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 **June 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	**98102**
(Address of principal executive offices)	(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 £

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 August 15, 2014, the Company had 19,083,190 shares of common stock issued and outstanding.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

TAPIMMUNE INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS

	June 30, 2014	December 31, 2013
	(Unaudited)	
ASSETS		
Current Assets		
Cash	$ 20,647	$ 48,589
Prepaid expenses and deposits	15,004	15,004
Deferred financing costs (Note 5)	-	13,439
	$ 35,651	$ 77,032
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities (Note 12)	$ 1,212,541	$ 3,778,401
Research agreement obligations (Note 3)	492,365	492,365
Derivative liability – conversion option (Note 4)	-	582,300
Derivative liability – warrants (Note 4)	298,459	140,504
Convertible notes payable (Note 5)	356,950	3,161,977
Loans payable (Note 6)	18,000	42,200
Promissory notes (Note 7)	67,942	277,942
Due to related parties (Note 8)	152,000	369,346
	2,598,257	8,845,035
Stockholders' Deficit		
Capital stock (Note 9)		
Common stock, $0.001 par value, 500,000,000 shares authorized		
16,806,569 shares issued and outstanding (2013 – 1,465,711)	160,021	144,672
Additional paid-in capital	81,222,424	46,287,544
Shares to be issued	493,875	284,750
Deficit accumulated during the development stage	(84,380,385)	(55,426,635)
Accumulated other comprehensive loss	(58,541)	(58,334)
	(2,562,606)	(8,768,003)
	$ 35,651	$ 77,032

COMMITMENTS AND CONTINGENCIES (Notes 1, 3, 5 and 11)
SUBSEQUENT EVENTS (Note 13)

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

TAPIMMUNE INC.
(A Development Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,		July 27, 1999 (inception) to June 30,
	2014	2013	2014	2013	2014
EXPENSES					
Consulting fees	$ 56,320	$ 36,367	$ 91,340	$ 66,367	$ 2,497,907
Consulting fees – stock-based (Note 9)	105,325	15,956	791,575	83,768	8,915,051
Depreciation	-	-	-	-	213,227
General and administrative	109,377	88,114	303,715	295,432	4,809,262
Interest and finance charges (Note 4)	32,553	291,212	67,822	626,100	7,289,471
Management fees (Note 8)	58,500	58,500	117,000	117,000	3,455,303
Management fees – stock-based (Notes 8 and 9)	3,750	11,926	7,500	27,489	4,503,487
Professional fees	122,602	118,658	308,842	385,288	6,570,279
Research and development (Note 8)	22,500	54,398	45,000	188,778	7,675,229
Research and development – stock-based	-	-	-	-	612,000
	510,927	675,131	1,732,794	1,790,222	46,541,216
LOSS BEFORE OTHER ITEMS	(510,927)	(675,131)	(1,732,794)	(1,790,222)	(46,541,216)
OTHER ITEMS					
Foreign exchange (loss) gain	-	(6,637)	-	5,896	51,583
Changes in fair value of derivative liabilities (Note 4)	352,834	781,321	14,537	1,878,489	5,865,186
Accretion of interest on convertible debt	(8,660)		(492,296)		(1,603,127)
Loss on debt financing		(96,000)	-	-	(1,373,263)
Gain (loss) on settlement of debt (Note 9)	920,233	(874,358)	(26,743,197)	(1,310,400)	(40,994,043)
Loss on lawsuit	-	-	-	-	(103,950)
Gain on extinguishment of derivative liabilities - warrants (Note 4)	-	-	-	-	290,500
Interest income	-	-	-	-	33,344
Loss on disposal of assets	-	-	-	-	(5,399)
NET INCOME (LOSS)	$ 753,480	$ (870, 805)	$ (28,953,750)	$ (1,312,237)	$ (84,380,385)
Other comprehensive income (loss)					
Foreign exchange translation adjustment	1,042	4,647	(207)	3,205	(58,541)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 754,522	$ (866,158)	$ (28,953,957)	$ (1,309,032)	$ (84,438,926)
BASIC AND DILUTED NET INCOME (LOSS) PER SHARE	$ 0.05	$ (0.87)	$ (2.57)	$ (1.45)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	15,523,016	1,000,881	11,250,240	904,450	

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

TAPIMMUNE INC.
(A Development Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Period from July 27, 1999 (inception) to June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (28,953,750)	$ (1,312,237)	$ (84,380,385)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation	-	-	213,228
Non-cash loss on debt financing	-	96,000	1,373,263
Changes in fair value of derivative liabilities	(14,537)	(1,878,489)	(5,865,186)
Loss on settlement of debt	26,743,197	1,310,400	40,994,043
Gain on extinguishment of derivative liabilities - warrants	-	-	(290,500)
Loss on disposal of assets	-	-	5,399
Non-cash interest and financing charges	492,296	-	7,071,626
Stock based compensation	799,075	111,257	14,046,788
Changes in operating assets and liabilities:			
Due from government agency	-	-	(1,055)
Prepaid expenses and deposits	-	(103,950)	(39,004)
Deferred financing costs	-	17,307	11,810
Accounts payable and accrued liabilities	322,277	1,063,734	8,400,435
Research agreement obligations	-	76,367	710,496
NET CASH USED IN OPERATING ACTIVITIES	(611,442)	(619,611)	(17,749,042)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of shares, net	583,000	235,951	11,443,575
Convertible notes, net	-	236,000	2,851,906
Proceeds from loans payable	500	-	460,700
Notes and loans payable	-	-	919,845
Advances from (to) related parties	-	159,000	1,768,916
Repayment of convertible debentures	-	-	(20,000)
Stock subscriptions	-	-	140,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	583,500	630,951	17,564,942
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of furniture and equipment	-	-	(218,626)
Cash acquired on reverse acquisition	-	-	423,373
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-	204,747
INCREASE (DECREASE) IN CASH	(27,942)	11,340	20,647
CASH, BEGINNING OF PERIOD	48,589	33,839	-
CASH, END OF PERIOD	$ 20,647	$ 45,179	$ 20,647

Supplemental cash flow information and non-cash investing and financing activities: (Note 10)

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

NOTE 1: NATURE OF OPERATIONS

TapImmune Inc. (the “Company”), a Nevada corporation incorporated in 1992, is a clinical-stage 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 ("Prime" and "Boost") 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.

These consolidated financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As at June 30, 2014, the Company had a working capital deficiency of $2,562,606 and has incurred significant losses since inception in the development of its business. Further losses are anticipated in the development stage raising substantial doubt as to the Company’s ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on raising additional capital to fund clinical trials, ongoing research and development, maintenance and protection of patents, and ultimately on generating future profitable operations. Planned expenditures relating to current and future clinical trials of the Company’s immunotherapy vaccine will require significant additional funding. The Company is dependent on future financings to fund ongoing research and development as well as working capital requirements. The Company’s future capital requirements will depend on many factors including the rate and extent of scientific progress in its research and development programs, the timing, cost and scope involved in clinical trials, obtaining regulatory approvals, pursuing further patent protections and the timing and costs of commercialization activities.

Management is addressing going concern remediation through seeking new sources of capital, restructuring and retiring debt through conversion to equity and debt settlement arrangements with creditors, cost reduction programs and seeking possible joint venture participation. Management’s plans are intended to return the Company to financial stability and improve continuing operations. The Company is continuing initiatives to raise capital through private placements, related party loans and other institutional sources to meet immediate working capital requirements.

Additional funding was raised through equity and debt placements in 2013 and 2014, and in early 2014 the Company has completed significant restructuring of outstanding debt and equity instruments into equity. Additional capital is required to expand programs including pre-clinical work and to progress clinical trials for the lead vaccine candidates. Strategic partnerships will be needed to continue the product development portfolio and fund development costs. These measures, if successful, may contribute to reduce the risk of going concern uncertainties for the Company over the next twelve months.

There is no certainty that the Company will be able to arrange sufficient funding to continue development of products to marketability.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

In the opinion of management, the accompanying balance sheets and related interim statements of operations and cash flows include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses. Significant areas requiring management’s estimates and assumptions include deferred taxes and related tax balances and disclosures, determining the fair value of stock-based compensation and stock based transactions, the fair value of the components of the convertible notes payable, foreign exchange gains and losses, allocation of costs to research and development and accrued liabilities. Matters impacting the company’s ability to continue as a going concern and contingencies also involve the use of estimates and assumptions.

Interim results are not necessarily indicative of results for a full year. The information included in this quarterly report on Form 10-Q should be read in conjunction with information included in the Company's annual report on Form 10-K/A filed on April 17, 2014, with the U.S. Securities and Exchange Commission.

NOTE 3: 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 June 30, 2014, the Company accrued $492,365 (€378,384) 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.

Mayo Clinic –License Option Agreement

For details regarding the license option agreement with Mayo Clinic, please refer to Note 11.

NOTE 4: DERIVATIVE WARRANT LIABILITY AND FAIR VALUE

The Company has evaluated the application ASC 480-10 *Distinguishing liabilities from equity*, ASC 815-40 *Contracts in an Entity's Own Equity* and ASC 718-10 *Compensation – Stock Compensation* to the issued and outstanding warrants to purchase common stock that were issued with the convertible notes, private placements, consulting agreements, and various debt settlements during 2009 through 2012. Based on the guidance, management concluded these instruments are required to be accounted for as derivatives either due to a ratchet down protection feature available on the exercise price (Note 5) or a holder's right to put the warrants back to the Company for cash under certain conditions or a conversion option feature with conversion into variable number of shares. Under ASC 815-40-25, the Company records the fair value of these warrants and conversion options (derivatives) on its balance sheet, at fair value, with changes in the values reflected in the statements of operations as "Changes in fair value of derivative liabilities". The fair value of the share purchase warrants are recorded on the balance sheet under 'Derivative liability – warrants' and the fair value of the conversion options are recorded on the balance sheet under 'Derivative liability – conversion option'.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820-10 describes three levels of inputs that may be used to measure fair value: Level 1 – Quoted prices in active markets for identical assets or liabilities; Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and Level 3 – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation. The Company's Level 3 liabilities consist of the derivative liabilities associated with the warrants and conversion options issued with the convertible notes during the year ended December 31, 2013. At June 30, 2014, all of the Company's derivative liabilities were categorized as Level 3 fair value liabilities. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Level 3 Valuation Techniques

Financial liabilities are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial liabilities consist of the notes and warrants for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation.

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

	December 31, 2013				June 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%	0.35 to 2.28	0.04% to 0.47%	0.00%	199%

	December 31, 2013				June 30, 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	Nil	Nil	Nil

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 June 30, 2014				
	Fair Value Measurements				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative liability - warrants	$ 298,459	-	-	$ 298,459	$ 298,459
Total	$ 298,459	-	-	$ 298,459	$ 298,459

	As of December 31, 2013				
	Fair Value Measurements				
	Carrying 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

The table below provides a summary of the changes in fair value, including net transfers, in and/or out, of financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the Six Months Ended June 30, 2014 and the year ended December 31, 2013:

	Fair Value Measurements Using Level 3 Inputs		
	Derivative liability - warrants	Derivative liability – conversion option	Total
Balance, December 31, 2012	977,086	867,575	1,844,661
Additions during the year	206,000	810,500	1,016,500
Total unrealized (gains) or losses included in net loss	(1,042,582)	(1,095,775)	(2,138,357)
Balance, December 31, 2013	140,504	582,300	722,804
Total unrealized (gains) or losses included in net loss	157,955	(582,300)	(424,345)
Balance, June 30, 2014	$ 298,459	$ -	$ 298,459

The fair value of the warrants is determined using a Binomial option pricing model. 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 statement of operations.

The net cash settlement value at the time of any future Fundamental Transaction will depend upon the value of the following inputs at that time: the consideration value per share of the Company's common stock, the volatility of the Company's common stock, the remaining term of the warrant from announcement date, the risk-free interest rate based on U.S. Treasury security yields, and the Company's dividend yield. The warrant requires use of a volatility assumption equal to the greater of 100% and the 100-day volatility function determined as of the trading day immediately following announcement of a Fundamental Transaction. The fair value of the warrants is determined using the American Binomial Option Pricing Model.

NOTE 5: CONVERTIBLE NOTES PAYABLE

The following is a summary of debt instrument transactions that are relevant to the current period:

	Face Value	Principal Repayment/ Settlement/Re-issued	Unamortized Note Discount	Balance at June 30, 2014
February 2011 Secured Convertible Notes				
Senior Secured Notes, due February 24, 2014	$ 980,830	$ 980,830	$ -	$ -
April 2011 Secured Convertible Notes				
Senior Secured Notes, due April 4, 2014	215,000	215,000	-	-
June 2011 Secured Convertible Note				
Senior Secured Notes, due June 6, 2014	30,000	30,000	-	-
August 12, 2012 Convertible Note				
Note became due November 12, 2012	27,500	27,500	-	-
August 20, 2012 Convertible Note				
Note due August 20, 2013	20,000	20,000	-	-
October 2012 Convertible Note				
Note due October 15, 2013	340,000	-	-	340,000
November 20, 2012 Convertible Note				
Note due November 20, 2013	10,748	10,748	-	-

December 18, 2012 Convertible Note				
Note due December 14, 2013	50,000	50,000	-	-
January 5, 2013 Convertible Notes	452,729	452,729	-	-
February 27, 2013 Convertible Note				
Note due February 27, 2014	58,500	58,500	-	-
April / May / November, 2013 Convertible Notes	150,101	150,101	-	-
April 18, 2013 Convertible Note				
Note due December 18, 2013	31,688	31,688	-	-
May 2, 2013 Convertible Notes	50,000	50,000	-	-
May 14, 2013 Convertible Note				
Note due May 14, 2014	126,000	126,000	-	-
June 27, 2013 Convertible Note				
Note due June 27, 2014	37,620	20,670	-	16,950
June 19, 2013 Convertible Note				
Note due June 19, 2014	32,000	32,000	-	-
July 12, 2013 Convertible Note				
Note due July 12, 2014	125,000	125,000	-	-
October, 2013 Convertible Notes				
Notes due in April, 2014	55,000	55,000	-	-
November, 2013 Convertible Notes				
Notes due in May, 2014	80,000	80,000	-	-
December, 2013 Convertible Notes I				
Notes due May, 2014	250,000	250,000	-	-
December, 2013 Convertible Notes II				
Notes due May, 2014	536,400	536,400	-	-
Total	$ 3,659,116	$ 3,302,166	$ -	$ 356,950

The following is a summary of debt instrument transactions for the year ended December 31, 2013:

	Face Value	Principal Repayment/ Settlement/Re-issued	Unamortized Note Discount	Balance at December 31, 2013
February 2011 Secured Convertible Notes				
Senior Secured Notes, due February 24, 2014	$ 1,184,694	$ 203,836	$ 20,083	$ 960,775
April 2011 Secured Convertible Notes				
Senior Secured Notes, due April 4, 2014	215,000	-	8,835	206,165
June 2011 Secured Convertible Note				
Senior Secured Notes, due June 6, 2014	30,000	-	1,189	28,811
August 8, 2012 Convertible Note				
Note due August 8, 2013	111,430	111,430	-	-
August 12, 2012 Convertible Note				
Note became due November 12, 2012	27,500	-	-	27,500
August 20, 2012 Convertible Note				
Note due August 20, 2013	20,000	-	-	20,000
September 18, 2012 Convertible Note				
Note due October 1, 2013	82,500	82,500	-	-
October 2012 Convertible Note				
Note due October 15, 2013	340,000	-	-	340,000
October 9, 2012 Convertible Notes	100,000	100,000	-	-
Note due April 30, 2013				
November 1, 2012 Convertible Note				
Note due April 30, 2013	31,471	31,471	-	-
November 20, 2012 Convertible Note				
Note due November 20, 2013	55,710	44,962	-	10,748
December 14, 2012 Convertible Note				
Note due April 18, 2013	189,210	189,210	-	-
December 18, 2012 Convertible Note				
Note due December 14, 2013	50,000	-	-	50,000
January 5, 2013 Convertible Notes	567,729	115,000	-	452,729
January 31, 2013 Convertible Notes	24,135	-	-	24,135
February 27, 2013 Convertible Note				
Note due February 27, 2014	58,500	-	8,819	49,681
April 2, 2013 Convertible Notes	80,967	-	-	80,967
April 18, 2013 Convertible Note				
Note due December 18, 2013	60,000	28,312	-	31,688

May 2, 2013 Convertible Notes	50,000	-	-	50,000
May 5, 2013 Convertible Notes	45,000	-	-	45,000
May 14, 2013 Convertible Note Note due May 14, 2014	126,000	-	46,258	79,742
June 27, 2013 Convertible Note Note due June 27, 2014	37,620	-	17,515	20,105
June 19, 2013 Convertible Note Note due June 19, 2014	115,000	83,000	8,217	23,783
July 12, 2013 Convertible Note Note due July 12, 2014	125,000	28,200	57,200	39,600
October, 2013 Convertible Notes Notes due in April, 2014	94,444	-	56,044	38,400
November, 2013 Convertible Notes Notes due in May, 2014	80,000	-	52,996	27,004
December, 2013 Convertible Notes I Notes due May, 2014	277,222	-	258,478	18,744
December, 2013 Convertible Notes II Notes due May, 2014	536,400	-	-	536,400
Total	$ 4,715,532	$ 1,017,921	$ 535,634	$ 3,161,977

February 2011 Secured Convertible Notes

During the period ended June 30, 2014, the investors converted the principal amount of $980,858 and accrued interest of the February 2011 Notes into 1,593,850 common shares (Note 9).

April 2011 Secured Convertible Notes

During the period ended June 30, 2014, the investors converted the principal amount of $215,000 and accrued interest of the April 2011 Notes into 349,375 common shares (Note 9).

June 2011 Secured Convertible Note

During the period ended June 30, 2014, the investor converted the principal amount of $30,000 and accrued interest of the June 2011 Note into 48,750 common shares (Note 9).

August 8, 2012 Convertible Note

During the year ended December 31, 2013, the investor converted the principal amount of $111,430 and accrued interest of the August 8, 2012 Note into 20,500 common shares.

August 12, 2012 Convertible Note

During the period ended June 30, 2014, the investor converted the principal amount of $27,500 and accrued interest of the August 12, 2012 Note into 37,500 common shares (Note 9).

August 20, 2012 Convertible Note

During the period ended June 30, 2014, the investor converted the principal amount of $20,000 and accrued interest of the August 20, 2012 Note into 30,000 common shares (Note 9).

September 18, 2012 Convertible Note

During the year ended December 31, 2013, the investor converted the principal amount and accrued interest of $81,360 into 29,444 common shares. Of the balance of $24,990 remaining, the Company repaid $20,000 in full settlement and recognized $4,990 as gain on settlement of debt.

October 2012 Convertible Note

On October 15, 2012, the Company entered into a securities purchase agreement with an accredited investor to place a Convertible Note (the "October 2012 Note") with a maturity date of one year after the issuance thereof in the aggregate principal amount of $340,000. The October 2012 Note carries an interest rate of 18% upon default, which is being accrued.

October 9, 2012 Convertible Note

On October 9, 2012, the Company converted accounts payable of $100,000 into convertible notes (the "October 9, 2012 Note"). The note has no terms of repayment and no interest charges. Only under certain events of default the note will incur an interest rate of 20% per year.

During the year ended December 31, 2013, the note was amended and assigned to a third party with price adjustment features ratified by the Company. The third party converted the note into 53,690 common shares of the Company.

November 20, 2012 Convertible Note

During the year ended December 31, 2013, the investor converted $30,212 of the November 20, 2012 Note and accrued interest into 36,000 common shares.

During the period ended June 30, 2014, the investor converted the remaining $10,748 of the November 20, 2012 Note and accrued interest into 20,472 common shares (Note 9).

December 14, 2012 Convertible Note

During the year ended December 31, 2013, the investor converted the remaining balance of the note and accrued interest of $189,210 on the December 14, 2012 Note into 31,763 common shares.

December 18, 2012 Convertible Note

During the period ended June 30, 2014, the investor converted the December 18, 2012 Note and accrued interest into 68,750 common shares (Note 9).

January 5, 2013 Convertible Notes

On January 5, 2013, the Company exchanged amounts due to a consultant and related parties into convertible notes (the "January 5, 2013 Notes") with no terms of repayment and no interest charges in the aggregate principal amount of $567,729, of which, $330,000 was due to related parties.

In July, 2013, the consultant assigned $115,000 of the convertible note to a third party with amendments to adjustment of conversion price ratified by the Company.

During the period ended June 30, 2014, the investors converted the balance of the January 5, 2013 Notes and accrued interest into 543,636 common shares (Note 9).

January 31, 2013 Convertible Note

On January 31, 2013, the Company converted accounts payable of $24,134 into a convertible note (the "January 31, 2013 Note") with a maturity date of sixteen months. The note has no terms of repayment and no interest charges. The conversion of the note occurs under the following conditions:

On the date that Company files a certificate of designation creating a class of Series A convertible preferred stock ("Series A Convertible Preferred Stock") (i) with voting rights per share equal to one thousand (1,000) shares of common stock at the rate of five shares of common stock (on a post-reverse stock split basis) for each share of Series A Convertible Preferred Stock and (ii) that are automatically convertible into common shares upon the occurrence of a 100:1 reverse stock split, the Company may convert the January 31, 2013 Note into shares of Series A Convertible Preferred Stock at a conversion price of four dollars ($4) per share of Series A Convertible Preferred Stock. If the Series A Convertible Preferred Stock is duly authorized and outstanding, on the date that the Company enacts a 100:1 reverse stock split, the January 31, 2013 Note will automatically convert into shares of Series A Convertible Preferred Stock at a conversion price of four dollars ($4) per share of Series A Convertible Preferred Stock.

During the period ended June 30, 2014, the investors converted the January 31, 2013 Note and accrued interest into 40,551 common shares (Note 9).

February 27, 2013 Convertible Note

During the period ended June 30, 2014, the investor converted the February 27, 2013 Note and accrued interest into 38,170 common shares (Note 9).

April / May / November, 2013 Convertible Note

The Company exchanged accounts payable into convertible notes in the aggregate principal amount of $150.101. The note holder has the option to convert a portion or all of the outstanding balance of the note into shares of the Company's common stock at a conversion rate of $7.00 per share. The note will incur an interest rate of 8% per year unless the Company defaults under certain conditions, in which case, the note will incur an interest rate of 20% per year.

During the period ended June 30, 2014, the investor converted the notes and accrued interest into 210,233 common shares (Note 9).

April 18, 2013 Convertible Note

On April 18, 2013, the Company entered into a securities purchase agreement with an accredited investor to place a Convertible Note (the "April 18, 2013 Note") with a maturity date of eight months after the issuance thereof in the aggregate principal amount of $60,000. Consideration under the notes consisted of $50,000 in cash proceeds after $5,000 payment of transaction costs and an original issue discount of $5,000. The April 18, 2013 Note carries an interest rate of 8% per year unless the note is in default under certain conditions, in which case, the interest rate would be 18% per year.

The Company has allocated the net proceeds to the conversion option based on the calculated fair value. The fair value of the conversion option was recorded at $27,800 and recognized as a derivative liability and the debt was recorded at $27,200. The fair value of the conversion option was calculated using the Binomial option pricing model under the following assumptions: estimated life of eight months, risk free rate of 0.10%, dividend yield of 0% and volatility of 115.82%. The debt discount is being accreted over the eight month term of the April 18, 2013 Note using the effective interest rate method.

During the year ended December 31, 2013, the investor converted $31,733, part of the principal and accrued interest on the April 18, 2013 Note, into common shares.

During the period ended June 30, 2014, the investor converted the balance of $31,688 and accrued interest into 46,443 common shares (Note 9).

May 2, 2013 Convertible Notes

On May 2, 2013, the Company issued convertible notes (the "May 2, 2013 Note") in the aggregate principal amount of $50,000. The note matures on May 31, 2014 and would only start to accrue interest of 10% per year after February 15, 2014. The note is automatically convertible into Series B convertible preferred shares ('Series B Preferred Shares") when the Company enacts a 100:1 reverse stock split, where each of the Series B Preferred Shares are convertible at the rate of seven shares of common stock.

During the period ended June 30, 2014, the investor converted the May 2, 2013 Note into 350,000 common shares (Note 9).

May 14, 2013 Convertible Note

On May 14, 2013, the Company entered into a securities purchase agreement with an accredited investor to place a Convertible Note (the "May 14, 2013 Note") with a maturity date of one year after the issuance thereof in the aggregate principal amount of $126,000. The Company also issued 20,000 warrants to the note holder, exercisable at $6.00 per share with a four year term. Consideration under the notes consisted of $110,000 in cash proceeds after $5,000 payment of finders' fee and an original issue discount of $11,000.

The May 14, 2013 Note carries an interest rate of 8% per year unless the note is in default, in which case, the note will incur an interest rate of 18% per year.

The Company has allocated the net proceeds to the conversion option and warrants based on the calculated fair values. The fair value of the conversion option was recorded at $62,678 and fair value of the warrants was recorded as $52,322 recognized as a derivative liabilities and the debt was recorded at $nil. The fair value of the conversion option was calculated using the Black Scholes option pricing model under the following assumptions: estimated life of four years, risk free rate of 0.4%, dividend yield of 0% and volatility of 161%.

During the period ended June 30, 2014, the investor converted the May 14, 2013 Note and accrued interest into 157,500 common shares (Note 9).

June 27, 2013 Convertible Note

On June 27, 2013, the Company entered into a securities purchase agreement with an accredited investor to place a Convertible Note (the "June 27, 2013 Note") with a maturity date of one year after the issuance thereof in the aggregate principal amount of $37,620. Consideration under the notes consisted of $30,000 in cash proceeds after $3,000 payment of finder's fee and an original issue discount of $4,620. The Company accrued a one-time interest of 5% as per the agreement.

The Company has allocated the net proceeds to the conversion option based on the calculated fair value. The fair value of the conversion option was recorded at $30,200 and recognized as a derivative liability and the debt was recorded at $2,800. The fair value of the conversion option was calculated using the Binomial option pricing model under the following assumptions: estimated life of one year, risk free rate of 0.15%, dividend yield of 0% and volatility of 156.41%.

During the period ended June 30, 2014, the investor converted $20,670 of the June 27, 2013 Note into 22,830 common shares (Note 9).

June 19, 2013 Convertible Note

In June, 2013, a consultant assigned $115,000 of its convertible note to a third party with amendments ratified by the Company (the "June 19, 2013 Note") with a maturity date of one year after the issuance thereof in the aggregate principal amount of $115,000.

The June 19, 2013 Note carries an interest rate of 10% per year unless the note is in default under certain conditions, in which case, the interest rate would be 20% per year.

The Company has allocated the net proceeds to the conversion option based on the calculated fair value. The fair value of the conversion option was recorded at $31,600 and recognized as a derivative liability and the debt was recorded at $83,400. The fair value of the conversion option was calculated using the Binomial option pricing model under the following assumptions: estimated life of one year, risk free rate of 0.15%, dividend yield of 0% and volatility of 156.46%.

During the year ended December 31, 2013, the third party converted the principal amount of $83,000 and accrued interest of the June 19, 2013 Note into 108,188 common shares.

During the period ended June 30, 2014, the third party converted balance of $32,000 and accrued interest into 40,000 common shares (Note 9).

July 12, 2013 Convertible Note

In July, 2013, the Company entered into a securities purchase agreement with an accredited investor to place a Convertible Note (the "July 12, 2013 Note") with a maturity date of one year after the issuance thereof in the aggregate principal amount of $125,000. The Company also issued 41,667 warrants to the note holder, exercisable at $3.00 per share with a five year term. Consideration under the notes consisted of $110,000 in cash proceeds after $15,000 payment of finders' fee and an original issue discount of $11,000.

The July 12, 2013 Note carries an interest rate of 8% per year unless the note is in default, in which case, the note will incur an interest rate of 18% per year.

The Company has allocated the net proceeds to the conversion option and warrants based on the calculated fair values. The fair value of the conversion option was recorded at $59,615 and fair value of the warrants was recorded as $54.385 recognized as a derivative liabilities and the debt was recorded at $nil. The fair value of the conversion option was calculated using the Binomial option pricing model under the following assumptions: estimated life of five year, risk free rate of 1.4%, dividend yield of 0% and volatility of 199%.

During the period ended June 30, 2014, the investor converted the July 12, 2013 Note and accrued interest into 156,250 common shares (Note 9).

October, 2013 Convertible Notes

In October, 2013, the Company entered into securities purchase agreements with accredited investors to place Convertible Notes (the "October, 2013 Notes") with a maturity date of six months after the issuance thereof in the aggregate principal amount of $55,000.

The October, 2013 Notes carry no interest charges unless the note is in default, in which case, the note will incur an interest rate of 20% per year.

The Company has allocated the net proceeds to the conversion option based on the calculated fair value. The full value was recorded as the fair value of the conversion option and the debt was recorded at $nil. The fair value of the conversion option was calculated using the Binomial option pricing model under the following assumptions: estimated life of six months, risk free rate of 0.10%, dividend yield of 0% and volatility of 199%.

During the period ended June 30, 2014, the investors converted the October, 2013 Note into 385,000 common shares (Note 9).

November, 2013 Convertible Notes

In November, 2013, the Company entered into securities purchase agreements with accredited investors to place Convertible Notes (the "November, 2013 Notes") with a maturity date of six months after the issuance thereof in the aggregate principal amount of $80,000. Consideration under the notes consisted of $77,000 in cash proceeds and an original issue discount of $3,000.

The November, 2013 Notes carry no interest charges other than an original issue discount unless the note is in default, in which case, the note will incur an interest rate of 20% per year.

The Company has allocated the net proceeds to the conversion option based on the calculated fair value. The full value was recorded as the fair value of the conversion option and the debt was recorded at $nil. The fair value of the conversion option was calculated using the Binomial option pricing model under the following assumptions: estimated life of six months, risk free rates of 0.10% and 0.04%, dividend yield of 0% and volatility of 199%.

During the period ended June 30, 2014, the investors converted the November, 2013 Notes into 560,000 common shares (Note 9).

December, 2013 Convertible Notes I

In December, 2013, the Company entered into securities purchase agreements with accredited investors to place Convertible Notes (the "December, 2013 Notes I") with a maturity date of six months after the issuance thereof in the aggregate principal amount of $250,000. The December, 2013 Notes I carry no interest charges unless the note is in default, in which case, the note will incur an interest rate of 20% per year.

The Company has allocated the net proceeds to the conversion option based on the calculated fair value. The full value was recorded as the fair value of the conversion option and the debt was recorded at $nil. The fair value of the conversion option was calculated using the Binomial option pricing model under the following assumptions: estimated life of six months, risk free rates of 0.10% , dividend yield of 0% and volatility of 199%.

During the period ended June 30, 2014, the investors converted the December, 2013 Notes I into 1,750,000 common shares (Note 9).

December, 2013 Convertible Notes II

In December, 2013, the Company entered into securities purchase agreements with accredited investors to place Convertible Notes (the "December, 2013 Notes II") with a maturity date of six months after the issuance thereof in the aggregate principal amount of $536,400. Consideration under the notes consisted of $141,000 of conversion of accounts payable, $267,950 of cash proceeds, of which $100,000 were received during the year ended December 31, 2012 as subscription proceeds and $27,450 of interest costs. The conversion of the notes occurs under the following conditions:

On the date that Company files a certificate of designation creating a class of Series B Convertible Preferred Stock (i) with voting rights per share equal to one thousand (1,000) shares of common stock and (ii) that are automatically convertible into common shares upon the occurrence of a 100:1 reverse stock split at the rate of seven shares of common stock (on a post-reverse stock split basis) for each share of Series B Convertible Preferred Stock, the Company may convert the December, 2013 Convertible Notes II into shares of Series B Convertible Preferred Stock at a conversion price of one dollar per share of Series B Convertible Preferred Stock. If the Series B Convertible Preferred Stock is duly authorized and outstanding, on the date that the Company enacts a 100:1 reverse stock split, the December, 2013 Convertible Notes II will automatically convert into seven (7) shares of Series B Convertible Preferred Stock at a conversion price of one dollar per share of Series B Convertible Preferred Stock.

Any amount of the December, 2013 Notes II that are outstanding on February 15, 2014 will carry an interest rate of 10% per year.

During the period ended June 30, 2014, the investors converted the December, 2013 Notes II into 1,093,900 common shares (Note 9).

For the period ended June 30, 2014, the Company recorded accretion of debt discount of $492,296 for the convertible notes.

NOTE 6: LOANS PAYABLE

As at June 30, 2014, there were unsecured loan advances in the amount of $18,000 (December 31, 2013 - $42,200) which are due on demand. Certain of the loans bear interest of 10% per annum. During the period ended June 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 7: PROMISSORY NOTE

The Company has outstanding promissory notes in the amount of $67,942, of which $38,000 of promissory notes are from an officer and a director of the Company (Note 8). The promissory notes bear no interest charges and have no fixed repayment terms.

During the year ended December 31, 2013, the Company converted $210,000 of accounts payable into a promissory note.

During the period ended June 30, 2014, the note holder converted outstanding principal and accrued interest into 1,400,000 post reverse stock split common shares. The fair value of the shares was determined to be $3,150,000 and the Company recorded a loss on settlement of debt of $2,912,034.

NOTE 8: RELATED PARTY TRANSACTIONS

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

(a) incurred $117,000 (June 30, 2013 - $178,500) in management fees and $45,000 (June 30, 2013 - $33,000) in research and development services paid or accrued to officers and directors during the period;

(b) recorded $7,500 (June 30, 2013 - $14,925) in stock based compensation for the fair value of options granted to management and consultants that were granted and or vested during the period;

(c) converted $721,045 (June 30, 2013 - $nil) of debt due to related parties during the period, which were settled with shares (Note 9).

(d) converted $nil (June 30, 2013 - $567,729) of payable into convertible notes to officers, consultant and a director of the Company (Note 5).

All related party transactions (other than stock based compensation) involving provision of services were recorded at the exchange amount, which is the amount established and agreed to by the related parties as representing fair value. The Company accounted for the debt settlement transactions with related parties at management’s estimate of fair value, using amounts similar to arm’s length settlements for debt settled.

At June 30, 2014, the Company had amounts owing to directors and officers of $152,000 (December 31, 2013 - $369,345) in fees and $nil (December 31, 2013 - $370,200) in loans and other advances. All amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

NOTE 9: CAPITAL STOCK

Share Capital

Prior to March 27, 2007, the authorized capital of the Company consisted of 50,000,000 common shares with $0.001 par value and 5,000,000 non-voting preferred shares with $0.001 par value. On March 27, 2007, the Company's Articles of Incorporation were amended to increase the authorized shares of common stock from 50,000,000 shares of common stock to 200,000,000 shares. On June 28, 2007, the Company completed a reverse stock split thereby issuing 1 new share for each 2.5 outstanding shares of the Company's common stock. Accordingly, the Company's authorized share capital was decreased from 200,000,000 common shares to 80,000,000 common shares. On January 22, 2009 the authorized shares of common stock increased from 80,000,000 shares to 500,000,000 shares. Effective July 10, 2009, the Company executed a further 1 for 10 reverse stock split while simultaneously reducing the authorized shares of common stock to 50,000,000 common shares with a $0.001 par value. Effective February 21, 2010, the Company increased its authorized shares of common stock from 50,000,000 shares to 150,000,000 common shares. The Company maintained its authorized shares of preferred stock at 5,000,000.

On January 6, 2014, the Company designated 1,200,000 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

During the period ended June 30, 2014, the Company received subscription proceeds of $418,000 for 418,000 shares of Series B Convertible Preferred Stock. In February 2014, the 418,000 shares of Series B Convertible Preferred Stock were converted into 2,926,000 shares of common stock as per the terms described above.

During the period ended June 30, 2014, the Company issued 11,088,081 shares of its common stock with a fair value of $24,952,358 for conversion of convertible debt, accounts payable, loan, promissory note, and accrued interest in the amount of $4,960,982. In these conversions, related parties converted $721,045 of notes, accounts payable and loan into 766,444 shares of the Company's common stock.

During the period ended June 30, 2014, the Company issued 58,787 shares of its common stock with a fair value of $151,821 for legal services.

During the period ended June 30, 2014, the Company issued 150,000 shares of its common stock pursuant to an advisory agreement with a fair value of $337,500.

During the period ended June 30, 2014, the Company issued 145,000 shares of its common stock pursuant to agreements with a fair value of $761,250 for settlement of accrued liability of $355,950.

During the period ended June 30, 2014, the Company agreed to issue 12,500 shares of its common stock pursuant to an agreement with a fair value of $58,750. The shares have not yet been issued.

During the period ended June 30, 2014, the Company issued 845,075 shares of its common stock pursuant to settlement agreements with a creditor with a fair value of $2,981,231.

During the period ended June 30, 2014, the Company issued 81,472 shares of its common stock with a fair value of $211,658 for conversion of convertible debt and accrued interest in the amount of $86,243.

During the period ended June 30, 2014, the Company issued 46,443 shares of its common stock with a fair value of $204,349 for conversion of convertible debt and accrued interest in the amount of $32,510.

During the period ended June 30, 2014, the Company received subscription proceeds of $165,000 for 165,000 units. Each unit consists of one common share and one share purchase warrant exercisable at $2.50 for a period of 3 years.

The Company records shares issued for non-cash consideration or on conversion of debt at the fair value. As a result of the above settlements and conversions, the Company recorded a loss on settlement of debt of $26,743,197.

2013 Share Transactions

In January 2013, the Company issued 2,313 shares of its common stock for conversion of one of the two November 1, 2012 Notes (Note 5) at a conversion price of $6.62 per share. In February 2013, the Company issued 2,500 common shares with a fair value of $28,925 to a consultant pursuant to a consulting agreement. In February 2013, the Company issued 18,986 common shares on a cashless conversion of 30,000 warrants at an exercise price of $5.72. In March 2013, the Company issued 100,000 common shares with a fair value of $10,010 to a consultant pursuant to a consulting agreement.

Between January and March, 2013, the Company issued 31,763 shares of its common stock for conversion of December 14, 2012 Note (Note 5) at a conversion price of $6.03 per share.

Between January and May, 2013, the Company issued 19,444 shares of its common stock for partial conversion of September 18, 2012 Note (Note 5) at an average conversion price of $3.60 per share.

Between February and March, 2013, the Company issued 10,500 shares of its common stock for partial conversion of August 8, 2012 Note (Note 5) at an average conversion price of $6.81 per share.

In April 2013, the Company issued 2,815 shares of its common stock for conversion of the balance of the November 1, 2012 Notes (Note 5) at a conversion price of $6.07 per share.

Between April and September, 2013, the Company issued 264,649 shares of its common stock for partial settlement of debt in the amount of $510,572. A further 455,311 shares remain to be issued with respect to this debt. The shares had a fair value of approximately $910,000 at December 31, 2013.

In April, 2013, the Company issued 2,500 shares of its restricted common stock under a settlement agreement with a former director of the Company.

Between May and July, 2013, the Company issued 53,690 shares of its common stock with a fair value of $248,278 for conversion of October 9, 2012 Convertible Notes (Note 5).

Between May and June, 2013, the Company issued 30,000 shares of its common stock with a fair value of $137,200 for conversion of the balances of the August 8, 2012 Note and November 20, 2013 Note (Note 5).

Between July and September 30, 2013, the Company issued 108,188 shares of its common stock with a fair value of $181,606 for conversion of June 19, 2013 Convertible Note (Note 5).

In August, 2013, the Company issued 50,000 shares of its common stock with a fair value of $52,500 for conversion of July 12, 2013 Convertible Note (Note 5).

In August and September 2013, the Company issued 36,000 shares and is obligated to issue additional 20,472 shares of its common stock with a fair value of $52,960 for conversion of November 20, 2012 Convertible Note (Note 5).

In September, 2013, the Company issued 10,000 shares of its common stock with a fair value of $10,500 for partial conversion of September 18, 2012 Note (Note 5).

In November, 2013, the Company issued 12,000 shares of its common stock with a fair value of $13,340 for partial conversion of September 18, 2012 Note (Note 5).

In November, 2013, the Company issued 45,333 shares of its common stock with a fair value of $134,187 for partial conversion of April 18, 2013 Note (Note 5).

In March, 2013, the Company received $242,950 for a private placement, for which it issued 34,707 shares and equal number of warrants. In December 2013, the Company entered into rescission agreements whereby the Company replaced the shares and warrants with December, 2013 Convertible Notes II and the 34,707 shares and warrants were returned to the treasury (Note 5).

As a result of the above settlements and conversions, the Company recorded a loss on settlement of debt of $2,560,045.

Stock Compensation Plan

On October 14, 2009, the Company adopted the 2009 Stock Incentive Plan (the "2009 Plan") which supersedes and replaces the 2007 Stock Plan. The 2009 Plan allows for the issuance of up to 100,000 common shares. Options granted under the Plan shall be at prices and for terms as determined by the Board of Directors.

The expensed portion of the value of the vesting options during the Six Months Ended June 30, 2014 was $3,750 (June 30, 2013 - $29,894) which was recorded as stock based consulting and management fees. During the period, stock-based consulting and management fees also includes share based compensation.

Share purchase options

A summary of the Company's stock options as of June 30, 2014 and changes during the period is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, December 31, 2012	65,430	$ 18.00	6.05
Issued	-	-	-
Cancelled/Forfeited	-	-	-
Balance, December 31, 2013	65,430	18.00	6.05
Issued	-	-	-
Cancelled/Forfeited	-	-	-
Balance, June 30, 2014	65,430	$ 18.00	4.55

At June 30, 2014, the intrinsic value of the vested options was equal to $nil (2013 - $nil).

A summary of the status of the Company's unvested options as of June 30, 2014 is presented below:

	Number of Shares	Weighted Average Grant-Date Fair Value
Unvested, December 31, 2013	1,111	$ 18.00
Granted	-	-
Vested	(417)	18.00
Cancelled	-	-
Unvested, June 30, 2014	694	$ 18.00

Share Purchase Warrants

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 five 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.

In May, 2013, the Company issued 20,000 share purchase warrants to acquire an equivalent number of common shares of the Company, at an exercise price of $6.00 per share for an exercise period of up to four years from the issuance date. The warrants were issued pursuant to a convertible debt with price adjustment features. The residual fair value of these warrants was determined to be $52,322 and recognized as a derivative liability.

In July, 2013, the Company issued 41,667 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 five years from the issuance date. The warrants were issued pursuant to a convertible debt with price adjustment features. The residual fair value of these warrants was determined to be $54,385 and recognized as a derivative liability.

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

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, December 31, 2012	169,087	$ 39.00	2.19
Issued	67,667	5.84	4.16
Exercised	(30,000)	25.00	-
Extinguished or expired	(57,302)	39.72	-
Balance, December 31, 2013	149,452	25.85	2.76
Issued	100,000	4.00	4.72
Exercised	-	-	-
Extinguished or expired	(15,167)	-	-
Balance, June 30, 2014	234,285	$ 15.61	2.98

NOTE 10: SUPPLEMENTAL CASH FLOW INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES

	Six Months Ended June 30, 2014	
	Number of Shares	Amount
		$
Shares issued for services	203,787	507,771
Shares issued pursuant to an advisory agreement	150,000	337,500
Shares issued pursuant to debt settlement	14,985,354	34,389,349

	Six Months Ended June 30, 2013	
	Number of Shares	Amount
		$
Shares issued pursuant to consulting arrangements	350,000	38,935
Shares issued pursuant to debt settlement	18,464,921	510,572
Shares issued pursuant to notes conversion	14,733,733	561,687

All the above share transactions have been retroactively restated for the reverse stock split described in Note 9.

See Notes 5 and 9 for additional disclosure on non-cash transactions.

	Period Ended June 30,	
	2014	2013
Interest paid in cash	$ -	$ -
Income taxes paid	$ -	$ -

NOTE 11: CONTINGENCIES AND COMMITMENTS

Contingencies:

Consultant Litigation

In May 2012, the Company issued 112,000 post-reverse split 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 has been 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. The Company is pursuing this litigation through the American Arbitration Association and the potential loss from this litigation, if any, is presently not yet determinable.

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:

Combined Research and Operating Obligations

Effective May 25, 2010, the Company entered into a research and license Option Agreement with the Mayo Clinic for the development and possible commercial use of a cancer vaccine. Subject to the approval and guidance of the United States Food and Drug Administration (“FDA”) the Mayo Clinic plans to conduct a Phase I human clinical trial (“Phase I Trial”) to test and develop the Company’s technology.

The Company agreed that, during the period of the option and upon approval of FDA to conduct Phase I Trials, it will pay all the costs incurred by the Mayo Clinic, not to exceed a total of $841,000, of which $510,000 has been paid by a third party under the subsequent Sponsored Research Agreement and $330,000 has been accrued in prior years. Management anticipates that Phase 1 Trials will complete by the end of 2014.

Management Services Agreement

In February 2011, the Company approved an employment agreement with Dr. Wilson with an initial term of 2 years, which may be automatically extended for successive one-year terms. This employment agreement provides for annual compensation of $180,000 and the grant of an option to acquire 20,000 shares of the Company’s common stock at $19.00 per share, 50% of which vested on March 16, 2011, and the remainder vested monthly over a period of two years (417 per month). The options shall be exercisable for at least five years.

Consultant Agreements

In May 2012, the Company entered into a one year consulting services agreement superseding the previous management consulting agreement with a consultant (“Consultant A”) to provide expertise in the areas of finance and corporate development to the Management and Board of TapImmune. The consulting services agreement provides for a consulting fee of $12,000 per month from May 2012 to December 2012 and $10,000 for the following four months. The Company also granted 2,500 options to the consultant, vesting equally over twelve months at an exercise price of $17.00 with a ten year term.

In November 2013, the Company entered into an advisory agreement with Consultant A to provide expertise in the areas of finance, corporate restructuring and corporate development to the Management and Board of TapImmune for a one year term. The advisory agreement provides for an advisory fee of $10,000 per month from November 2013 to May 2014 for six months, extendable for additional six months subject to mutual agreement. The Company will also grant 250,000 shares to the consultant post restructuring of the Company’s debt, of which the Company issued 150,000 common shares during the period ended June 30, 2014 (Note 9).

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.

NOTE 12: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts Payable and Accrued Liabilities

	June 30, 2014	December 31, 2013
	$	$
Trade accounts payable	940,459	1,450,083
Debt settlement accruals	-	1,348,663
Accrued liabilities	135,994	201,334
Employee payroll and severance	27,541	220,290
Accrued interest	108,547	558,032
	1,212,541	3,778,401

NOTE 13: SUBSEQUENT EVENTS

In July 2014, certain debt holder converted $16,950 of debt into 19,371 shares of common stock of the Company.

In August 2014, the Company issued 26,250 shares of common stock in exchange for $26,250 of services.

In August 2014, the Company issued 120,000 shares of common stock and warrants to purchase 120,000 shares of common stock to its President and CEO in exchange for the conversion due but unpaid compensation of $120,000.

In August 2014, the Company received subscription proceeds of $100,000 for 100,000 units. Each unit consists of one common share and one share purchase warrant exercisable at $2.50 for a period of 3 years. The Company issued an aggregate of 265,000 shares of common stock and warrants, of which, 165,000 shares and warrants were issued for the subscription proceeds received during the period ended June 2014 (Note 9).

In August 2014, the Company entered into a securities purchase agreement with certain accredited investors pursuant to which the Company issued an aggregate of 1,886,792 units, with each unit consisting of a share of the Company’s common stock and a warrant to purchase a share of the Company’s common stock at a purchase price of $1.06 per unit, for aggregate gross proceeds of $2 million. The warrants have an exercise price of $1.17 per share and have a term of exercise equal to five years from the date of issuance of the warrants. The Company intends to use the net proceeds from the offering for general corporate purposes, including clinical trial expenses and research and development expenses.

The Company agreed to pay cash fee for placement agent and financial advisory services equal to 7% of the gross proceeds of the offering and to issue warrants to purchase 5% of the aggregate number of shares of common stock sold in the offering to the placement agent. The placement agent warrants have an exercise price of $1.325 per share and shall expire on July 29, 2019.

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 six months ended June 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 **T**ransporter associated with **A**ntigen **P**resentation.

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 Q4 of 2014. 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.

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.

General

The facilities at 1551 Eastlake Avenue, Seattle continue to meet our expectations and allow us to conduct core research and development studies in collaboration with our world-class collaborators and enable us to manage our cash flow. It has allowed us to generate new intellectual property (IP), adding to our core TAP IP and antigen specific IP from the Mayo Clinic for which we have either licensed outright or have exclusive options to license.

Over the past three quarters, we have raised additional working capital to fund and progress our operations and continued to significantly restructure our balance sheet and capital structure and we have reduced our stockholders' deficit by $6.2 million since year end. 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. On August 11, we announced a $2 million registered direct offering with two institutional investors, giving us confidence in our ability to continue strengthen the balance sheet and fund our operations and clinical programs. The transaction closed on August 14th 2014. 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 OTC Bulletin Board 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.

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. 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 mostly 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 24 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.

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,. 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.

Method of Enhancing Expression of MHC Class I Molecules Bearing Endogenous Peptides

On March 26, 2002, the United States Patent and Trademark Office issued US Patent No. 6,361,770 to UBC for the use of TAP-1 as an immunotherapy against all cancers.

Method of Enhancing an Immune Response

U.S. patent No. 7,378,087, issued May 27 2008. The patent claims relate to methods for enhancing the immune response to tumor cells by introducing the TAP molecule into the infected cells. Patent applications are pending on other aspects of the Company's technology.

Method of Identifying MHC Class I Restricted Antigens Endogenously Processed by a Secretory Pathway

On August 11, 1998, the U.S. Patent and Trademark Office issued US Patent No. 5,792,604 to UBC, being a patent for the use of bioengineered cell lines to measure the output of the MHC Class I restricted antigen presentation pathway as a way to screen for immunomodulating drugs.

Method of Enhancing an Immune Response

On October 27, 2011 The US Patent and Trademark Office issued Patent 7,994,146 entitled “Method of Enhancing an Immune Response”. The invention relates to a method of enhancing an immune response to an antigen by augmenting the level of TAP (Transporters Associated with Antigen Processing) molecule in a target cell bearing the antigen.

PolyStart Technology (TapImmune Inc.)

U.S. Provisional Application 61/954,588, entitled “Nucleic Acid Molecules Vaccine Compositions and Uses Thereof”, filed March 17, 2014

The Company has multiple patents and patent applications in association with its exclusive licenses and option agreements with Mayo Clinic providing many years of patent protection for its proprietary product candidates.

Infectious Disease (Mayo Collaboration, Poland/Kennedy)

U.S. Patent 7,622,120, entitled “Peptide Originating from Vaccinia Virus, issued Nov 24, 2009.

U.S. Patent Application 13/222,862 entitled “Vaccinia Virus Polypeptides” converted August 31, 2011.

Oncology (Mayo Collaboration, Knutson)

U.S. Patent Application 12/740562, entitled “HLA-DR Binding Peptides and Their Uses”; 371 date August 24, 2010 derived from International Application PCT/US2008/081799 filed October 30, 2008.

International Application PCT/US2013/026484 filed February 15, 2013, entitled “Methods and Materials for Generating CD8+ T Cells having the Ability to Recognize Cancer Cells Expressing a HER2/Neu Polypeptide”.

Management expects technology developments in the oncology industry to continue to occur at a rapid pace. Commercial developments by any competitors may render some or all of our potential products obsolete or non-competitive, which could materially harm the Company’s business and financial condition.

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., and Bavarian Nordic.

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 June 30, 2014, we reduced our stockholders’ deficiency and liabilities by approximately $3 million to $2.5 million and by $6.2million to $2.5million since year end. These actions taken in concert with fundraising activities provide a better platform for future funding and intended listing on NASDAQ. On Aug 14, 2014, we closed a $2 million registered direct offering pursuant to an effective S-3 registration statement that gives us the ability to raise up to $38 million in additional capital as we progress our programs.

Current State of the Company

The market and 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 six months, as well as an overview of our objectives for 2014.

In 2013, 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.

During 2013, results from our infectious disease program have opened several business development opportunities we expect to solidify by the end of 2014.

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 US 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 USA 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 working very well. 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 7th, 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 on immune responses in the Her2/neu trial.
- Initial 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.
- Potential Uplisting to NASDAQ in 2014

Our new laboratories and offices at 1551 Eastlake Avenue, Seattle, enabled our scientific team to access a wide array of functioning core labs and shared equipment relevant to all aspects of development of our gene-based product candidates. In these labs TapImmune staff discovered and started the development of our Polystart™ nucleic acid-based expression vector technology and have begun to move it towards the clinic. In addition, we now have the capabilities to produce and test a range of proprietary Polystart™ -based expression vectors for both cancer and infectious disease and to expand our external collaborations. Importantly, the development of Polystart™ has allowed us to significantly enhance our intellectual property portfolio.

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.

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, 2014 Compared to Three Months Ended June 30, 2013

We are a development stage company. We recorded a net income of $753,000 during the three months ended June 30, 2014 compared to a net loss of $871,000 for the three months ended June 30, 2013.

Operating costs decreased to $511,000 during the three months ended June 30, 2014 compared to $675,000 in the prior period. Significant changes in operating expenses are outlined as follows:

- Consulting fees increased to $56,000 during the three months ended June 30, 2014 from $36,000 during the prior period, due primarily to increased business development activity during the current period.
- Consulting fees – stock-based increased to $105,000 during the three months ended June 30, 2014 from $16,000 during the prior period. The higher current period expense is primarily due to increased share based payments to the consultants compared to the prior period.
- General and administrative expenses increased to $109,000 in the three months ended June 30, 2014 from $88,000 in the prior period, due to higher investor relations related activities in the current period.
- Interest and finance charges decreased to $33,000 during the three months ended June 30, 2014 from $291,000 during the prior period. Current and prior period interest charges are primarily interest accruals and accretion of debt discounts.
- Management fees – stock-based decreased to $4,000 during the three months ended June 30, 2014 from $12,000 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 $123,000 during the three months ended June 30, 2014 from $119,000 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 $23,000 during the three months ended June 30, 2014 from $54,000 during the prior period. This was due to lower technology licensing fee and initiation of preclinical studies in the current period.

Foreign exchange loss was $nil during the three months ended June 30, 2014 compared to a loss of $7,000 in the prior period as there were no expenses incurred in EUROs in the current period.

During the three months ended June 30, 2014, we incurred a non-cash gain on settlement of debt in the amount of $920,000.

Six Months Ended June 30, 2014 Compared to Six Months Ended June 30, 2013

We recorded a net loss of $28,954,000 during the six months ended June 30, 2014 compared to $1,312,000 for the six months ended June 30, 2013.

Operating costs decreased to $1,733,000 during the six months ended June 30, 2014 compared to $1,790,000 in the prior period. Significant changes in operating expenses are outlined as follows:

- Consulting fees increased to $91,000 during the six months ended June 30, 2014 from $66,000 during the prior period, due primarily to increased business development activity in the current period.
- Consulting fee - stock-based increased to $792,000 during the six months ended June 30, 2014 from $84,000 during the prior period. The higher current period expense is primarily due to increased share based payments to the consultants compared to the prior period.
- General and administrative expenses increased slightly to $304,000 in the six months ended June 30, 2014 from $295,000 in the prior period, due to higher investor relations related activities in the current period.
- Interest and finance charges decreased to $68,000 during the six months ended June 30, 2014 from $626,000 during the prior period. Current and prior period interest charges are primarily accretion of convertible debt notes.
- Management fees – stock-based decreased to $8,000 during the six months ended June 30, 2014 from $27,000 during the prior period. The current and prior period expense consists of the fair value of option grants earned during the period.
- Professional fees decreased to $309,000 during the six months ended June 30, 2014 from $385,000 during the prior period, due to lower legal fees incurred relating to debt issuance and other legal matters in the current period.
- Research and development decreased to $45,000 during the six months ended June 30, 2014 from $189,000 during the prior period. This was due to lower technology licensing fee and initiation of preclinical studies in the current period.

During the six months ended June 30, 2014, we incurred a non-cash loss on settlement of debt in the amount of $26,743,197.

Liquidity and Capital Resources

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

	June 30, 2014	**December 31, 2013**
Cash reserves	$ 20,647	$ 49,000
Working capital (deficit)	$ (2,562,606)	$ (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 June 30, 2014, we had $21,000 of cash on hand and a working capital deficit of $2,563,000. 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 19,100,000 shares outstanding, providing us with 480,900,000 authorized but unissued shares of common stock to proceed with additional capital raises through the sale of common stock.

Approximately $6,000,000 of debt and bridge debt has been converted into common shares.

The market and 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 to present to the investor community and we expect to attract the financial backing of some of the most respected names in life science to aid us in executing our product development plans and to provide fuel for our growth. For 2014, we have ambitious plans to advance and deepen our pipeline as we expand operations, explore strategic business development opportunities and up-list to a NASDAQ Market if we meet the necessary criteria. If we are not able to obtain financing in the amounts required or on terms that are acceptable to us, we may be forced to scale back or abandon certain elements of our plan of operations.

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 six months ended June 30, 2014 was $611,000 compared to $620,000 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 six months ended June 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 six months ended June 30, 2014 was $584,000 compared to $631,000 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.

At June 30, 2014, we had 65,430 stock options and 234,285 share purchase warrants outstanding. The outstanding stock options had a weighted average exercise price of $18.00 per share, with the warrants having a weighted average exercise price of $15.61 per share. Accordingly, as of June 30, 2014, the outstanding options and warrants represented a total of 299,714 shares issuable for proceeds of approximately $6,190,000 if these options and warrants were exercised in full. The exercise of these options and warrants is completely at the discretion of the holders. There is no assurance that any of these options or warrants will be exercised.

As of June 30, 2014, we anticipate that we will need significant financing to enable us to meet our anticipated expenditures for the next 24 months, which are expected to be in the range of $7,500,000 assuming a single Phase 1 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 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 June 30, 2014, we had accumulated losses of $84,380,000 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.

Critical Accounting Policies

Our consolidated financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

See Note 2 of our consolidated financial statements for our Year Ended December 31, 2013 for a summary of significant accounting policies.

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 six months ended June 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 June 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.

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: August 19, 2014.

Exhibit 31.1

CERTIFICATION

I, Glynn Wilson, certify that:

(1) I have reviewed this Report on Form 10-Q for the quarterly period ended June 30, 2014 of TapImmune Inc.;

(2) Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

(3) Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurances regarding the reliability of financial reporting in the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2014.

/s/ Glynn Wilson
By: **Glynn Wilson**
Title: Chairman, Chief Executive Officer, Principal Executive Officer and Acting Principal Accounting Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Glynn Wilson, the Principal Executive Officer and Acting Principal Accounting Officer of TapImmune Inc. (the "Company") hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge, the Report on Form 10-Q of TapImmune Inc., for the quarterly period ended June 30, 2014 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of TapImmune Inc.

Date: August 19, 2014.

/s/ Glynn Wilson
Glynn Wilson
Chairman, Chief Executive Officer,
Principal Executive Officer and Acting Principal Accounting Officer