TAPIMMUNE INC
Form 10-Q
November 19, 2014

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

FORM 10-Q

S Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2014

£ 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	88-0277072
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1551 Eastlake Avenue East, Suite 100 Seattle, Washington (Address of principal executive offices)	98102 (Zip Code)

(206) 504 7278
(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 S No o

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

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):

o Large accelerated filer o Accelerated filer

o Non-accelerated filer (Do not check if smaller reporting company) S Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No S

As of November 17, 2014, the Company had 19,603,815 shares of common stock issued and outstanding.

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements

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TAPIMMUNE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current Assets		
Cash	$613,645	$48,589
Prepaid expenses and deposits	30,004	15,004
Deferred financing costs	-	13,439
	$643,649	$77,032
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities	$671,016	$3,778,401
Research agreement obligations	492,365	492,365
Derivative liability – conversion option	-	582,300
Derivative liability – warrants	83,521	140,504
Convertible notes payable	-	3,161,977
Loans payable, related party (2013 - $5,200)	-	42,200
Promissory notes	52,942	277,942
Due to related parties	-	369,346
	1,299,844	8,845,035
COMMITMENTS AND CONTINGENCIES		
Stockholders' Deficit		
Convertible preferred stock, $0.001 par value — 10,000,000 shares authorized:		
Series A, $0.001 par value, 1,250,000 shares designated, -0- shares issued and outstanding as of September 30, 2014 and December 31, 2013	-	-
Series B, $0.001 par value, 1,500,000 shares designated, -0- shares issued and outstanding as of September 30, 2014	-	-
Common stock, $0.001 par value, 500,000,000 shares authorized		
19,603,815 shares issued and outstanding (2013 – 1,465,712)	19,604	1,466
Additional paid-in capital	84,484,316	46,430,750
Shares to be issued	468,675	284,750
Accumulated deficit	(85,573,221)	(55,426,635)
Accumulated other comprehensive loss	(55,569)	(58,334)
	(656,195)	(8,768,003)
	$643,649	$77,032

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

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TAPIMMUNE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating expenses:				
Consulting fees	$681,795	$57,679	$1,564,710	$207,814
General and administrative	322,742	70,466	626,457	365,898
Management fees	41,250	62,249	93,750	206,738
Professional fees	305,422	69,938	614,264	455,226
Research and development	32,500	30,000	77,500	218,778
	1,383,709	290,332	2,976,681	1,454,454
Loss from Operations	(1,383,709)	(290,332)	(2,976,681)	(1,454,454)
Other Income (Expense)				
Foreign exchange (loss) gain	-	-	-	5,896
Changes in fair value of derivative liabilities	(74,062)	266,077	243,475	2,144,566
Accretion of interest on convertible debt	-	(646,765)	(492,296)	(934,261)
Interest and finance charges	(15,425)	(22,957)	(83,247)	(139,840)
Loss on debt financing	-	(104,000)	-	(200,000)
Loss on settlement of debt	(94,640)	(168,392)	(26,837,837)	(1,478,792)
Net Loss for the Period	$(1,567,836)	$(966,369)	$(30,146,586)	$(2,056,885)
Other comprehensive income (loss)				
Foreign exchange translation adjustment	2,972	(1,402)	2,765	1,803
TOTAL COMPREHENSIVE (LOSS)	$(1,564,864)	$(967,771)	$(30,143,821)	$(2,055,082)
Basic and Diluted Net Loss per Share	$(0.09)	$(0.76)	$(2.27)	$(2.00)
Weighted Average Number of Common Shares Outstanding	17,310,708	1,266,188	13,292,886	1,026,354

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

TAPIMMUNE INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

	Common Stock		Additional			Accumulated Other	
	Number of shares	Amount	Paid In Capital	Shares to be Issued	Accumulated Deficit	Comprehensive Loss	Total
Balance, December 31, 2013	1,465,712	$1,466	$46,430,750	$284,750	$(55,426,635)	$ (58,334)	$(8,768,003)
Convertible notes, promissory notes, loan and accrued interest converted into common stock	14,386,030	14,395	32,235,799	-	-	-	32,250,194
Conversion of accounts payable to common stock	1,279,032	1,271	2,892,041	120,000	-	-	3,013,312
Private placement (net of finders' fee)	2,157,042	2,157	2,095,343	-	-	-	2,097,500
Foreign exchange translation adjustment	-	-	-	-	-	2,765	2,765
Stock- based compensation	316,000	315	830,383	63,925	-	-	894,623
Net loss	-	-	-	-	(30,146,586)	-	(30,146,586)
Balance, September 30, 2014	19,603,816	19,604	84,484,316	468,675	(85,573,221)	(55,569)	(656,195)

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

TAPIMMUNE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Net loss	$(30,146,586)	$(2,056,885)
Adjustments to reconcile net loss to net cash from operating activities:		
Non-cash loss on debt financing	-	200,000
Changes in fair value of derivative liabilities	(243,475)	(2,144,566)
Loss on settlement of debt	26,837,837	1,478,792
Accretion of interest on convertible debt	492,296	934,261
Stock based compensation	1,265,625	121,685
Changes in operating assets and liabilities:		
Prepaid expenses and deposits	(15,000)	(103,950)
Deferred financing costs	-	23,368
Accounts payable and accrued liabilities	291,359	716,371
Research agreement obligations	-	76,367
NET CASH USED IN OPERATING ACTIVITIES	(1,517,944)	(754,557)
Issuance of shares, net	2,097,500	231,651
Convertible notes, net	-	335,000
Proceeds from loans payable	500	-
Repayment of promissory notes	(15,000)	-
Advances from (to) related parties	-	159,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,083,000	725,651
INCREASE (DECREASE) IN CASH	565,056	(28,906)
CASH, BEGINNING OF PERIOD	48,589	33,839
CASH, END OF PERIOD	$613,645	$4,933
Supplemental cash flow information and non-cash investing and financing activities:		
Conversion of convertible debt, accounts payable, loan, promissory notes, and accrued interest	$8,425,669 (1)	$1,219,087

(1) The fair value of the debt converted during the nine months ended September 30, 2014 was determined to be $35,263,506.

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

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TAPIMMUNE INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2014
(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 September 30, 2014, condensed consolidated statements of audited 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, 2014 or for any future interim period. The condensed balance sheet at December 31, 2013 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 financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2013, 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 September 30, 2014, the Company had cash and cash equivalents of approximately $614,000. 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 17, 2014.

Recently Issued Accounting Pronouncements

Accounting Standards Update No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation removes all incremental financial reporting requirements for development stage entities, including the removal of reporting of the cumulative results of operations and cash flows for the period from inception to the end of the current period. The update is effective for the first annual period beginning after December 15, 2014. Early adoption is permitted, and the Company has decided to adopt this change effective with its form 10-Q filing for the period ending September 30, 2014.

NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts Payable and Accrued Liabilities

	September 30, 2014 $	December 31, 2013
Trade accounts payable	589,851	1,450,083
Debt settlement accruals	-	1,348,663
Accrued liabilities	68,994	201,334
Employee payroll and severance	8,083	220,290
Accrued interest	4,088	558,032
	671,016	3,778,401

NOTE 6: RESEARCH AGREEMENTS

Crucell Holland B.V. ("Crucell") – Research License and Option Agreement

Effective August 7, 2003, Crucell and the Company's subsidiary GPI entered into a five-year research license and option agreement. In addition, retroactively effective August 7, 2008, the Company negotiated an amended license agreement for the use of Crucell's adenovirus technology. As at September 30, 2014, the Company accrued $492,365 under the amended agreement.

The Company has not made use of the Crucell technology in its current work and has not asked for nor received any work product. Management intends to settle the outstanding amounts with Crucell in 2014 and formally terminate the research license.

NOTE 7: DERIVATIVE LIABILITY - WARRANTS AND DERIVATIVE LIABILITY – CONVERSION OPTION

Determining fair value of share purchase warrants and conversion options, given the Company's stage of development and financial position, is highly subjective and identifying appropriate measurement criteria and models is subject to uncertainty. There are several generally accepted pricing models for warrants and options and derivative provisions. The Company has chosen to value the warrants on the notes that contain ratchet down provisions using the

Black-Scholes model and conversion option on the notes that contain ratchet down provisions using the Black-Scholes model under the following assumptions:

	December 31, 2013				September 30, 2014			
	Expected Life (Years)	Risk free Rate	Dividend yield	Volatility	Expected Life (Years)	Risk free Rate	Dividend yield	Volatility
Share purchase warrants	0.85 to 2.78	0.13% to 0.78%	0.00%	199%	0.36 to 3.78	0.03% to 1.58%	0.00%	155.9% -199%

	December 31, 2013				June 27, 2014			
	Expected Life (Years)	Risk free Rate	Dividend yield	Volatility	Expected Life (Years)	Risk free Rate	Dividend yield	Volatility
Conversion option	0.16 to 0.53	0.04% to 0.10%	0.00%	199%	Nil	0.04%	0.00%	199%

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 and Derivative liability – conversion option:

		As of September 30, 2014 Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3	Total
Derivative liability - warrants	$83,521	-	-	$83,521	$83,521
Total	$83,521	-	-	$83,521	$83,521

		As of December 31, 2013 Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3	Total
Derivative liability - warrants	$140,504	-	-	$140,504	$140,504
Derivative liability – conversion option	582,300	-	-	582,300	582,300
Total	$722,804	-	-	$722,804	$722,804

There were no transfers between Level 1, 2 or 3 during the nine months ended September 30, 2014.

The following table presents changes in Level 3 liabilities measured at fair value for the nine months ended September 30, 2014. Both observable and unobservable inputs were used to determine the fair value of positions that the Company has classified within the Level 3 category. Unrealized gains and losses associated with liabilities within the Level 3 category include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

	Derivative liability – conversion option	Derivative liability – warrants
Balance – December 31, 2013	$582,300	$140,504
Loss on settlement of debt	(4,400)	
Change in fair value of conversion option liability	(577,900)	-
Change in fair value of warrant liability		(56,983)
Balance – September 30, 2014	$-	$83,521

NOTE 8: CONVERTIBLE NOTES PAYABLE

The following table summarizes the Company's outstanding convertible note obligations:

				Principal Balance Outstanding	
Issue Date	Maturity Date	Stated Interest Rate	Conversion Terms	September 30, 2014	December 31, 2013
2/24/2011	2/24/2014	10.0%	Variable at $25.00	$ -	$ 980,858
4/4/2011	4/4/2014	10.0%	Variable at $25.00	-	215,000
6/6/2011	6/6/2014	10.0%	Variable at $25.00	-	30,000
8/12/2012	11/12/2012	10.0%	Variable at $9.00	-	27,500
8/20/2012	8/20/2013	8.0%	Variable at $9.00	-	20,000
10/15/2012	10/15/2013	8.0%	Variable at $12.00	-	340,000
11/20/2012	11/20/2013	5.0%	Variable at $9.00	-	10,748
12/18/2012	12/14/2013	9.0%	Fixed at $10.00	-	50,000
1/5/2013	5/31/2014	None	Fixed at $8.00	-	452,729
1/31/2013	5/31/2014	None	Fixed at $4.00	-	24,135
2/27/2013	2/27/2014	5.0%	Variable at $9.00	-	58,500
4/2/2013	6/2/2013	8.0%	Fixed at $7.00	-	80,967
4/18/2013	12/18/2013	8.0%	Fixed at $7.00	-	31,688
5/2/2013	5/31/2014	10.0%	Variable at $3.44	-	50,000
5/5/2013	7/5/2013	8.0%	Fixed at $7.00	-	45,000
5/14/2013	5/14/2014	8.0%	Fixed at $6.00	-	126,000
6/27/2013	6/27/2014	5.0%	Variable at $9.00	-	37,620
6/19/2013	6/19/2014	10.0%	Variable at $9.00	-	32,000
7/12/2013	7/12/2014	8.0%	Fixed at $3.00	-	96,800
10/18/2013	4/18/2014	None	Variable at $1.00	-	94,444
11/1/2013	5/1/2014	None	Variable at $1.00	-	80,000
12/19/2013	6/19/2014	None	Variable at $1.00	-	277,222
12/23/2013	6/23/2014	10.0%	Fixed at $7.00	-	536,400
	Total convertible notes			$ -	$ 3,697,611
	Unamortized note discount			-	(535,634)
	Total on Balance sheet			$ -	$ 3,161,977

Convertible notes converted to common stock

During the nine months ended September 30, 2014 an aggregate of approximately $3,698,000 in convertible notes and $554,000 in accrued interest were converted into approximately 14,386,000 shares of common stock. The fair value of the notes was determined to be $32,250,000.

NOTE 9: LOANS PAYABLE

As at September 30, 2014, there were unsecured loan payable in the amount of $nil (December 31, 2013 - $42,200) which are due on demand. During the period ended September 30, 2014, investors converted $21,500 and a related party converted $2,700 of the loan into common shares of the Company as part of their total debt settlements (Note 10).

NOTE 10: PROMISSORY NOTES, RELATED PARTY

The Company has outstanding promissory notes in the amount of $52,942, of which $23,000 of promissory notes are from an officer and a director of the Company (Note 9). The promissory notes bear no interest charges and have no fixed repayment terms.

During the period ended September 30, 2014, the note holder converted outstanding principal and accrued interest of $221,940 into 1,400,000 common shares. The fair value of the shares was determined to be $3,160,000 and the Company recorded a loss on settlement of debt of $2,938,060.

NOTE 11: RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2014, the Company entered into transactions with certain officers and directors of the Company as follows:

(a) incurred $82,500 (September 30, 2013 - $288,000) in management fees and $67,500 (September 30, 2013 - $99,000) in research and development services paid or accrued to officers and directors during the period;

(b) recorded $11,250 (September 30, 2013 - $40,238) in stock based compensation for the fair value of options granted to management that were granted and or vested during the period;

(c) converted $841,045 (September 30, 2013 - $83,000) of debt due to related parties during the period, which were settled with shares (Note 10).

(d) converted $nil (September 30, 2013 - $567,729) of payable into convertible notes to officers, consultant and a director of the Company (Note 6).

NOTE 12: CAPITAL STOCK

Share Capital

On January 6, 2014, the Company designated 1,250,000 series A preferred shares (“Series A Convertible Preferred Stock”). Each share of Series A Convertible Preferred Stock that is outstanding at the time that the Company enacts a 100 to 1 reverse stock split, the Series A Convertible Preferred Stock shall automatically convert into five (5) shares of the Company’s common stock on a post-split basis.

On January 10, 2014, the Company completed a reverse stock split thereby issuing 1 new share for each 100 outstanding shares of the Company’s common stock and amending the Company’s Articles of Incorporation to increase the authorized shares of common stock from 150,000,000 shares of common stock to 500,000,000 shares.

On February 18, 2014, the Company’s board of directors approved the creation of a class of up to 1,500,000 preferred stock, par value $0.001, called series B convertible preferred stock (“Series B Convertible Preferred Stock”). The terms of the Series B Convertible Preferred Stock are:

- rank pari passu to the common stock with respect to rights on liquidation, winding up and dissolution;
- have no dividend rights except as may be declared by the Board in its sole and absolute discretion;

- shall have the right to cast one thousand (1,000) votes for each share held of record on all matters submitted to a vote of holders of the Corporation's common stock; and

- shall automatically convert into shares of common stock upon the occurrence of a reverse stock split of the Corporation's common stock in which every 100 shares of the Corporation's common stock outstanding at the time that this certificate of designation was filed with the Secretary of State of Nevada is exchanged for one share of the Corporation's common stock, with each share of Series B Convertible Preferred Stock converting into seven (7) shares of the Corporation's common stock (such number to be after the 100:1 reverse stock split).

All prior period share transactions included in the Company's stock transactions and balances have been retroactively restated for the reverse stock split described above.

2014 Share Transactions

Convertible notes

During the nine months ended September 30, 2014, the Company converted convertible notes and relevant accrued interest into approximately 14,386,000 shares of common stock. The fair value of the common stock recognized was $32,250,000.

Accounts payable

During the nine months ended September 30, 2014, the Company converted accounts payable into approximately 1,279,000 shares of common stock. The fair value of the common stock recognized was $2,893,000.

Consulting services

During the nine months ended September 30, 2014, the Company issued in aggregate 316,000 shares of common stock in exchange for consulting services for which performance was complete. The fair value of the common stock recognized was approximately $714,000.

Private placements

During the period ended September 30, 2014, the Company entered into a Securities Purchase Agreement with a single institutional investor for the sale of 1,886,792 units at a purchase price of $1.06 per unit, for a total purchase price of $1,832,500, net of finders' fee. Each unit consists of one common share and one share purchase warrant exercisable at $1.17 for a period of 5 years.

During the period ended September 30, 2014, the Company received subscription proceeds of $265,000 for 265,000 units. Each unit consists of one share of common stock and one share purchase warrant exercisable at $2.50 for a period of 3 years. The Company also issued 5,250 shares of common stock as finders' fee relating to the subscription proceeds.

Shares to be issued

The Company has entered into consulting agreements and debt settlements for which it is obligated to issue shares as of the nine months ended September 30, 2014.

Nature of Transaction	Amount	Obligation to Issue Number of Shares
Consulting agreements	$ 348,367	61,167
Debt settlement	$ 120,000	120,000

Share Purchase Warrants

In August, 2014, the Company issued 265,000 share purchase warrants to acquire an equivalent number of common shares of the Company, at an exercise price of $2.50 per share for an exercise period of up to three years from the issuance date. The warrants were issued pursuant to private placements and included within equity. The fair value of

these warrants was determined to be $258,000, using the Black-Scholes Option Pricing Model with an expected life of 3 years, a risk free interest rate of 0.93%, a dividend yield of 0%, and an expected volatility of 153.8%.

In August, 2014, the Company issued 1,986,792 share purchase warrants to acquire an equivalent number of common shares of the Company, at an exercise price of $1.17 per share for an exercise period of up to five years from the issuance date. The warrants were issued pursuant to a private placement and included within equity. The fair value of these warrants was determined to be $2,269,000, using the Black-Scholes Option Pricing Model with an expected life of 5 years, a risk free interest rate of 1.58%, a dividend yield of 0%, and an expected volatility of 150.3%.

In September, 2014, the Company issued 100,000 share purchase warrants to acquire an equivalent number of common shares of the Company, at an exercise price of $1.15 per share for an exercise period of up to five years from the issuance date. The warrants were issued pursuant to a service agreement. The fair value of these warrants was determined to be $105,000, using the Black-Scholes Option Pricing Model with an expected life of 5 years, a risk free interest rate of 1.63%, a dividend yield of 0%, and an expected volatility of 150.18%.

In March, 2014, the Company issued 100,000 share purchase warrants to acquire an equivalent number of common shares of the Company, at an exercise price of $4.00 per share for an exercise period of up to four years from the issuance date. The warrants were issued pursuant to a technology option agreement. The fair value of these warrants was determined to be $303,000. The weighted average assumptions used for the Black-Scholes option-pricing model to value these warrants were: expected volatility of 156.6%, risk free rate of 1.4%, expected life of 4 years and expected dividend rate of 0%. The Company used the Black-Scholes option-pricing model as the resultant fair value is not significantly different than the Monte Carlo option pricing model. In August 2014, the Company repriced the 100,000 warrants by reducing the exercise price from $4.00 to $1.06. As a result, the Company recorded incremental fair value of $14,000 during the period ended September 30, 2014. The warrants contain “down round protection” and the Company classifies these warrant instruments as derivative liabilities measured at fair value and remeasures these instruments at fair value each reporting period.

A summary of the Company’s share purchase warrants as of September 30, 2014 and changes during the period is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, December 31, 2013	149,452	25.85	2.76
Issued	2,451,792	1.31	4.64
Exercised	-	-	-
Extinguished or expired	(15,167)	40.00	-
Balance, September 30, 2014	2,586,077	$2.50	4.52

NOTE 13:CONTINGENCIES AND COMMITMENTS

Contingencies:

Consultant Litigation

In May 2012, the Company issued 112,000 shares of common stock to two consultants. The Company contested the validity of the services provided and initially was able to delay the sale of the contested shares. The Company was not successful in recovering the contested shares. A claim for alleged damages of approximately $362,000 plus costs by one of the consultants as a result of the contesting of the issuance of the shares was filed in the Supreme Court of New York. The claim is for damages on the difference between market price at the time the Company was able to delay the sale of his shares and the market price at the time of the sale of all of his shares. As the result of a judicial decision in New York the consultant received a bond payment of approximately $100,000 that the Company had used to secure a temporary restraining order against the issuance of stock to him. Following hearings at the International Arbitration Tribunal held in New York on May 13-16 the arbitrator ordered (on July 18, 2014) the consultant to pay Tapimmune $196,204 plus 9% interest from the date of the award.

Tax Filings

The Company has not filed income tax returns for several years in certain operating jurisdictions, and may be subject to possible compliance penalties and interest. Management is currently not able to make a reliably measurable provision for possible liability for penalties and interest, if any, at this time, and the Company may be liable for such

amounts upon assessment. Penalties and interest, if assessed in the future, will be recorded in the period such amounts are determinable.

Commitments:

Consultant Agreements

The Company granted 250,000 shares to a consultant post restructuring of the Company's debt, of which the Company issued 150,000 common shares during the period ended September 30, 2014 (Note 10). The Company determined the fair value of the 150,000 issued shares to be $337,500, which was expensed during the period ended September 30, 2014.

In February, 2014, the Company entered into a one year media and investor relations service contract with a consultant. The contract provides for the Company to make a $100,000 payment on signing of the contract (paid) and 200,000 shares of restricted common stock, of which 100,000 were issued immediately and an additional 100,000 restricted common stock within 10 business days upon the Company's successful listing on NASDAQ or NYSE MKT exchange. The Company determined the fair value of the 100,000 issued shares to be $270,000, which was expensed during the period ended September 30, 2014.

NOTE 14:SUBSEQUENT EVENTS

On November 5, 2014, the Company entered into a new collaborative research agreement with The Vaccine & Gene Therapy Institute of Florida (VGTI Florida), a leading, non-profit biomedical research institute, forming a partnership to advance TapImmune's proprietary, targeted cancer vaccines into mid-stage, Phase II human clinical trials for the treatment of breast and ovarian cancers.

These therapeutic cancer vaccine candidates were developed by VGTI Florida's Director of Cancer Vaccines and Immune Therapies Program, Keith Knutson, Ph.D. The goal is to prevent breast and ovarian cancer recurrence for patients who achieve remissions following standard-of-care treatment. The vaccine is designed to work by enabling the immune system to target and eradicate any residual cancer cells or newly arising cancer cells that express the antigens delivered by the vaccine. VGTI Florida will work with TapImmune to design and execute the Phase II clinical programs. This includes the design of the clinical protocols, selection of clinical trial sites, recruitment of key opinion leaders as clinical advisors, and selection of external manufacturing and clinical resources. TapImmune has the exclusive commercialization rights for these vaccines.

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 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 nine months ended September 30, 2014 included in this quarterly report, as well as our Annual Report on Form 10-K for the year ended December 31, 2013.

Company Overview

Our Cancer Vaccines

TapImmune is a clinical-stage immunotherapy company specializing in the development of innovative peptide and gene-based immunotherapeutics and vaccines for the treatment of cancer and infectious disease. The Company combines a set of proprietary technologies to improve the ability of the cellular immune system to 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, the Company plans to focus on advancing its clinical programs including our HER2/neu peptide antigen program and our Folate Alpha breast and ovarian trials into Phase II. 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.

Unlike other vaccine technologies that narrowly address the initiation of an immune response, TapImmune's ("Prime" and "Boost") approach broadly stimulates the cellular immune system by enhancing the function of killer T-cells and helper T-cells. Our peptide vaccine technology may be coupled with our recently developed in-house Polystart™ nucleic acid-based technology designed to enhance T-cell antigen presentation on the surface of appropriate populations of presenting cells. Our Polystart™ technology directs the translation and subsequent endogenous natural processing of antigenic T-cell epitopes contained within a poly-antigen array(s) at four times the level of conventional comparator systems, thereby providing a greater signal/propensity to attract and directly interact with a patient’s T-cells. Accordingly, elevated levels of target specific cell surface presented T-cell antigen(s) are correspondingly expected to more effectively engage, activate and expand antigen specific killer T-cell population(s) that can then seek out and destroy target cells (e.g., cancer cells). Moreover, our versatile Polystart™ technology is designed to express either Class I killer or Class II helper T-cell antigenic epitopes. Our nucleic acid-based systems can also incorporate “TAP” which

stands for Transporter associated with Antigen Presentation.

We are currently focusing on the clinical development and testing of our product candidates. In this regard, we have two Phase I studies being conducted at the Mayo Clinic (Rochester, MN) which are designed to evaluate the safety and immune response(s) of a set of proprietary HER2/neu antigens for a HER2/neu breast cancer vaccine and Folate Receptor Alpha for breast and ovarian cancer respectively. TapImmune has the exclusive option to license each of these technologies upon the completion of each Phase I. In addition, we plan to initiate two Phase II studies in these indications starting with the first IND discussions with the FDA in Q4 2014 and for the second trial in early 2015. The first of which will include a novel Class I antigen in a Phase Ib/II study, providing a vaccine for HER2/neu breast cancer that can stimulate both killer T-cells and helper T-cells. The second Phase II trial is expected to include our folate alpha receptor epitopes and will likely focus on ovarian cancer, which we believe will allow us to proceed with an orphan drug application pending discussion with the FDA.

The Company plans to incorporate the pre-clinical development of Polystart™ as a boost strategy for HER2/neu breast cancer, colorectal cancer, ovarian cancer and triple negative breast cancer.

The current standard therapies for cancer treatment include surgery, radiation therapy and chemotherapy. However, we believe that these treatments are not precise in targeting only cancerous cells and often fail to remove or destroy all of the cancer. The remaining cancer cells may then grow into new tumors, which can be resistant to further chemotherapy or radiation, which may result in death. In the United States, deaths from cancer are second only to cardiovascular deaths. Our candidate breast cancer, colorectal cancer and ovarian cancer immunotherapeutic vaccines are being developed for use in this setting as an adjuvant treatment to prevent recurrent disease.

Management strongly believes that the comprehensive scientific underpinnings of our overall approach, to elicit the production of both helper T- cells and killer T- cells, will provide the Company with highly competitive product candidates for the treatment of HER2/neu positive breast cancer, colorectal cancer, ovarian cancer and triple negative breast cancer and position the company as the leading T-Cell vaccine immunotherapy company.

Our Infectious Disease Program

Regarding our programs for the development of vaccines aimed at viral pandemics/biodefense, we believe that our ongoing collaborations with the Mayo Clinic have progressed well and studies on the immunogenicity of novel smallpox antigens in mice treated with both antigens and TAP expression vectors have been completed. These antigens collectively can protect mice from a lethal dose of vaccinia virus and thus forms the basis for the first peptide-based vaccine for smallpox,. We plan to complete animal efficacy and human safety studies through non-dilutive grant funding in collaboration with Dr. Greg Poland and colleagues at the Mayo Clinic and anticipate that further development will be completed through strategic corporate partnerships. The use of non-dilutive grant funding to progress this area allows the Company to focus the majority of its internal resources on HER2/neu breast, ovarian and triple negative cancers.

While further testing and research is required, we believe that our platform technology PolyStart is a significant advance in vaccine development and could be applied to almost any vaccine current or in development. This would include in acute outbreaks like the recent Ebola outbreak in West Africa, Enterovirus, H1N1, West Niule and many others.

General

During the period ended September 30, 2014, we closed a $2,000,000 equity financing priced at $1.06 with 100% warrants with a strike of $1.17. The proceeds from this financing will progress our regulatory filings for clinical trials and general and administration expenses. In addition, we continued to restructure our balance sheet and have further reduced our stockholders' deficit by approximately $8,000,000 since December 2013. We believe that we have made good progress with the resources available to us. With the start of clinical programs and our focus on securing non-dilutive financing from a number of sources, management is confident that our current pathway will secure longer term capital to finance and accelerate our activities. The strength of our science and development approaches is becoming more widely appreciated, particularly as our clinical program generates data and as we embrace additional collaborations with leading institutions and corporations.

While the pathway to successful product development takes time and significant resources, we believe that we have put in place the technical and corporate fundamentals for success. The strength of our product pipeline gives us a unique opportunity to make a major contribution to global health care.

Company History

We currently trade on the OTCQB under the symbol “TPIV”.

We were incorporated under the laws of the State of Nevada in 1991 under the name “Ward’s Futura Automotive Ltd”. We changed our name a number of times since 1991 and, in July 2002, we completed the acquisition of GeneMax Pharmaceuticals Inc. (“GeneMax Pharmaceuticals”), a Delaware corporation, in a reverse merger and changed our name to “GeneMax Corp”. As a result of this transaction, the former stockholders of GeneMax Pharmaceuticals then owned 75% of the total issued and outstanding shares of GeneMax Corp. GeneMax Pharmaceuticals is now a wholly owned subsidiary of TapImmune, and GeneMax Pharmaceuticals Canada Inc. (“GP Canada”), a British Columbia corporation, is a wholly owned subsidiary of GeneMax Pharmaceuticals. On June 28, 2007, we approved a name change to TapImmune Inc.

The Immunotherapy Industry for Cancer

Management believes that there is a critical need for more effective cancer therapies. Given the massive unmet need in the treatment of metastatic cancer combined with our process for harnessing the body’s own immune system to treat certain cancers, we believe that we are positioned to be a leading contributor to solving this problem and the problem of metastatic disease.

The human immune system appears to have the potential to clear cancers from the body, based on clinical observations that some tumors spontaneously regress when the immune system is activated. Most cancers are not very "immunogenic", however, meaning that the cancers are not able to induce an immune response because they no longer express sufficient levels of key proteins on their cell surface, known as Major Histocompatability Class I or MHC Class I proteins. In healthy cells, these proteins provide the information to the immune system that defines whether the cell is healthy or, in the case of cancer or viral infection, abnormal. If the MHC Class I proteins signal that the cells are abnormal, then the immune system's T-cells are activated to attack and kill the infected or malignant cell. The strategic vision of TapImmune is to stimulate the production of both T-helper cells and T-killer cells through the use of natural processed antigens discovered in patients. In addition, our technologies can improve antigen presentation through the use of PolyStart™ and TAP. By restoring TAP expression to TAP-deficient cells, the MHC Class I protein peptide complexes could signal the immune system to attack the cancer. A long-term strategic vision of TapImmune is to restore the TAP function within cancerous cells, thus making them immunogenic, or more "visible" to cancer fighting immune cells.

Together, management believes, these platforms make TapImmune the most comprehensive immunotherapeutic vaccine company with products in the clinic and positions TapImmune as the leading T-Cell Vaccine company in the market.

Management believes that this cancer vaccine strategy will provide the most commercially viable therapeutic approach that addresses this problem of "non-immunogenicity" of cancer.

In addition to our focus on the cancer vaccines, with adequate funding and with strategic partnerships, we will also pursue the development of prophylactic vaccines against infectious microbes by partnering with other vaccine developers in the infectious disease market.

TapImmune's Target Market and Strategy

We will focus our product development in oncology, both, alone and with corporate partners and/or collaborators including the Mayo Clinic for HER2/neu positive Breast Cancer, Folate Alpha Ovarian and Breast Cancer and smallpox. The diversity of cancer types and their overall prevalence create a large need for new and improved treatments. Management believes that there is a significant market opportunity for a cancer treatment that utilizes the highly specific defense mechanisms of the immune system to attack cancers. The goal of TapImmune management is to have the FDA approve our cancer vaccines within the next few years so that we can secure a portion of this market.

With the required funding in place, we will continue to support our infectious disease programs and collaborations with the Mayo Clinic and will also continue to look to non-dilutive financing to fund infectious disease projects.

Management also believes that our Polystart™ expression vector approach will provide a flexible and unique platform for the creation of new vaccines that can rapidly respond to emerging viral threats/bioterrorism in addition to enhancing the efficacy of current vaccines in the treatment of infectious disease including the recently much needed Ebola vaccines in development. If successful, this platform technology would be a significant advance in vaccine development and it will be a key business development strategy to pursue additional partnerships and joint research and/or development ventures with vaccine manufacturers and pharmaceutical companies to bring new and improved vaccines to market. In addition to a broad range of oncological treatments, this strategy includes the development of vaccines for pandemic diseases and for bioterrorism threats. Management believes that our adjuvant will increase the potency of many of the currently available vaccines and lead to the creation of better, more effective new vaccines, thereby allowing us to participate in this large market through novel new products and in combination with existing vaccines.

Our business strategy in cancer is to take products through Phase II clinical trials and then partner with pharmaceutical marketing organizations ahead of Phase III trials. In the infectious disease/biodefense area our business strategy is to seek joint research and development partnerships on our infectious disease platform with companies seeking to expand their product portfolios.

The global market for infectious disease based vaccines is dominated by five companies—Merck, GlaxoSmithKline, Sanofi Pasteur (the vaccines division of Sanofi SA), Pfizer Inc. and Novartis—with Pfizer, GlaxoSmithKline, Sanofi, and Novartis collectively accounting for approximately 74% of the market (Source: Transparency Market Research's Global Vaccine Market Analysis and Forecast 2011-2016). This market is estimated at roughly $30 billion worldwide, with the U.S. contributing approximately $20 billion. Importantly, there still exist significant development opportunities in the global vaccine market, as there are more than 300 infectious diseases yet effective prophylactic therapies for only approximately 15% of these (Source: The Life Sciences Report's "Vaccine Therapies Hold Promise for Investors: Stephen Dunn," April 12, 2012).

Management believes that ultimately our combined technology Platform(s) will have the potential to increase the potency of many of the currently available vaccines and lead to the creation of better, more effective new vaccines, thereby allowing us to participate in this large market through novel new products and in combination with existing vaccines.

Research and Development Efforts

We direct our research and development efforts towards the advancement of immunotherapeutic and prophylactic vaccine products for the treatment of cancer and protection against pathogenic microbes respectively, using our combined proprietary technologies, (1) relevant killer plus helper T-cell peptide antigens, (2) Polystart™ nucleic acid-based expression system(s), and (3) TAP. We have focused our efforts initially on the development of a therapeutic vaccine for applications in cancer treatment, while concomitantly demonstrating the breadth of our combined technology platform for the development of prophylactic vaccines. Our product development efforts are opportunistically designed to consider combinations with approved and emerging products in both cancer therapeutics and prophylactic vaccines against microbes. This approach allows us to pursue our own internal product development while positioning us to enter into multiple partnerships and licensing agreements. We have made significant progress in the development of a nucleic acid-based (Co-linear Polystart™) technology which directs the enhanced synthesis of a linear peptide antigen array comprising multiple proprietary T-cell epitopes (CD4 and CD8). In addition, the technology also directs the synthesis of the protein TAP1 associated with the transport of MHC Class I epitopes to the surface of cells. The expression or functioning of this protein is often lowered in tumor cells or virally infected cells and its replacement can enhance antigen presentation. Recent work on this novel expression vector platform has demonstrated that T-cells recognize cell surface presented T-cell peptide epitopes confirming that multiple individual peptides are effectively and functional processed from a linear peptide antigen array and that this leads to peptide specific T-cell killing.

Products and Technology in Development

Clinical

For perspective, the Company notes that clinical trials to support new drug applications are typically conducted in three sequential phases, although the phases may overlap. During Phase I there is an initial introduction of the therapeutic candidate into healthy human subjects or patients. For an immunotherapeutic/vaccine in particular, Phase I studies are generally conducted in cancer patients that have previously received one or another current standard of care and include the measurement of cellular immune responses. Phase II usually involves studies in a more focused patient population in order to carefully assess clinical activity of the drug in specific targeted indications, dosage tolerance (i.e., dose escalation) and optimal dosage, while continuing to identify possible adverse effects and safety risks. If the therapeutic candidate is found to be potentially effective and to have an acceptable safety profile in Phase II evaluations, Phase III trials are undertaken to further demonstrate clinical efficacy and to further test for safety within an expanded patient population at geographically dispersed clinical trial sites.

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

On June 1, 2010, we signed an exclusive licensing option agreement with the Mayo Clinic, Rochester MN for clinical development of a new HER2/neu breast cancer vaccine technology. An IND for Phase I human clinical trial on the HER2/neu cancer vaccine in collaboration with the Mayo Clinic was allowed by the FDA in July, 2011 and the Mayo IRB approved the trial on May 4, 2012. This trial is fully enrolled and closed, and patient dosing has been completed. All patients have received the Company's vaccine composition, and interim safety analysis on the first six patients is complete and shown to be safe. In addition, each of the first six patients treated, developed specific T-cell immune responses to the antigens in the vaccine composition proving a solid case for advancement to Phase II in 2014. 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. The assessment of vaccine safety (primary endpoint) and evaluation of immunogenicity (secondary endpoint) for this trial are currently scheduled for completion at the end of 2014.

As this Phase I Trial progresses, we plan to add a Class I peptide, licensed from the Mayo Clinic (April 16, 2012), to the four Class II peptides in the context of a Phase I(b)/II clinical trial. Management believes that the combination of Class I and Class II HER2/neu antigens, gives us the leading HER2/neu vaccine platform. Therefore a key goal in 2014 is to progress the HER2/neu vaccine into the above mentioned Phase 1(b)/II Clinical Trial. The cost of funding our current Phase I clinical program in HER2/neu breast cancer at the Mayo Clinic is approximately $850,000 and is paid off as of this report.

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

On March 19, 2014, the Company announced the signing of an exclusive option agreement for a set of unique peptide epitopes targeting Folate Receptor Alpha in both breast cancer and ovarian cancer.

Folate receptor alpha is expressed in nearly 50% of breast cancers and in addition, over 95% 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 this type of cancer and survival prognosis is extremely poor after recurrence. In the United States alone, there are approximately 30,000 ovarian cancer patients newly diagnosed every year.

A 23 patient Phase I clinical trial is currently underway. The trial is fully enrolled and closed, and Phase II advancement is expected and will be assessed in late 2014. The data is expected to be released prior to current fiscal year end.

No serious adverse events have occurred to date and more information and immune response data will be made available over the course the trial. More information can be seen at:

http://clinicaltrials.gov/ct2/show/NCT01606241?term=folate+receptor+alpha&rank=1

Preclinical

Polystart™™

TapImmune is initiating the development of a nucleic acid-based expression system that can be aligned as a prime and boost strategy with our peptide-based vaccine compositions. The nucleic acid-based platform may also represent a second stand-alone vaccine technology. The nucleic acid–based technology is termed “Polystart™. The Company’s Polystart™ technology was invented in-house and is therefore not subject to any licensing fees or downstream royalty payments. The Polystart™ technology composition can be administered in the form of a plasmid DNA or incorporated into a viral delivery system (RNA or DNA). The Polystart™ technology comprises two portions, one supporting high level of expression and the other a T-cell peptide antigen array (“PAA”). The antigens making up the PAA are naturally processed inside a patient’s own cells where they are then presented on the cell surface visible for T-cell recognition, activation and expansion. We have confirmed that the Polystart™/PAA technology works in preclinical studies in context with our smallpox vaccine candidate. However, it is important to understand that this is a platform technology which can be adapted to essentially any T-cell peptide antigen targeted indication, including HER2/neu. The Polystart™ technology combined with our peptide-based technology is an ideal opportunity for developing an effective prime plus boost vaccination methodology. The Company has filed a U.S. Provisional Patent Application around the Polystart™ technology.

We plan to develop or out-license our technologies for the creation of enhanced anti-viral vaccines, such as for smallpox and other viral diseases. In our smallpox collaboration, scientists at the Mayo Clinic have completed small animal studies in respect of a novel set of vaccinia virus peptide antigens,. Following vaccine optimization, the

subsequent regulatory pathway for this product is to use the FDA's "Animal Efficacy Rule" for completion of efficacy studies in primates followed by Phase I clinical studies on vaccine safety. We anticipate that we will complete these studies with a strategic partner involved in the Biodefense space.

We intend to progress our infectious disease programs with non-dilutive grant funding as well. In collaboration with the Vaccine Group at the Mayo Clinic we will continue development of our smallpox vaccine and to expand the use of our TAP platform to emerging pathogens that could be either pandemic or bioterrorist threats.

Strategic Relationships

Mayo Foundation for Medical Education and Research

On May 26, 2010 we signed a Technology Option Agreement with the Mayo Foundation for Medical Education and Research, Rochester, MN, for the evaluation of HER2/neu peptide epitopes as antigens for a breast cancer vaccine. The agreement grants TapImmune an exclusive worldwide option to become the exclusive licensee of the technology after completion of Phase I clinical trials.

Following approval of the IND by the FDA in July, 2011, TapImmune and the Mayo Foundation executed a Sponsored Research Agreement for the clinical trial.

On May 4, 2012, Mayo IRB approval was confirmed and patient dosing started in August 2012. Interim safety analysis on the first five patients was completed successfully allowing continuation of the trial.

On July 24, 2010, we signed a Research and Technology License Option Agreement with the Mayo Foundation for Medical Education and Research, Rochester, MN, to evaluate novel smallpox peptide antigens. The Agreement grants TapImmune an exclusive worldwide option to become the exclusive licensee of the smallpox vaccine technology after research studies have been completed under the terms of the agreement. Small animal studies have been completed with identification of several peptide antigens which could form the basis of a new vaccine for potential stockpiling. Completion of these studies has triggered the decision to convert the Option into a Licensing Agreement and licensing terms are currently being negotiated. The decision to progress into non-human primate studies will be made in Q4, 2014.

On April 16, 2012, we announced an Exclusive Agreement with the Mayo Foundation for Education & Research, Rochester, MN, to License a proprietary MHC Class I HER2/neu antigen technology. This antigen was discovered in the laboratory of Dr. Keith Knutson at the Mayo Clinic. In contrast to Class I antigens in clinical testing this novel antigen is naturally produced in the intracellular proteasome and presented to T-cells as the MHC Class I peptide complex. Scientific details of this new work was presented by Andrea Henle of Dr. Knutson's lab at the Annual Meeting of The American Association of Immunologists held in Boston, MA, May 2012 and by Mark Reddish, Head of Development at TapImmune at the Third Annual Cancer Vaccines and Active Immunity Summit, Boston, June 26, 2012. A peer-reviewed manuscript from the Knutson lab, which describes the science in detail, has been accepted for publication in Journal of Immunology.

Intellectual Property, Patents and Trademarks

Patents and other proprietary rights are vital to our business operations. We protect our technology through various United States and foreign patent filings, and maintain trade secrets that we own. Our policy is to seek appropriate patent protection both in the United States and abroad for its proprietary technologies and products. We require each of our employees, consultants and advisors to execute a confidentiality agreement upon the commencement of any employment, consulting or advisory relationship with us. Each agreement provides that all confidential information developed or made known to the individual during the course of the relationship will be kept confidential and not be disclosed to third parties except in specified circumstances. In the case of employees, the agreements provide that all inventions conceived of by an employee shall be our exclusive property.

Patent applications in the United States are maintained in secrecy until patents are issued. There can be no assurance that our patents, and any patents that may be issued to us in the future, will afford protection against competitors with similar technology. In addition, no assurances can be given that the patents issued to us will not be infringed upon or designed around by others or that others will not obtain patents that we would need to license or design around. If the

courts uphold existing or future patents containing broad claims over technology used by us, the holders of such patents could require us to obtain licenses to use such technology.

Competition

Management believes that a number of companies, which are developing various types of similar immunotherapies and therapeutic cancer vaccines to treat cancer, could be our major competitors including: Lion Biotechnology, Advaxis, Dendreon Corp., Genzyme Molecular Oncology, Immune Design, Oncothyreon, Celldex, BN Immunotherapeutics, Immunocellular, Galena, Antigen Express,Transgene S.A., Bavarian Nordic, Kite and Juno.

Plan of Operations

Management believes that our platform technologies combine to make the most comprehensive vaccines in development today. The comprehensive approach of stimulating both the helper and killer T cell response to cancer antigens is essential in having an effective and long lasting killing effect on tumor and infected cells.

Restructure and Balance Sheet

After the restructuring completed in our first quarter we have continued to clean up our balance sheet with further debt reduction and capital raising activities. In this reported quarter ended September 30, 2014, we reduced our stockholders' deficiency and liabilities by approximately $3 million to $2.5 million and by $6.2 million to $2.5 million since year end. These actions taken in concert with fundraising activities provide a better platform for future funding and intended listing on NASDAQ or other major exchange. On Aug 14, 2014, we closed a $2 million registered direct offering pursuant to an effective S-3 registration statement.

Current State of the Company

While our stock has not performed in alignment with the exciting progression of the clinical programs, we anticipate that from the results of Phase I clinical studies and the formal entry into Phase II clinical trials will confirm to the market that our approach to stimulating the immune system is working and provides a clear rationale for advanced clinical efficacy trials. While many small cap biotechs have suffered a downturn, we believe we have been affected more than most and without good reason in this exciting time for immunotherapy as a whole. We believe we are positioned to be the leading T-Cell vaccine company with multiple clinical programs underway and advancement expected in two or more of them and the end of this year and early next year.

The investment community have supported and applauded the restructuring effort undertaken. With the support of the creditors and their agreement to convert debt to new equity we have a significantly stronger balance sheet. For the balance of 2014, we have ambitious plans to advance and deepen our pipeline as we expand operations and explore strategic business development opportunities. Following is a partial summary of the progress we made over the last nine months, as well as an overview of our objectives for 2014.

In 2014, our HER2/neu clinical program continued with full recruitment of breast cancer patients, progression through initial safety checkpoint and demonstration of immune responses. We also saw a major advancement in technology development in our own laboratories with "proof of concept" that our new and novel expression vector technology (Polystart™) could provide a much greater signal for T-cells to kill abnormal cells and become a platform technology from which we can build out multiple applications and revenue streams. Additional data and information will be forthcoming as we attempt to further secure the intellectual property around this exciting technology advancement.

On March 3, 2014 the company announced positive interim data on the Phase I clinical trial in Her2/neu positive breast cancer. The TPIV vaccine candidates target a significant unmet market need. They are applicable to a much larger and broader patient population than current 'standard of care' therapies like Herceptin by Roche, which is useful for only 15-20% of the Her2/neu Breast Cancer patient population. Herceptin is not designed to kill tumor cells; it slows tumor growth. It is a very large market as evidenced by Herceptin's 2013 sales exceeding $6 Billion. By contrast, our vaccine is applicable to over 50% of the Her2neu patient population AND is also not limited to breast cancer as Her2/neu is also target in Colorectal and Ovarian cancer where there are very few therapeutic options.

Our Her2/neu vaccine combination is unique in that it is designed to stimulate killer T Cells and the helper T Cells that are needed to sustain the killer cells for a long lasting vaccine that kills tumor cells. Published data also supports a five-fold increase in killing efficacy compared to the development vaccine Neuvax by Galena.

TPIV100 is completing Phase 1 with Phase lb/ll FDA applications scheduled in Q4 2014.

On March 19, 2014 we announced the licensing of a late stage phase l clinical program in ovarian cancer (Folate Alpha). We are very excited about the opportunity this therapeutic presents. Folate receptor alpha is expressed in nearly 50% of breast cancers and in addition, over 95% 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 this type of cancer and survival prognosis is extremely poor after recurrence. In the U.S. alone, there are approximately 30,000 ovarian cancer patients newly diagnosed every year. Importantly, this patient population has very few treatment options and, as a result, our plan is to present a Phase II advancement plan in late 2014 with an application for Orphan Drug Status. Orphan drug status is allowed by the FDA in cases where the disease affects fewer than 200,000 people in the U.S. and makes allowances for an accelerated regulatory process and sales of the drug for 7 years without competition.

On March 20, 2014, the Company announced the filing of new intellectual property for Polystart™. This is a unique vaccine platform Antigen Expression Systems that ‘boosts’ the presentation of the desired peptide on the surface of the cell for the Killer T Cells to recognize and kill. This totally novel system creates a four-fold increase in antigen presentation and in current studies in smallpox has shown to be effective. We own this technology exclusively and believe that it has unlimited application in oncology and infectious diseases not only in our own platforms but can be applied to many others via licensing. Ideal candidates include Provenge, Yervoy and many more.

Infectious Disease and National Preparedness is another very significant market and ideal therapeutic area for the TPIV vaccine conjugate. Along with novel peptides and the Polystart™ expression system, the TPIV vaccine platform can address multiple infectious disease s as well as pandemic and biodefense threats. Our current Smallpox vaccine study at Mayo Clinic has already shown significant benefits over the current vaccine stockpile. The last DHHS/BARDA contract for a smallpox vaccine stockpile contract was worth $3 Billion.

(http://www.dddmag.com/news/2011/02/siga-track-billion-dollar-smallpox-contract)

On August 7, 2014, we announced that a new grant funded Phase I clinical study on the safety and Immunogenicity of folate receptor alpha peptide vaccine in patients with advanced stage epithelial ovarian cancer has started at the Mayo Clinic, Rochester, MN. The folate receptor alpha peptides being used in this study are the same ones that are being used in a current Phase I study in breast and ovarian cancer. Folate receptor alpha is over a 100 fold elevated in 90% of ovarian cancer cells and is thus an excellent target for immunotherapy.

In this new trial the folate alpha receptor peptides are loaded on to the patients' own dendritic cells. Dendritic cells (DCs) are often called 'nature's adjuvants' and thus have become an essential target in efforts to generate therapeutic immunity against cancer. Dendritic cell vaccination aims to induce tumour-specific effector T cells (eg, IL 17 secreting T Cells) that can reduce tumor mass specifically and induce immunological memory to control disease relapse. The trial has been funded by a grant to the Mayo Clinic and is currently recruiting patients. Details of this trial can be found at www.clinicaltrials.gov under clinical trial NCT02111941.

Upcoming 2014 milestones include:

- Additional interim data in the Her2/neu trial.
- Additional interim data on the Folate Alpha trial in breast and ovarian cancer.
- Final data on pre-clinical small animal studies in smallpox at Mayo Clinic and decision on advancement to non-human primates and license deal and partnering opportunities.

We continue to leverage considerable resources through our external collaborations. On June 12, 2014, our collaborator Dr. Keith Knutson agreed to take a position as the Chair of our Scientific Advisory Board. Dr. Knutson joined the Vaccine and Gene Therapy Research Institute of Florida in 2013 as Research Program Director in Oncology and a Full Member of the Institute. He retains an adjunct position at the Mayo Clinic that maintains oversight and analysis of the Phase I clinical trial in HER2/neu breast cancer.

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 highlighted by several billion dollar acquisitions and IPOs this year. 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 Polystart™ and/or TAP expression systems. 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.

On the technology and product pipeline side, management believes that the company is fundamentally strong and poised to be a leading company in a highly attractive, multi-billion dollar and expanding market, a position reinforced by our recruitment of top-class managers, advisors and investors who all share our vision.

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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 September 30, 2014 Compared to Three Months Ended September 30, 2013

We recorded a net loss of $1,568,000 during the three months ended September 30, 2014 compared to $966,000 for the three months ended September 30, 2013.

Operating costs increased to $1,384,000 during the three months ended September 30, 2014 compared to $290,000 in the prior period. Significant changes in operating expenses are outlined as follows:

- Consulting fees increased to $682,000 during the three months ended September 30, 2014 from $58,000 during the prior period, due primarily to increased business development activity during the current period. The non-cash portion of the consulting fees paid as stock-based compensation increased to $682,000 during the three months ended September 30, 2014 from $7,000 during the prior period. The higher current period expense is primarily due to increased stock-based payments to the consultants compared to the prior period.
- General and administrative expenses increased to $323,000 in the three months ended September 30, 2014 from $70,000 in the prior period, with the increase primarily resulting from higher investor relations expense in the current period.
- Management fees decreased to $41,000 during the three months ended September 30, 2014 from $62,000 during the prior period due to one less person in management in the current period. The non-cash portion of the management fees paid as stock-based compensation increased to $11,000 during the three months ended September 30, 2014 from $4,000 during the prior period. The current and prior period expense consists of the fair value of option grants earned during the period.
- Professional fees increased to $305,000 during the three months ended September 30, 2014 from $70,000 during the prior period, due to higher legal fees incurred relating to restructuring of the Company and other legal matters in the current period.
- Research and development increased to $33,000 during the three months ended September 30, 2014 from $30,000 during the prior period. This was due to lower technology licensing fee and initiation of preclinical studies in the current period.

Interest and finance charges decreased to $15,000 during the three months ended September 30, 2014 from $23,000 during the prior period. Current and prior period interest charges are primarily interest accruals on convertible debt.

Nine months ended September 30, 2014 Compared to Nine months ended September 30, 2013

We recorded a net loss of $30,147,000 during the nine months ended September 30, 2014 compared to $2,057,000 for the nine months ended September 30, 2013.

Operating costs increased to $2,977,000 during the nine months ended September 30, 2014 compared to $1,454,000 in the prior period. Significant changes in operating expenses are outlined as follows:

- Consulting fees increased to $1,565,000 during the nine months ended September 30, 2014 from $208,000 during the prior period, due primarily to increase in cash payments for a new business development contract entered into in May 2012. The non-cash portion of the consulting fees paid as stock-based compensation increased to $1,254,000 during the nine months ended September 30, 2014 from $90,000 during the prior period. The higher current period expense is primarily due to increased stock-based payments to the consultants for increased business development activity compared to the prior period.
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General and administrative expenses increased to $626,000 in the nine months ended September 30, 2014 from $366,000 in the prior period, with the increase primarily resulting from higher investor relations expense in the current period.

- Management fees decreased to $94,000 during the nine months ended September 30, 2014 from $207,000 during the prior period due to one less person in management in the current period. The non-cash portion of the management fees paid as stock-based compensation increased to $11,000 during the three months ended September 30, 2014 from $4,000 during the prior period. The current and prior period expense consists of the fair value of option grants earned during the period.
- Professional fees increased to $614,000 during the nine months ended September 30, 2014 from $455,000 during the prior period, due to higher legal fees incurred relating to restructuring of the Company and other legal matters in the current period.
- Research and development decreased to $78,000 during the nine months ended September 30, 2014 from $219,000 during the prior period. This was due to lower technology licensing fee and initiation of preclinical studies in the current period.

Interest and finance charges decreased to $83,000 during the nine months ended September 30, 2014 from $140,000 during the prior period. Current and prior period interest charges are primarily interest accruals on convertible debt.

During the nine months ended September 30, 2014, we incurred a non-cash loss on settlement of debt in the amount of $26,838,000.

Liquidity and Capital Resources

The following table sets forth our cash and working capital as of September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Cash reserves	$613,645	$49,000
Working capital (deficit)	$(656,195)	$(8,768,003)

Subject to the availability of additional financing, we intend to spend approximately $7,500,000 over the next twelve months in carrying out our plan of operations. At September 30, 2014, we had $614,000 of cash on hand and a working capital deficit of $656,000. In August 2014, we raised approximately $1.92 million in private and brokered placements.

At December 31, 2013, the Company had a working capital deficiency of $8,768,000. In an effort to address this deficiency, management undertook the Reverse Stock Split with three goals in mind: (i) reduce the company's debt by creating a capital structure that would be attractive enough to the then debt-holders of the company to entice them to convert into shares of the company; (ii) position the company so that upon a successful capital raise it could up-list on a NASDAQ market; (iii) create a capital structure, by increasing the authorized number of shares, which would allow the company to make acquisitions or raise additional capital or both.

After the reverse stock split, debt settlement conversions and raising equity in 2014, there are approximately 19,604,000 shares outstanding, providing us with 480,396,000 authorized but unissued shares of common stock to proceed with additional capital raises through the sale of common stock.

Approximately $8,426,000 of debt and bridge debt has been converted into common shares.

Various conditions outside of our control may detract from our ability to raise the 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 depressed, 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.

Net Cash Used in Operating Activities

Net cash used in operating activities during the nine months ended September 30, 2014 was $1,518,000 compared to $755,000 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 Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2014 was $Nil compared to $Nil during the prior period.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2014 was $2,083,000 compared to $726,000 during the prior period. Current period financing consisted of proceeds from Series B preferred shares, private placements and advances from related parties while prior period financing relates to proceeds from convertible notes and advances from related parties.

As of September 30, 2014, we anticipate that we will need significant financing to enable us to meet our anticipated expenditures for the next twelve months, which are expected to be in the range of $7,500,000 assuming a single Phase 2 clinical trial.

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 financing. 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. As at September 30, 2014, we had accumulated losses of $85,573,000 since inception. 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.

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 Chief Executive Officer and Chief 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 nine months ended September 30, 2014 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

In May 2012, we issued 112,000 shares of our common stock to two consultants. We contested the validity of the issuances of this common stock based on our belief that the consultants did not perform the services agreed to under their respective consulting agreements. While we initially were able to delay the sale of the contested shares, we were not successful in clawing back the contested shares. A claim for perceived damages from Michael Gardner (one of the consultants) suffered as a result of our contesting the issuance under the consulting agreements has been filed in the Supreme Court of New York. He has based his claim for damages on the difference between market price at the time we were able to delay the sale of his shares and the market price at the time of the sale of all of his shares. As the result of a judicial decision in New York he received a bond payment of ($100,000) that the Company had used to secure a temporary restraining order against the issuance of stock to him.

Following the filing of a claim from Tapimmune against Mr. Gardner an arbitrator at The International Center for Dispute Resolution International Arbitration Tribunal found that Mr. Gardner deceived Tapimmune, made numerous false representations, did not fully provide the services he was hired to perform and did not intend to perform them at the time he was hired. Any counterclaims by Mr. Gardner were denied in all respects. Mr. Gardner was ordered to pay Tapimmune $196,204 plus statutory interest in the amount of 9% per year until the award is paid in full. The Company has taken the steps to collect on the award.

The law firm that we initially used to pursue this action against the consultants had been awarded a judgment against us for $210,255 of legal fees. In the period ended September 30, 2014, we settled the judgement by issuing 200,000 of our then outstanding Series B Convertible Preferred Stock.

Item 1A.Risk Factors

Not required.

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

We have not issued any unregistered equity securities that we have not previously reported in a current or periodic report filed with the US Securities and Exchange Commission.

Item 3.Defaults Upon Senior Securities

None.

Item 4.Mine Safety Disclosure

Not Applicable.

Item 5.Other Information

None.

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Item 6.Exhibits

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

Exhibit Number	Description of Exhibit
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.
32.1	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.

Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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: November 19, 2014