectively referred to as the January 2015 Warrants). Series A warrants are exercisable at $1.50 per share, with a five year term. Series B warrants are exercisable at $0.40 per share, with a six month term. Series C warrants are exercisable at $1.00 per share, with a five year term. Series D warrants are exercisable at $0.75 per share only if and to the extent that the Series B warrants are exercised, with a five year term from the date that the Series B warrants are exercised. Series E warrants are exercisable at $1.25 per share, only if and to the extent that the Series C warrants are exercised, with a five year term from the date that the Series C warrants are exercised. Pursuant to a placement agent agreement, we agreed to issue warrants to purchase 366,000 common shares with substantially the same terms as the January 2015 Warrants.

March 2015 Financing

In March, 2015, we entered into a Securities Purchase Agreement with certain accredited investors for the sale of 5,000,000 units at a purchase price of $0.20 per unit, for a total purchase price of approximately $950,000, net of finders fee and offering expenses of approximately $50,000. Each unit consisting of (i) one share of the Company s Common Stock, (ii) one Series A-1 warrant to purchase one share of common stock, (iii) one Series B-1 warrant to purchase one share of common stock (iv) one Series C-1 warrant to purchase one share of common stock, (v) one Series D-1 warrant to purchase one share of common stock, and (vi) one Series E-1 warrant to purchase one share of common stock (the Series A-1, B-1, C-1, D-1 and E-1 warrants are hereby collectively referred to as the March 2015 Warrants). The March 2015 Warrants have substantially the same terms as the January 2015 Warrants. Pursuant to a placement agent agreement, we agreed to issue warrants to purchase 125,000 common shares with substantially the same terms as the March 2015 Warrants.

Restructuring of January and March 2015 Financings

In May 2015, we entered into a restructuring agreement with the investors of the January 2015 and March 2015 financings, where:

The exercise price of the Series A and Series A-1 warrants was changed from $1.50 per warrant to $0.10 per warrant,

The exercise price of Series B and Series B-1 warrants was changed from $0.40 per warrant to $0.20 per warrant,

Each warrant of Series B and Series B-1 existing prior to the restructuring agreement was replaced with two warrants of such series,

The exercise price of the Series C and Series C-1 warrants was changed from $1.00 per warrant to $0.50 per warrant, and

Each warrant of Series C and Series C-1 existing prior to the restructuring agreement was replaced with two warrants of such series.

As a result of the restructuring agreement, we issued an additional 12,320,000 Series B warrants and 12,320,000 Series C Warrants.

2016 Financing

August 2016 Private Placement Transaction. On August 10, 2016, we completed a private placement of units with certain accredited investors. The units (Units) consisted of (i) one share of our common stock, par value $0.001 per share and (ii) one five-year warrant to purchase one share of our common stock for $0.50 (the PIPE Warrants). We issued and sold an aggregate of 6.25 million Units at a purchase price per Unit of $0.40 for an aggregate of $2.5 million, pursuant to Subscription Agreements, in which we and investors made customary representations to each other.

Warrant Exercises

Between June 16, 2015 and December 9, 2015, 37,080,000 shares were issued upon exercise of certain warrants we issued in connection with our 2015 financings, providing $9.22 million in proceeds. On August 12, 2016, holders of an aggregate of 7 million outstanding Series C Warrants and 5 million Series C-1 Warrants, each providing for the purchase of one share of our common stock for $0.50 per share exercised their warrants for an aggregate exercise price of $6,000,000.

Future Capital Requirements

Our capital requirements for 2016 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 relationships with external partners. Subject to our ability to raise additional capital including through possible joint ventures and/or partnerships, we expect to incur substantial expenditures to further develop our technologies including continued increases in costs related to research, nonclinical testing and clinical studies, as well as costs associated with our capital raising efforts and being a public company. We intend to spend approximately $7,500,000 over the next twelve months in carrying out our plan of operations . We will require substantial funds to conduct research and development and nonclinical and Phase II clinical testing of our licensed, patented technologies and to develop sublicensing relationships for the Phase II and III clinical testing. Our plans include seeking both equity and debt financing, alliances or other partnership agreements with entities interested in our technologies, or other business transactions that would generate sufficient resources to ensure continuation of

our operations and research and development programs.

Our current available cash and cash equivalents (inclusion of our recent August 2016 private placement financing and proceeds of the exercise of outstanding warrants) are sufficient to satisfy our liquidity requirements. We believe our existing cash and cash equivalents will allow us to fund our operating plan through the end of 2017. 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 of our common stock and could contain covenants that would 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 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 nonclinical and clinical trials including the research and development expenditures we expect to make in connection with our license agreements with Mayo Foundation;

- 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, 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;

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. Potential sources of financing include strategic relationships, public or private sales of our shares or debt and other sources. We may seek to access the public or private equity markets when conditions are favorable due to our long-term capital requirements. We do not have any committed sources of financing at this time, and it is uncertain whether additional funding will be available when we need it on terms that will be acceptable to us, or at all. If we raise funds by selling additional shares of common stock or other securities convertible into common stock, the ownership interest of our existing stockholders will be diluted. If we are not able to obtain financing when needed, we may be unable to carry out our business plan. As a result, we may have to significantly limit our operations and our business, financial condition and results of operations would be materially harmed.

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.

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.

While 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 is material to investors.

Tax Loss and Credit Carryforwards

As of December 31, 2015 and 2014, we have approximately $24,123,000 of federal and $4,336,000 of state NOLs that may be available to offset future taxable income, if any. The federal net operating loss carryforwards, if not utilized, will expire between 2029 and 2035. The state net operating loss carryforwards, if not utilized, will expire in 2035. Any greater than 50% change in ownership under Section 382 of the Internal Revenue Code, or the Code, places significant annual limitations on the use of such net operating loss carryforwards.

At December 31, 2015 and 2014, we recorded a 100% valuation allowance against our deferred tax assets of approximately $10,826,000 and $12,471,000, respectively, as our management believes it is uncertain that they will be fully realized. If we determine in the future that we will be able to realize all or a portion of our net operating loss carryforwards, an adjustment to our net operating loss carryforwards would increase net income in the period in which we make such a determination.

Inflation

Inflation affects the cost of raw materials, goods and services that we use. In recent years, inflation has been modest. However, fluctuations in energy costs and commodity prices can affect the cost of all raw materials and components. The competitive environment somewhat limits our ability to recover higher costs resulting from inflation by raising prices. Although we cannot precisely determine the effects of inflation on our business, it is management s belief that the effects on revenues and operating results will not be significant. We do not believe that inflation has had a material impact on our results of operations for the periods presented, except with respect to payroll-related costs and other costs arising from or related to government imposed regulations.

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

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and Principal 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 Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on such evaluation, our Principal Executive Officer and Principal Financial Officer has 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.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the six months ended June 30, 2016 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 and 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. Management is not aware of any other legal proceedings pending or threatened against the Company.

Item 1A. Risk Factors

Not required.

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

(a) We issued the following restricted 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 May 1, 2016 the Company returned the 315,000 shares of Glynn Wilson, Ph.D., to the treasury and issued 228,218 shares to Dr. Glynn Wilson, Ph.D., to adjust for the withholding tax liability for the shares awarded.

On May 3, 2016 the Company issued 40,000 shares to Gary Poelstra, pursuant to a financial consulting agreement.

On May 28, 2016 the Company issued 41,037, 40,625 and 40,625 shares to Arsalan Farmanfarmai, Tona Family Trust and Frank Baughman, respectively, pursuant to debt conversion agreements of 2014.

On May 30, 2016 the Company issued 30,000 and 70,000 shares to Dennis S. Dobson and Dennis Dobson Jr., respectively, pursuant to an investor relations agreement.

On May 30, 2016 the Company issued 100,000 shares to Proactive Capital Resource Group, LLC, pursuant to an investor relations agreement.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not Applicable.

Item 5. Other Information

The disclosure set forth below is provided in lieu of a separate Form 8-K filing.

On August 10, 2016, holders of an aggregate of 7 million outstanding Series C Warrants and 5 million Series C-1 Warrants, each providing for the purchase of one share of Company common stock for $0.50 per share, entered into binding commitments to exercise those warrants for an aggregate exercise price of $6,000,000. The closing of the exercise of the warrants was conditioned on the closing of the Warrant Amendment Agreements entered into on August 10, 2016, between the Company and the holders of the Series C and Series C-1 Warrants, who also hold an aggregate of 37,159,975 outstanding Series A Warrants, Series A-1 Warrants, Series C Warrants, Series D Warrants, Series D-1 Warrants, Series E Warrants and Series E-1 Warrants (the Outstanding Series Warrants), in which they agreed to amend the terms of the Outstanding Series Warrants to remove provisions from the Outstanding Series Warrants that had previously caused them to be classified as a derivative liability as opposed to equity on the Company s balance sheets.

The holders of the 7 million Series C Warrants and 5 million Series C-1 Warrants paid the $6 million exercise price for such warrants to the Company on August 11, 2016, and the Outstanding Series Warrants were amended on such date. In consideration for such amendment and the exercise of the Series C Warrants and Series C-1 Warrants, on August 11, 2016, the Company issued an aggregate of 9 million additional shares of restricted common stock to such warrant holders and new five-year Series F Warrants and Series F-1 Warrants to purchase an aggregate of 12 million shares of Company common stock at an exercise price of $0.60 per share. The form of the Series F and Series F-1 Warrants were filed as exhibits to the Prior Report.

Item 6. Exhibits

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

		Incorporated by Reference				
Exhibit number	**Exhibit description**	**Form**	**File no.**	**Exhibit**	**Filing date**	**Filed herewith**
3.1	Amended and Restated Bylaws of TapImmune Inc.	**8-K**	**000-27239**	**3.1**	**7/15/16**	
4.1	Form of PIPE warrant	**8-K**	**000-27239**	**4.1**	**8/11/16**	
4.2	Form of Amended Series A Warrant	**8-K**	**000-27239**	**4.2**	**8/11/16**	
4.3	Form of Amended Series C Warrant	**8-K**	**000-27239**	**4.3**	**8/11/16**	
4.4	Form of Amended Series D Warrant	**8-K**	**000-27239**	**4.4**	**8/11/16**	
4.5	Form of Series E Warrant	**8-K**	**000-27239**	**4.5**	**8/11/16**	
4.6	Form of Amended Series A-1 Warrant	**8-K**	**000-27239**	**4.6**	**8/11/16**	
4.7	Form of Amended Series D-1 Warrant	**8-K**	**000-27239**	**4.7**	**8/11/16**	
4.8	Form of Amended Series E-1 Warrant	**8-K**	**000-27239**	**4.8**	**8/11/16**	
4.9	Form of Series F Warrant	**8-K**	**000-27239**	**4.9**	**8/11/16**	
4.10	Form of Series F1 Warrant	**8-K**	**000-27239**	**4.10**	**8/11/16**	
4.11	Form of Katalyst Warrant	**8-K**	**000-27239**	**4.11**	**8/11/16**	
10.1	Amendment to Employment Agreement between TapImmune Inc. and Glynn Wilson, dated as of July 18, 2016	**8-K**	**000-27239**	**10.1**	**7/19/16**	
10.2	Employment Agreement between TapImmune Inc. and John Bonfiglio dated as of July 18, 2016.	**8-K**	**000-27239**	**10.2**	**7/19/16**	
10.3	Form of Subscription Agreement	**8-K**	**000-27239**	**10.1**	**8/11/16**	
10.4	Registration Rights Agreement	**8-K**	**000-27239**	**10.2**	**8/11/16**	
10.5	Form of Warrant Amendment Agreement	**8-K**	**000-27239**	**10.3**	**8/11/16**	
10.6	Agency Agreement with Katalyst Securities LLC and GP Nurmenkari Inc., dated as of July 21, 2016	**8-K**	**000-27239**	**10.4**	**8/11/16**	
10.7	License and Assignment Agreement with Mayo Foundation for Medical Education and Research dated May 19, 2016.**					**X**
31.1	Certification of Principal Executive Officer and Acting Principal Accounting Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1933, as amended.					**X**
32.1						**X**

Certification of Principal Executive Officer and Acting Principal Accounting Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

** Confidential treatment has been requested for the redacted portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

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.

TAPIMMUNE INC.

/s/ Glynn Wilson
Glynn Wilson

Chairman, Chief Executive Officer,
Principal Executive Officer and Chief
Financial Officer

Date: August 15, 2016