

IMMUNOCELLULAR THERAPEUTICS, LTD.

FORM 10-Q (Quarterly Report)

Filed 08/22/16 for the Period Ending 06/30/16

Address	23622 CALABASAS ROAD SUITE 300 CALABASAS, CA 91302
Telephone	818-264-2300
CIK	0000822411
Symbol	IMUC
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-35560

ImmunoCellular Therapeutics, Ltd.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**23622 Calabasas Road, Suite 300
Calabasas, California**

(Address of principal executive offices)

93-1301885

(IRS Employer
Identification No.)

91302

(Zip code)

(818) 264-2300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 No

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

The Issuer had 127,945,802 shares of its common stock outstanding as of August 17, 2016 .

ImmunoCellular Therapeutics, Ltd.

FORM 10-Q

Table of Contents

	<u>Page</u>
<u>PART I</u>	
<u>FINANCIAL INFORMATION</u>	<u>3</u>
<u>Item 1: Condensed Consolidated Financial Statements</u>	<u>3</u>
<u>Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
<u>Item 3: Quantitative and Qualitative Disclosures About Market Risk</u>	<u>26</u>
<u>Item 4: Controls and Procedures</u>	<u>26</u>
<u>PART II</u>	
<u>OTHER INFORMATION</u>	<u>26</u>
<u>Item 1: Legal Proceedings</u>	<u>26</u>
<u>Item 1A: Risk Factors</u>	<u>26</u>
<u>Item 2: Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>27</u>
<u>Item 3: Defaults Upon Senior Securities</u>	<u>27</u>
<u>Item 4: Mine Safety Disclosures</u>	<u>27</u>
<u>Item 5: Other Information</u>	<u>27</u>
<u>Item 6: Exhibits</u>	<u>28</u>
<u>SIGNATURES</u>	<u>29</u>
<u>EXHIBIT INDEX</u>	<u>30</u>

PART 1
FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

ImmunoCellular Therapeutics, Ltd.
Condensed Consolidated Balance Sheets

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,948,858	\$ 22,604,481
Supplies for clinical trials	1,661,658	1,158,632
Other assets	767,020	797,425
Total current assets	14,377,536	24,560,538
Property and equipment, net	143,974	180,922
Supplies for clinical trials	1,067,731	1,115,657
Deposits	3,449,006	4,176,280
Deferred financing costs	228,103	48,977
Total assets	\$ 19,266,350	\$ 30,082,374
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 709,167	\$ 1,161,258
Accrued compensation and benefits	330,925	790,487
Accrued liabilities	601,658	317,653
Total current liabilities	1,641,750	2,269,398
CIRM liability	4,680,728	4,133,905
Warrant liability	1,063,335	1,958,775
Total liabilities	7,385,813	8,362,078
Commitments and contingencies (Note 5)		
Shareholders' equity:		
Common stock, \$0.0001 par value; 249,000,000 shares authorized; 93,395,802 and 90,310,149 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	9,340	9,031
Additional paid-in capital	96,971,853	95,849,005
Accumulated deficit	(85,100,656)	(74,137,740)
Total shareholders' equity	11,880,537	21,720,296
Total liabilities and shareholders' equity	\$ 19,266,350	\$ 30,082,374

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

ImmunoCellular Therapeutics, Ltd.
Condensed Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended June 30, 2016	For the Three Months Ended June 30, 2015	For the Six Months Ended June 30, 2016	For the Six Months Ended June 30, 2015
Revenues	\$ —	\$ —	\$ —	\$ —
Expenses:				
Research and development	4,433,222	2,299,903	9,170,797	4,365,862
General and administrative	1,049,815	1,087,686	2,149,647	2,122,847
Total expenses	5,483,037	3,387,589	11,320,444	6,488,709
Loss before other income (expense)				
and taxes	(5,483,037)	(3,387,589)	(11,320,444)	(6,488,709)
Interest income	6,397	5,653	8,911	8,910
Interest expense	(281,996)	—	(546,823)	—
Financing expense	(16,595)	—	(31,231)	(88,939)
Change in fair value of warrant liability	445,660	227,206	926,671	1,989,162
Loss before provision for income taxes	(5,329,571)	(3,154,730)	(10,962,916)	(4,579,576)
Provision for income taxes	—	—	—	—
Net loss	\$ (5,329,571)	\$ (3,154,730)	\$ (10,962,916)	\$ (4,579,576)
Net loss per share	\$ (0.06)	\$ (0.03)	\$ (0.12)	\$ (0.05)
Weighted average number of shares outstanding basic and diluted:	92,878,262	90,254,823	92,072,062	84,070,845

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

ImmunoCellular Therapeutics, Ltd.
Condensed Consolidated Statements of Shareholders' Equity (Deficit)
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance at December 31, 2015	90,310,149	\$ 9,031	\$ 95,849,005	\$ (74,137,740)	\$ 21,720,296
Common stock issued through controlled equity offering at an average of \$0.25 per share net of offering costs	3,085,653	309	641,901	—	642,210
Stock based compensation	—	—	480,947	—	480,947
Net loss	—	—	—	(10,962,916)	(10,962,916)
Balance at June 30, 2016	93,395,802	\$ 9,340	\$ 96,971,853	\$ (85,100,656)	\$ 11,880,537

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

ImmunoCellular Therapeutics, Ltd.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Six Months Ended June 30, 2016	For the Six Months Ended June 30, 2015
Cash flows from operating activities:		
Net loss	\$ (10,962,916)	\$ (4,579,576)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	40,963	13,285
Change in fair value of warrant liability	(926,671)	(1,989,162)
Financing expense	31,231	88,939
Stock-based compensation	480,947	429,964
Accrued interest on CIRM award	546,823	—
Changes in assets and liabilities:		
Other assets	595,679	(403,344)
Supplies for clinical trials	(293,100)	—
Accounts payable	(531,531)	130,199
Accrued compensation and benefits	(459,562)	(43,787)
Accrued liabilities	284,005	(554,045)
Net cash used in operating activities	(11,194,132)	(6,907,527)
Cash flows from investing activities:		
Purchase of property and equipment	(4,015)	(6,443)
Net cash used in investing activities	(4,015)	(6,443)
Cash flows from financing activities:		
Proceeds from the issuance of common stock	691,187	—
Deferred financing costs	(148,663)	—
Proceeds from issuance of common stock and warrants net of offering costs	—	14,599,627
Net cash provided by financing activities	542,524	14,599,627
(Decrease) increase in cash and cash equivalents	(10,655,623)	7,685,657
Cash and cash equivalents, beginning of period	22,604,481	23,222,296
Cash and cash equivalents, end of period	\$ 11,948,858	\$ 30,907,953
Supplemental cash flows disclosures:		
Interest expense paid	—	—
Income taxes paid	—	—
Supplemental non-cash financing disclosures:		
Deferred offering costs included in accounts payable	\$ 79,440	\$ —

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

ImmunoCellular Therapeutics, Ltd.

Notes to Unaudited Condensed Consolidated Financial Statements

1. Nature of Organization (Planned Principal Operations Have Not Commenced)

ImmunoCellular Therapeutics, Ltd. (the Company) is seeking to develop and commercialize new therapeutics to fight cancer using the immune system. These condensed consolidated financial statements include the Company's wholly owned subsidiaries, ImmunoCellular Bermuda, Ltd. in Bermuda and ImmunoCellular Therapeutics (Ireland) Limited and ImmunoCellular Therapeutics (Europe) Limited in Ireland, which were formed during 2014.

The Company has been primarily engaged in the acquisition of certain intellectual property, together with development of its immunotherapy product candidates and the recent clinical testing activities for one of its immunotherapy product candidates, and has not generated any recurring revenues. The Company has begun Phase 3 testing of its lead product candidate, ICT-107. The Company has two other product candidates, ICT-140 and ICT-121, both with investigational new drug (IND) applications active at the US Food and Drug Administration (FDA). Currently, the Company has suspended development of ICT-140 until the Company has either secured a partner for the program or sufficient financial resources to complete the ICT-107 Phase 3 program. Additionally, the Company has acquired the rights to technology for the development of certain stem cell immunotherapies for the treatment of cancer. The Company has incurred operating losses and, as of June 30, 2016, the Company had an accumulated deficit of \$85,100,656. The Company expects to incur significant research, development and administrative expenses before any of its products can be launched and recurring revenues generated.

The Company's activities are subject to significant risks and uncertainties, including the failure of any of the Company's product candidates to achieve clinical success or to obtain regulatory approval. Additionally, it is possible that other companies with competing products and technology might obtain regulatory approval ahead of the Company. The Company will need significant amounts of additional funding in order to complete the development of any of its product candidates and the availability and terms of such funding cannot be assured.

Interim Results

The accompanying condensed consolidated financial statements as of June 30, 2016 and for the three and six month periods ended June 30, 2016 and 2015 are unaudited, but include all adjustments, consisting of normal recurring entries, which the Company's management believes to be necessary for a fair presentation of the periods presented. Interim results are not necessarily indicative of results for a full year. Balance sheet amounts as of December 31, 2015 have been derived from the Company's audited financial statements included in its Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission (SEC) on March 30, 2016.

The condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements in its Form 10-K for the year ended December 31, 2015. The Company's operating results will fluctuate for the foreseeable future. Therefore, period-to-period comparisons should not be relied upon as predictive of the results in future periods.

2. Summary of Significant Accounting Policies

Basis of presentation and going concern - The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Since inception, the Company has been engaged in research and development activities and has not generated any cash flows from operations. Through June 30, 2016, the Company has incurred accumulated losses of \$85,100,656 and as of June 30, 2016, the Company had \$11,948,858 of cash. In addition, the Company raised approximately \$7.5 million of gross proceeds from its recent offering and an additional \$1.5 million in connection with the CIRM award that occurred subsequent to June 30, 2016. However, the Company expects that it will not have enough cash resources to fund the business for the next 12 months. Successful completion of the Company's research and development activities, and its transition to attaining profitable operations, is dependent upon obtaining additional financing. Additional financing may not be available on acceptable terms or at all. If the Company issues additional equity securities to raise funds, the ownership percentage of existing stockholders would be reduced. New investors may demand rights,

preferences or privileges senior to those of existing holders of common stock. If the Company cannot raise funds, it might be forced to make substantial reductions in the on-going clinical trials thereby damaging the Company's reputation in the biotech and medical communities, which could adversely affect the Company's ability to implement its business plan and its viability. These factors raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

The Company plans to improve its liquidity by obtaining additional financing through the issuance of financial instruments such as equity and warrants or through the receipt of grants and awards.

Principles of Consolidation - The condensed consolidated balance sheets include the accounts of the Company and its subsidiaries. The consolidated statements of operations include the Company's accounts and the accounts of its subsidiaries from the date of acquisition. All intercompany transactions and balances have been eliminated in consolidation.

Cash and cash equivalents - The Company considers all highly liquid instruments with an original maturity of 90 days or less at acquisition to be cash equivalents. As of June 30, 2016 and December 31, 2015, the Company had \$7,967,861 and \$21,818,229, respectively, of certificates of deposit. The Company places its cash and cash equivalents with various banks in order to maintain FDIC insurance on all of its investments.

Supplies - Supplies are stated at the lower of cost or market, with cost determined by the first-in, first-out basis and consist of items that will be used in the Company's ongoing clinical trials. Management analyzes historical and prospective usage to estimate obsolescence and did not record any reserve for obsolescence during the three and six month periods ended June 30, 2016. Additionally, management has estimated supply usage in the next twelve months to determine the balance sheet classification between current and non-current.

Property and Equipment - Property and equipment are stated at cost and depreciated using the straight-line method based on the estimated useful lives (generally three to five years) of the related assets. Computer and computer equipment are depreciated over three years. Management continuously monitors and evaluates the realizability of recorded long-lived assets to determine whether their carrying values have been impaired. The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the nondiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Any impairment loss is measured by comparing the fair value of the asset to its carrying amount. Repairs and maintenance costs are expensed as incurred.

Research and Development Costs - Research and development expenses consist of costs incurred for direct research and development and are expensed as incurred.

Stock Based Compensation - The Company records the cost for all share-based payment transactions in the Company's consolidated financial statements. Stock option grants issued to employees and officers and directors were valued using the Black-Scholes pricing model.

Fair value was estimated at the date of grant using the following weighted average grant date assumptions:

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Risk-free interest rate	1.3%	1.8%
Expected dividend yield	None	None
Expected life	6.0 years	6.6 years
Expected volatility	82.7%	94.2%
Expected forfeitures	—%	—%

The risk-free interest rate used is based on the implied yield currently available in U.S. Treasury securities at maturity with an equivalent term. The Company has not declared or paid any dividends and does not currently expect to do so in the future. The expected term of options represents the period that our stock-based awards are expected to be outstanding and was determined based on projected holding periods for the remaining unexercised options. Consideration was given to the contractual terms of our stock-based awards, vesting schedules and expectations of future employee behavior. The expected volatility is based upon the historical volatility of the Company's common stock. Forfeitures are accounted for when they occur.

The Company's stock price volatility and option lives involve management's best estimates, both of which impact the fair value of the option calculated and, ultimately, the expense that will be recognized over the life of the option.

When options are exercised, our policy is to issue reserved but previously unissued shares of common stock to satisfy share option exercises. As of June 30, 2016, the Company had 111,165,945 shares of authorized and unreserved common stock.

No tax benefits were attributed to the stock-based compensation expense because a valuation allowance was maintained for all net deferred tax assets.

Income Taxes – The Company accounts for federal and state income taxes under the liability method, with a deferred tax asset or liability determined based on the difference between the financial statement and tax basis of assets and liabilities, as measured by the enacted tax rates. The Company's provision for income taxes represents the amount of taxes currently payable, if any, plus the change in the amount of net deferred tax assets or liabilities. A valuation allowance is provided against net deferred tax assets if recoverability is uncertain on a more likely than not basis. As of June 30, 2016 and December 31, 2015, the Company fully reserved its deferred tax assets. The Company recognizes in its financial statements the impact of an uncertain tax position if the position will more likely than not be sustained upon examination by a taxing authority, based on the technical merits of the position. The Company's policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as operating expenses. As of June 30, 2016, the Company had no unrecognized tax benefits and as such, no liability, interest or penalties were required to be recorded. The Company does not expect this to change significantly in the next twelve months. The Company has determined that its main taxing jurisdictions are the United States of America and the State of California. The Company is not currently under examination by any taxing authority nor has it been notified of a pending examination. The Company's tax returns are generally no longer subject to examination for the years before December 31, 2010 for the state and December 31, 2011 for the federal taxing authority.

During 2014, the Company licensed the non-U.S. rights to a significant portion of its intellectual property to its Bermuda-based subsidiary for approximately \$11.0 million. The fair value of the intellectual property rights was determined by an independent third party. The proceeds from this sale represented a gain for U.S. tax purposes and were offset by current year losses and net operating loss carryforwards. However, the Internal Revenue Service, or the IRS, or the California Franchise Tax Board, or the CFTB, could challenge the valuation of the intellectual property rights and assess a greater valuation, which would require the Company to utilize a larger portion, or all, of its available net operating losses. If an IRS or a CFTB valuation exceeds the available net operating losses, the Company would incur additional income taxes. The Company's ability to use its net operating losses is subject to the limitations of IRS Section 382, as well as expiration of federal and state net operating loss carryforwards.

Fair Value of Financial Instruments – The carrying amounts reported in the balance sheets for cash, cash equivalents, and accounts payable approximate their fair values due to their quick turnover. The fair value of warrant derivative liability is estimated using the Binomial Lattice option valuation model.

Fair value for financial reporting is defined 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. The Company utilizes 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. The three levels of inputs that may be used to measure fair value are as follows:

Level 1—quoted prices in active markets for identical assets or liabilities

Level 2—quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3—inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Warrant liabilities represent the only financial assets or liabilities recorded at fair value by the Company. The fair value of warrant liabilities are determined based on Level 3 inputs.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions about the future outcome of current transactions which may affect the reporting and disclosure of these transactions. Accordingly, actual results could differ from those estimates used in the preparation of these consolidated financial statements.

Reclassification - Certain prior year amounts included in the prior year consolidated financial statements have been reclassified to conform to the current year presentation.

The following critical accounting policies affect the Company's more significant judgments and estimates used in the preparation of these consolidated financial statements:

Stock-Based Compensation - Stock-based compensation expense is estimated as of the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which generally equals the vesting period, based on the number of awards that are expected to vest. Estimating the fair value for stock options requires judgment, including the expected term of the Company's stock options, volatility of the Company's stock, expected dividends, risk-free interest rates over the expected term of the options and the expected forfeiture rate. In connection with performance based programs, the Company makes assumptions principally related to the number of awards that are expected to vest after assessing the probability that certain performance criteria will be met.

Warrant Liability - The fair value of warrant liability is estimated using the Binomial Lattice option valuation model. The use of the Binomial Lattice option valuation model requires estimates including the volatility of the Company's stock, risk-free rates over the expected term of warrants and early exercise of the warrants.

Basic and Diluted Loss per Common Share - Basic and diluted loss per common share are computed based on the weighted average number of common shares outstanding. Common share equivalents (which consist of options and warrants) are excluded from the computation, since the effect would be antidilutive. Common share equivalents which could potentially dilute earnings per share, and which were excluded from the computation of diluted loss per share, totaled 37,120,034 shares and 39,032,089 shares at June 30, 2016 and 2015, respectively.

Recently Issued Accounting Standards - In August 2014, the FASB issued ASU No. 2014-15, which applies to entities that have substantial doubt about their ability to continue as a going concern. This update requires management to assess the probability about the entity's ability to remain as a going concern for a period of one year from the date the financial statements are ready to be issued. Depending on management's conclusions about the entity's ability to remain as a going concern, the entity must make certain disclosures in its financial statements. This ASU is effective for annual periods beginning after December 15, 2016. The adoption of this ASU is not expected to have a material impact on the Company's consolidated results of operations, financial condition or liquidity.

In February 2016, the FASB issued ASU No. 2016-02, which requires lessees to recognize in the balance sheets, a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term (the lease asset). For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This ASU is effective for fiscal years beginning after December 15, 2018. The adoption of this ASU is not expected to have a material impact on the Company's consolidated results of operations, finance condition or liquidity.

In March 2016, the FASB issued ASU No. 2016-09, which simplifies some of the rules relating to the accounting for stock options. Among other items, this update permits entities to account for stock option forfeitures when they occur unlike the current practice that requires estimation of forfeitures at the time of issuance. This ASU is effective for annual periods beginning after December 15, 2016, and early adoption is permitted. The Company has adopted this ASU, which has not had a material impact on the Company's consolidated results of operations, financial condition or liquidity.

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

3. Property and Equipment

Property and equipment consist of the following:

	June 30, 2016	December 31, 2015
Computers	\$ 70,960	\$ 66,945
Research equipment	305,066	305,066
	376,026	372,011
Accumulated depreciation	(232,052)	(191,089)
	<u>\$ 143,974</u>	<u>\$ 180,922</u>

Depreciation expense was \$20,593 and \$6,592 for the three months ended June 30, 2016 and 2015, respectively. Additionally, depreciation expense was \$40,963 and \$13,285 for the six months ended June 30, 2016 and 2015, respectively.

4. Related-Party Transactions

Cedars-Sinai Medical Center License Agreement

Dr. John Yu, our Chief Scientific Officer and former interim Chief Executive Officer, is a neurosurgeon at Cedars-Sinai Medical Center (Cedars-Sinai).

On May 13, 2015, the Company entered into an Amended and Restated Exclusive License Agreement (the Amended License Agreement) with Cedars-Sinai. Pursuant to the Amended License Agreement, the Company acquired an exclusive, worldwide license from Cedars-Sinai to certain patent rights and technology developed in the course of research performed at Cedars-Sinai into the diagnosis of diseases and disorders in humans and the prevention and treatment of disorders in humans utilizing cellular therapies, including dendritic cell-based vaccines for brain tumors and other cancers and neurodegenerative disorders. Under the Amended License Agreement, the Company will have exclusive rights to, among other things, develop, use, manufacture, sell and grant sublicenses to the licensed technology.

The Company has agreed to pay Cedars-Sinai specified milestone payments related to the development and commercialization of ICT-107, ICT-121 and ICT-140. The Company will be required to pay to Cedars-Sinai \$1.0 million upon first commercial sale of the Company's first product. The Company will pay Cedars-Sinai single digit percentages of gross revenues from the sales of products and high-single digit to low-double digit percentages of the Company's sublicensing income based on the licensed technology. During the six months ended June 30, 2016, the Company incurred \$100,000 of licensing fees to Cedars-Sinai. No licensing fees were incurred during the six months ended June 30, 2015.

The Amended License Agreement will terminate on a country-by-country basis on the expiration date of the last-to-expire licensed patent right in each such country. Either party may terminate the Amended License Agreement in the event of the other party's material breach of its obligations under the Agreement if such breach remains uncured 60 days after such party's receipt of written notice of such breach. Cedars-Sinai may also terminate the Amended License Agreement upon 30 days' written notice to the Company that a required payment by the Company to Cedars-Sinai under the Amended License Agreement is delinquent.

The Company has also entered into various sponsored research agreements with Cedars-Sinai and has paid an aggregate of approximately \$1.2 million. The last agreement concluded on March 19, 2014 at an incremental cost of \$126,237. During the six months ended June 30, 2016 and 2015, Cedars-Sinai did not perform any research activities on behalf of the Company.

5. Commitments and Contingencies

SEC Investigation

The Company has agreed in principle with the staff of the SEC on a proposed settlement framework related to an investigation principally of the Company's former Chief Executive Officer involving conduct between November 2011 and August 2012 regarding the publication of articles without disclosing that they were paid for by the Company or investor relations firms hired by the Company. The Company would consent to the entry of an administrative order requiring that it cease and desist from any future violations of Sections 5, 17(a), and 17(b) of the Securities Act of 1933, as amended, and Section 10(b) of the Securities Exchange Act of 1934, as amended, subject to approval by the Commissioners of the SEC, without admitting or denying any allegations. The proposed settlement also involves the adoption of certain corporate governance amendments to the Company's policies and practices, in particular as it relates to the retention of investor relations and public relations firms. The proposed settlement is contingent upon execution of a formal offer of settlement and approval by the Commissioners of the SEC, neither of which can be assured. Based upon the settlement framework with the staff of the SEC, the Company has not accrued and does not currently expect to accrue a liability related to this matter. However, any final settlement must be approved by the Commission. If the Commission does not approve the settlement, the Company may need to enter into further discussions with the SEC to resolve the investigated matters on different terms and conditions. As a result, there can be no assurance as to the final terms of any settlement including its financial impact or any future adjustment to the financial statements.

Commitments

In an effort to expand the Company's intellectual property portfolio to use antigens to create personalized vaccines, the Company has entered into various intellectual property and research agreements. Those agreements are long-term in nature and are discussed below. In addition to the vendors described below, the Company has deposits with other vendors.

Sponsored Research Agreements

In an effort to expand the Company's intellectual property portfolio to use antigens to create personalized immunotherapies, the Company has entered into various intellectual property and research agreements. Those agreements are long-term in nature and are discussed below.

Novella Clinical LLC

On June 30, 2015, the Company entered into a Master Clinical Research Services Agreement with Novella Clinical LLC (Novella Clinical) to conduct the Phase 3 registration trial of IC T-107. Novella Clinical is a full-service, global clinical research organization providing clinical trial services to small and mid-sized oncology companies. Novella Clinical will supervise the trial in the United States, Europe and Canada and will recruit 414 patients with newly diagnosed glioblastoma. As of June 30, 2016, the Company has deposits of \$3,255,772 with Novella Clinical that will be applied against the final trial related invoices. Since the trial is not expected to be completed within the next twelve months, this amount is included in deposits and reflected as a non-current asset on the June 30, 2016 balance sheet. The Company may terminate this agreement upon 60 days' notice.

ICON (formerly known as Aptiv Solutions)

The Company has contracted with ICON to provide certain services related to the Company's IC T-107 Phase 2 trial. The original agreement was entered into in August of 2010. On September 17, 2013, the Company entered into a Master Services Agreement with ICON to provide certain services related to the Company's products under development. Simultaneously, the Company and ICON entered into Project Agreement Number 1 for the ICT-140 Phase 2 trial that provides for payments of approximately \$2.7 million until completion of the services described therein. On May 6, 2014, the Company and ICON entered into Amendment # 1 to Project Agreement Number 1 to amend the project schedule and provide additional services for an additional fee of \$170,004. On August 21, 2014, the Company and ICON entered into Amendment #2 to Project Agreement Number 1 to amend the project schedule and replace the aggregate budget. The total aggregate fee pursuant to the original agreement and the two modifications is \$3.5 million. Currently, the Company has suspended development of ICT-140 and, therefore, there is no ongoing commitment related to this program. On July 17, 2014, the Company and ICON entered into Project Agreement CD -133 for the ICT-121 Phase 1 trial that provides for payments of approximately \$2.3 million until completion of the services described therein. As of June 30, 2016, the Company has deposits of \$308,224 with ICON that are included in other current assets. The Company may terminate this trial upon 60 days' notice.

Licensing Agreements

The Johns Hopkins University Licensing Agreement

On February 23, 2012, the Company entered into an Exclusive License Agreement, effective as of February 16, 2012, with The Johns Hopkins University (JHU) under which it received an exclusive, worldwide license to JHU's rights in and to certain intellectual property related to mesothelin-specific cancer immunotherapies. The Company is advancing a cancer immunotherapy program using JHU and other intellectual property according to commercially reasonable development timeline. If successful and a product ultimately is registered, the Company will either sell the product directly or via a third-party partnership.

Pursuant to the License Agreement, the Company agreed to pay an upfront licensing fee in the low hundreds of thousands of dollars, payable half in cash and half in shares of its common stock in two tranches, within 30 days of the effective date of the License Agreement and upon issuance of the first U.S. patent covering the subject technology. Annual minimum royalties or maintenance fees increase over time and range from low tens of thousands to low hundreds of thousands of dollars. In addition, the Company has agreed to pay milestone license fees upon completion of specified milestones, totaling single digit millions of dollars if all milestones are met. Royalties based on a low single digit percentage of net sales are also due on direct sales, while third party sublicensing payments will be shared at a low double digit percentage.

The Company and JHU each have termination rights that include termination for any reason and for reasons relating to specific performance or financial conditions. Effective September 24, 2013, the Company entered into an Amendment No. 1 to the Exclusive License Agreement that updated certain milestones. Effective August 7, 2015, the Company entered into a Second Amendment to the Exclusive License Agreement that amended certain sections of the License Agreement and further updated certain milestones.

Torrey Pines

On October 1, 2012, the Company entered into a Contract Services Agreement with Torrey Pines under which the Company has engaged Torrey Pines to determine the immunogenicity of certain peptides that are used in conjunction with the Company's ICT-107 Phase 2 trial and in the development of ICT-140. The Company agreed to pay an upfront nonrefundable and noncreditable fee and is obligated to pay the remainder at the conclusion of the contract. On April 1, 2013, the Company and Torrey Pines expanded the scope of work to be completed by Torrey Pines under an additional Contract Services Agreement. This supplemental agreement provided for the Company to pay an upfront fee and additional fees at the conclusion of the contract. On April 1, 2014, the Company and Torrey Pines entered into an Amended and Restated Contract Services Agreement for Torrey Pines to perform certain additional services in connection with the Company's vaccine technologies.

California Institute of Technology

On September 9, 2014, the Company entered into an Exclusive License Agreement with the California Institute of Technology under which the Company acquired exclusive rights to novel technology for the development of certain antigen specific stem cell immunotherapies for the treatment of cancers.

Pursuant to the License Agreement, the Company agreed to pay a one time license fee, a minimum annual royalty based on a low single digit percentage of net revenues and an annual maintenance fee in the low tens of thousands of dollars. In addition, the Company has agreed to make certain milestone payments upon completion of specified milestones.

Cedars-Sinai Medical Center

In connection with the Cedars-Sinai Medical Center License Agreement and sponsored research agreement, the Company has certain commitments as described in Note 4.

Manufacturing

PharmaCell B.V.

In March 2015, the Company entered into an Agreement for GMP manufacturing of ICT-107 with PharmaCell B.V. (PharmaCell), pursuant to which PharmaCell will provide contract manufacturing services for the European production of ICT-107, a dendritic cell immunotherapy for the treatment of newly diagnosed glioblastoma.

The Company will pay for manufacturing services performed by PharmaCell under the Agreement pursuant to statements of work entered into from time to time. The Company may unilaterally terminate the Agreement upon 90 days' written notice to PharmaCell, or 30 days' written notice in the event of a clinical hold or other suspension or early termination of a clinical trial. PharmaCell may terminate the Agreement in certain circumstances upon 90 days' written notice to the Company. Either party may terminate the Agreement in the event of the other party's insolvency or for the other party's material breach of its obligations under the Agreement if such breach remains uncured after 30 days of receiving written notice of such breach. Absent early termination, the Agreement will continue until all services under applicable statements of work have been completed.

PCT, LLC

On June 11, 2015, the Company entered into a Services Agreement with PCT, LLC, a Caladrius Company (PCT), a subsidiary of Caladrius Biosciences, Inc.

Pursuant to the terms of the Agreement, PCT will provide current good manufacturing practice (cGMP) services for the Phase 3 manufacture of ICT-107 and Phase 1 manufacture of ICT-121. PCT will provide, among other things, a controlled environment room on a semi-dedicated basis and qualified personnel to conduct runs as the parties mutually agree in writing

and schedule. PCT's facilities are registered with the FDA for testing; packaging; processing; storage; labeling and distribution of Peripheral Blood stem and Somatic Cell therapy products, and maintain cGMP-compliant quality systems.

The Company has agreed to pay monthly fees in connection with the use of a controlled environment room on a semi-dedicated basis and monthly fees for PCT personnel performing services under the Agreement.

Services to be performed under the Agreement terminate on the earlier of (i) December 31, 2018, (ii) the date the parties mutually agree, (iii) at any time following the earlier of the one year anniversary of the date on which the Company notifies PCT that services in the semi-dedicated controlled environment room are to commence and August 1, 2016, on the last day of the month following at least 120 days' written notice from the Company to PCT, or (iv) the last day of the month following at least 60 days' written notice from the Company to PCT that the Company has received a clinical hold issued by the FDA ordering the Company to suspend clinical trials for ICT-107. Either party may terminate the Agreement in the event of the other party's insolvency or for the other party's material breach of its obligations under the Agreement if such breach remains uncured after 30 days of receiving written notice of such breach.

Employment Agreements

The Company has employment agreements with its management that provide for a base salary, bonus and stock option grants. The aggregate annual base salary payable to this group is approximately \$1.3 million and the potential bonus is approximately \$450,000. During the six months ended June 30, 2016, the Company issued options to purchase an aggregate of 825,000 shares of common stock to its management at a weighted average exercise price of \$0.33 that vest over a period of 4 years. Additionally, during the six months ended June 30, 2016, the Company issued 285,000 restricted stock units of the Company's common stock that will vest in March 2018.

Operating Lease

The Company entered into a lease for office space effective June 15, 2013 and continuing through August 31, 2016 at an initial monthly rental of \$8,063. The monthly rental increases by 3% on each anniversary date of the lease. Rent for the months of August and September 2013 was abated. Rent expense was approximately \$54,000 and \$50,000 for the six months ended June 30, 2016 and 2015, respectively. During the quarter ended June 30, 2016, the Company extended this lease through August 31, 2017, at a monthly rental of \$8,554.

Future minimum rentals under the operating lease are as follows:

Years ending December 31,	Amount
2016	\$ 51,324
2017	68,432
Total	\$ 119,756

6. Shareholders' Equity

Underwritten Public Offering

In February 2015, the Company raised approximately \$14,500,000 (after commissions and offering expenses) from the sale of 26,650,000 shares of common stock and warrants to purchase 18,655,000 shares of common stock at an exercise price of \$0.66 per share, to various investors in an underwritten public offering. Each unit was priced at \$0.60. The warrants have a term of 60 months from the date of issuance. The warrants also provide for a weighted average adjustment to the exercise price if the Company issues or is deemed to issue additional shares of common stock at a price per share less than the then effective price of the warrants, subject to certain exceptions (see "Warrant Liability" below).

Controlled Equity Offering

On April 18, 2013, the Company entered into a Controlled Equity Offering SM Sales Agreement (the Sales Agreement) with Cantor Fitzgerald & Co. (Cantor), as agent, pursuant to which the Company may offer from time to time through Cantor, shares of our common stock having an aggregate offering price of up to \$25.0 million (of which only \$17.0 million was initially registered for offer and sale). Under the Sales Agreement, Cantor may sell shares by any method permitted by law and

deemed to be an “at-the-market” offering as defined in Rule 415 promulgated under the Securities Act, as amended, including sales made directly on the NYSE MKT, on any other existing trading market for our common stock or to or through a market maker. The Company may instruct Cantor not to sell shares if the sales cannot be effected at or above the price designated by us from time to time. The Company is not obligated to make any sales of the shares under the Sales Agreement. The offering of shares pursuant to the Sales Agreement will terminate upon the earlier of (a) the sale of all of the shares subject to the Sales Agreement or (b) the termination of the Sales Agreement by Cantor or the Company, as permitted therein. Cantor will receive a commission rate of 3.0% of the aggregate gross proceeds from each sale of shares and the Company has agreed to provide Cantor with customary indemnification and contribution rights. The Company will also reimburse Cantor for certain specified expenses in connection with entering into the Sales Agreement. On April 22, 2013, NYSE MKT approved the listing of 10,593,220 shares of our common stock in connection with the Sales Agreement. As of September 21, 2015, the registration statement previously filed with the SEC to facilitate the sale of registered shares of the Company's common stock under the Controlled Equity Offering expired. The Company filed a new registration statement with the SEC that was declared effective on January 19, 2016 to facilitate the sale of additional shares under the Controlled Equity Offering. Under the terms of the prospectus, the Company may sell up to \$15,081,494 of the Company's common stock through the aforementioned Controlled Equity Offering. Pursuant to Instruction I.B.6 to Form S-3 (the Baby Shelf Rules), the Company may not sell more than the equivalent of one-third of its public float during any 12 consecutive months so long as the Company's public float is less than \$75 million. During the six months ended June 30, 2016, the Company sold 3,085,653 shares of common stock that resulted in net proceeds of \$691,187, of which \$48,977 represented the recovery of deferred offering costs that had been incurred as of December 31, 2015. Subsequent to June 30, 2016, the Company completed an underwritten public offering. As a condition of the offering, the Company agreed not to sell shares pursuant to the Controlled Equity Offering for a period of 60 days after closing (See Note 10 - Subsequent Event). At June 30, 2016, the Company had \$14.3 million available to be sold under the Sales Agreement.

Stock Options

In February 2005, the Company adopted an Equity Incentive Plan (the Plan). Pursuant to the Plan, a committee appointed by the Board of Directors may grant, at its discretion, qualified or nonqualified stock options, stock appreciation rights and may grant or sell restricted stock to key individuals, including employees, nonemployee directors, consultants and advisors. Option prices for qualified incentive stock options (which may only be granted to employees) issued under the plan may not be less than 100% of the fair value of the common stock on the date the option is granted (unless the option is granted to a person who, at the time of grant, owns more than 10% of the total combined voting power of all classes of stock of the Company; in which case the option price may not be less than 110% of the fair value of the common stock on the date the option is granted). Option prices for nonqualified stock options issued under the Plan are at the discretion of the committee and may be equal to, greater or less than fair value of the common stock on the date the option is granted. The options vest over periods determined by the Board of Directors and are exercisable no later than ten years from date of grant (unless they are qualified incentive stock options granted to a person owning more than 10% of the total combined voting power of all classes of stock of the Company, in which case the options are exercisable no later than five years from date of grant). Initially, the Company reserved 6,000,000 shares of common stock for issuance under the Plan, which was subsequently increased by the Company's shareholders to 12,000,000 shares. Options to purchase 4,636,479 common shares have been granted under the Plan and are outstanding as of June 30, 2016. Additionally, 260,000 shares of restricted common stock have been granted to management and 40,000 shares of restricted common stock have been granted to members of the Company's Board of Directors under the Plan. This plan expired in January 2016.

On March 11, 2016, the Company's Board of Directors adopted the 2016 Equity Incentive Plan (the 2016 Plan) and reserved 10,000,000 shares of common stock for issuance under the 2016 Plan. The 2016 Plan was approved by the Company's stockholders at its 2016 Annual Meeting of Stockholders. During the six months ended June 30, 2016, the Company's Board of Directors granted 1,937,750 stock options and 314,500 restricted stock units to certain directors, officers and employees. The options have an exercise price equal to the closing stock price on the date of grant. The stock options vest over a period of four years and the restricted stock units vest over a period of two years.

The following table summarizes stock option activity for the Company during the six months ended June 30, 2016 :

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding December 31, 2015	10,719,904	\$ 1.18	—	—
Granted	1,937,750	\$ 0.29	—	—
Exercised	—	\$ —	—	—
Forfeited or expired	(57,968)	\$ 1.45	—	—
Outstanding June 30, 2016	12,599,686	\$ 1.05	3.72	\$ 51,345
Vested at June 30, 2016	8,820,320	\$ 1.22	1.63	\$ —

As of June 30, 2016, the total unrecognized compensation cost related to unvested stock options amounted to \$1.9 million, which will be recognized over the weighted average remaining requisite service period of approximately 14 months.

On March 11, 2016, the Company issued an aggregate of 314,500 restricted stock units to certain officers and employees. The shares will be fully vested on March 10, 2018. For accounting purposes, these shares were valued at \$0.33, which was the stock price on the date of grant, and will be expensed over the service period of two years from the date of grant.

Warrants

In connection with the sale of Preferred Stock in May 2010, the Company issued warrants to purchase 1,350,000 shares of the Company's common stock at an exercise price of \$2.50. The warrants had a five-year term from the date of issuance. On May 16, 2015, the remaining warrants to purchase 1,290,996 shares of the Company's common stock at \$2.50 expired. (See "Warrant Liability" below.)

In connection with the February 2011 common stock private placement, the Company issued to the investors warrants to purchase 2,818,675 shares of the Company's common stock at \$2.25 per share. The warrants had a five-year term from the date of issuance and contained a provision that provided for an adjustment to the exercise price in the event the Company completes an equity financing at a per share price of its common stock that is less than the adjusted exercise price. As a result of the January and October 2012 financings, the exercise price of the warrants was adjusted to \$1.87 and the number of warrants was proportionately increased to 2,823,670 net of exercises. As a result of the February 2015 underwritten public offering, the exercise price of the warrants was adjusted to \$1.44 and the number of warrants was proportionately increased to 3,666,836. On February 24, 2016, the remaining warrants to purchase 3,666,836 shares of the Company's common stock expired (See "Warrant Liability" below).

In connection with the January 2012 underwritten public offering, the Company issued to the investors warrants to purchase 4,744,718 shares of the Company's common stock at \$1.41 per share. The warrants have a five-year term from the date of issuance. These warrants qualify for equity treatment since they do not have any provisions that would require the Company to redeem them for cash or that would result in an adjustment to the number of warrants. As of June 30, 2016, warrants to purchase 1,418,575 shares of the Company's common stock remain outstanding relating to this public offering.

In connection with the October 2012 underwritten public offering, the Company issued to the investors warrants to purchase 4,500,000 shares of the Company's common stock at \$2.65 per share. The warrants have a five-year term from the date of issuance. These warrants qualify for equity treatment since they do not have any provisions that would require the Company to redeem them for cash or that would result in an adjustment to the number of warrants. As of June 30, 2016, warrants to purchase 4,446,775 shares of the Company's common stock remain outstanding relating to this public offering.

In connection with the February 2015 underwritten public offering, the Company issued to the investors warrants to purchase 18,655,000 shares of the Company's common stock at \$0.66 per share. The warrants have a five-year term from the date of issuance and contain a provision that provides for an adjustment to the exercise price in the event the Company completes an equity financing at a per share price of its common stock that is less than the adjusted exercise price. Accordingly, these warrants do not qualify for equity treatment. During the six months ended June 30, 2016, the exercise price was adjusted to \$0.64 to reflect the issuances pursuant to the Company's controlled equity offering and the Company recorded a charge to financing expense of \$31,231. As of June 30, 2016, warrants to purchase 18,655,000 shares of the Company's common stock remain outstanding relating to this public offering (See "Warrant Liability" below). Subsequent to June 30,

2016, the Company completed an underwritten public offering that will result in an adjustment to the exercise price of these warrants. The Company has not finalized the adjustment to the exercise price of these warrants as the adjustment is dependent on the valuation of the warrants that were issued as part of the August 2016 financing (See Subsequent Events - Note 10).

Warrant Liability

The Company's warrant liability is adjusted to fair value each reporting period and is influenced by several factors including the price of the Company's common stock as of the balance sheet date. On June 30, 2016, the price per share of Company's common stock was \$0.23 per share compared to \$0.36 per share at December 31, 2015.

In connection with the sale of Preferred Stock in May 2010, the Company issued to the investors warrants to purchase 1,350,000 shares of the Company's common stock at an exercise price of \$2.50 per share. Of the total proceeds from the May 2010 preferred stock sale, \$5,710,500 was allocated to the freestanding warrants associated with the units based upon the fair value of these warrants determined under the Black Scholes option pricing model. The warrants contained a provision whereby the warrant may be settled for cash in connection with a change of control with a private company. Due to the potential variability of their exercise price, these warrants did not qualify for equity treatment, and therefore were recognized as a liability. The warrant liability was adjusted to fair value each reporting period and any change in value was recognized in the statement of operations. Prior to 2011, the Company concluded that the Black-Scholes method of valuing the price adjustment feature does not materially differ from the valuation of such warrants using the Monte Carlo or binomial lattice simulation models, and therefore, the use of the Black-Scholes valuation model was considered a reasonable method to value the warrants. The assumptions used in the Black Scholes model for determining the initial fair value of the warrants were as follows: (i) dividend yield of 0%; (ii) expected volatility of 102%, (iii) risk-free interest rate of 2.50%, and (iv) contractual life of 60 months. Effective January 1, 2011, the Company determined that it was more appropriate to value the warrants using a binomial lattice simulation model. During the three months ended June 30, 2015, the Company recorded a credit to other income of \$7,746 to record the change in fair value of warrant liability. The remaining warrants expired during the three months ended June 30, 2015.

In connection with the February 2011 common stock private placement, the Company issued to the investors warrants to purchase 2,818,675 shares of the Company's common stock at \$2.25 per share. Of the total proceeds from the February 2011 common stock private placement, \$2,476,790 was allocated to the freestanding warrants associated with the units based upon the fair value of the warrants determined under the Binomial lattice model. The warrants contain a provision whereby the warrant exercise price would be decreased in the event that certain future common stock issuances are made at a price less than \$1.55. Due to the potential variability of their exercise price, these warrants do not qualify for equity treatment, and therefore are recognized as a liability. As a result of the January and October 2012 financings and shares sold through the Company's Controlled Equity Offering during 2014, the exercise price of the warrants was adjusted to \$1.79 and the number of warrants was proportionately increased to 2,949,867, net of exercises. As a result of the Company's February 2015 underwritten public offering, the exercise price of the warrants was adjusted to \$1.44 and the number of warrants was proportionately increased to 3,666,836. The warrant liability is adjusted to fair value each reporting period, and any change in value is recognized in the statement of operations. The Company initially valued these warrants using a binomial lattice simulation model assuming (i) dividend yield of 0%; (ii) expected volatility of 146%; (iii) risk free rate of 1.96% and (iv) expected term of 5 years. Based upon those calculations, the Company calculated the initial valuation of the warrants to be \$2,476,790. For the three months ended March 31, 2015, the Company recorded a credit to other income of \$634,910 to record the change in fair value of the warrant liability. The remaining warrants expired on February 24, 2016. The Company did not record a credit or charge to change in fair value of warrant liability in other income during the three and six months ended June 30, 2016.

In connection with the February 2015 underwritten public offering, the Company issued to the investors warrants to purchase 18,655,000 shares of the Company's common stock at \$0.66 per share. The warrants contain a provision whereby the warrant exercise price would be decreased in the event that certain future common stock issuances are made at a price less than \$0.66. Due to the potential variability of their exercise price, these warrants do not qualify for equity treatment, and therefore are recognized as a liability. The Company initially valued these warrants using a binomial lattice simulation model assuming (i) dividend yield of 0%; (ii) expected volatility of 97.0%; (iii) risk free rate of 1.53% and (iv) expected term of 5 years. Based upon these calculations, the Company calculated the initial valuation of the warrants to be \$4,197,375. For the three and six months ended June 30, 2015, the Company recorded a credit to other income of \$205,205 and \$1,324,505, respectively. As of June 30, 2016, the Company revalued the warrants using the binomial lattice simulation model assuming (i) dividend yield of 0%; (ii) expected volatility of 89%; (iii) risk free rate of 0.8% and (iv) expected term of 3.61 years. For the three and six months ended June 30, 2016, the Company recorded a credit to other income of \$445,660 and \$926,671, respectively to record the change in fair value of the warrant liability. As of June 30, 2016, the carrying value of the warrant liability is \$1,063,335.

Volatility has been estimated using the historical volatility of the Company's stock price.

The following reconciliation of the beginning and ending balances for all warrant liabilities measured at fair market value on a recurring basis using significant unobservable inputs (level 3) during the period ended June 30, 2016 and 2015 :

	June 30, 2016	June 30, 2015
Balance – January 1	\$ 1,958,775	\$ 597,719
Issuance of warrants and effect of repricing	31,231	4,286,314
Exercise of warrants	—	—
(Gain) or loss included in earnings	(926,671)	(1,989,162)
Transfers in and out/or out of Level 3	—	—
Balance – June 30	\$ 1,063,335	\$ 2,894,871

Additionally, during the six months ended June 30, 2016 and 2015, the Company recorded a charge to financing expense of \$31,231 and \$88,939, respectively, to reflect the repricing of previously issued warrants.

7. California Institute of Regenerative Medicine Award

On September 18, 2015 the Company received an award in the amount of \$19.9 million from the California Institute of Regenerative Medicine (CIRM) to partially fund the Company's Phase 3 trial of ICT-107. The award originally provided for a \$4 million project initial payment that was received during the fourth quarter of 2015, and up to \$15.9 million in future milestone payments that are primarily dependent on patient randomization in the ICT-107 Phase 3 trial. Subsequent to June 30, 2016, the Company and CIRM modified the award such that the Company received an additional \$1.5 million initial payment, in July 2016. The total amount of the award remains unchanged. (See Subsequent Events). Under the terms of the CIRM award, the Company is obligated to share future ICT-107 related revenue with CIRM. The percentage of revenue sharing is dependent on the amount of the award received by the Company and whether the revenue is from product sales or license fees. The maximum revenue sharing amount the Company may be required to pay to CIRM is equal to nine (9) times the total amount awarded and paid to the Company. The Company has the option to decline any and all amounts awarded by CIRM. As an alternative to revenue sharing, the Company has the option to convert the award to a loan, which such option the Company must exercise on or before ten (10) business days after the FDA notifies the Company that it has accepted the Company's application for marketing authorization. In the event the Company exercises its right to convert the award to a loan, it will be obligated to repay the loan within ten (10) business days of making such election, including interest at the rate of the three-month LIBOR rate (0.65% as of June 30, 2016) plus 25% per annum. Since the Company may be required to repay some or all of the amounts awarded by CIRM, the Company accounts for this award as a liability rather than revenue. If the Company was to lose this funding, it may be required to delay, postpone, or cancel its clinical trials or otherwise reduce or curtail its operations unless it is able to obtain adequate financing for its clinical trials from additional sources. For the three and six months ended June 30, 2016, the Company accrued interest of \$281,996 and \$546,823, respectively, and it did not receive any award proceeds.

8. 401(k) Profit Sharing Plan

During 2011, the Company adopted a Profit Sharing Plan that qualifies under Section 401(k) of the Internal Revenue Code. Contributions to the plan are at the Company's discretion. The Company did not make any matching contributions during the six months ended June 30, 2016 or June 30, 2015.

9. Income Taxes

Deferred taxes represent the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Temporary differences result primarily from the recording of tax benefits of net operating loss carry forwards and stock-based compensation.

A valuation allowance is required if the weight of available evidence suggests it is more likely than not that some portion or all of the deferred tax asset will not be recognized. Accordingly, a valuation allowance has been established for the full amount of the deferred tax assets.

The Company's effective income tax rate differs from the amount computed by applying the federal statutory income tax rate to loss before income taxes as follows:

	June 30, 2016	June 30, 2015
Income tax benefit at the federal statutory rate	(34)%	(34)%
State income tax benefit, net of federal tax benefit	(6)%	(6)%
Change in fair value of warrant liability	4 %	17 %
Change in valuation allowance for deferred tax assets	36 %	23 %
Total	— %	— %

Deferred taxes consisted of the following:

	June 30, 2016	December 31, 2015
Net operating loss carryforwards	23,625,396	16,302,000
Stock-based compensation	2,791,687	2,191,000
Less valuation allowance	(26,417,083)	(18,493,000)
Net deferred tax asset	\$ —	\$ —

The valuation allowance increased by \$3,538,739 and \$883,062 during the six months ended June 30, 2016 and 2015 , respectively.

As of December 31, 2015 , the Company had federal and California income tax net operating loss carry forwards of approximately \$50.1 million , and as of June 30, 2016 , management has estimated federal and California income tax net operating loss carry forwards of approximately \$59.1 million . These federal and California net operating losses will begin to expire in 2022 and 2016 , respectively, unless previously utilized.

Section 382 of the Internal Revenue Code can limit the amount of net operating losses which may be utilized if certain changes to a company's ownership occur. While the Company underwent an ownership change in 2012 as defined by Section 382 of the Internal Revenue Code, management estimated that the Company had not incurred any limitations on its ability to utilize its net operating losses under Section 382 of the Internal Revenue Code during 2012. The Company may incur limitations in the future if there is a change in ownership as computed under the prescribed method of the Internal Revenue Code.

During the fourth quarter of 2014, the Company licensed the non-U.S. rights to a significant portion of its intellectual property to its Bermuda-based subsidiary for approximately \$11.0 million . The fair value of the intellectual property rights was determined by an independent third party. The proceeds from this sale represent a gain for U.S. tax purposes and are offset by current year losses and net operating loss carryforwards. However, the Internal Revenue Service, or the IRS, or the California Franchise Tax Board, or the CFTB, could challenge the valuation of the intellectual property rights and assess a greater valuation, which would require the Company to utilize a portion, or all, of its available net operating losses. If an IRS or a CFTB valuation exceeds the available net operating losses, the Company would incur additional income taxes. The Company's ability to use its net operating losses is subject to the potential future limitations of IRS Section 382, as well as expiration of federal and state net operating loss carryforwards.

10. Subsequent Events

CIRM Award Modification

As described in Note 7 above, the terms of the CIRM award were modified such that the Company received an additional \$1.5 million in July 2016 as part of the initial award received from CIRM. The total amount of the award and other award conditions remain unchanged.

Underwritten Public Offering

Subsequent to June 30, 2016 , the Company entered into an underwriting agreement with Maxim Group, LLC, pursuant to which the Company sold 34,550,000 shares of common stock, pre-funded warrants to purchase 12,450,000 shares of the Company's common stock and base warrants to purchase 35,250,000 shares of our common stock. The common stock

and base warrants were sold at a combined price of \$0.16 , and the base warrants were approved for listing on the NYSE MKT under the symbol "IMUC.WS." The pre-funded warrants were sold to certain investors in lieu of common stock less the \$0.01 per share exercise price for each pre-funded warrant. The base warrants have an exercise price of \$0.1921 per share, have a life of five years from the date of issuance and contain a weighted-average exercise price adjustment if the Company issues or is deemed to issue additional shares of common stock at a price per share less than the then effective exercise price of the warrants, subject to certain exceptions. Accordingly, these warrants will be accounted for as derivative liabilities. The Company has not finalized the accounting for these warrants. Additionally, the Company has granted the underwriters a 45 day option to purchase up to an additional 7,050,000 shares of common stock and/or base warrants to purchase 5,287,000 shares of its common stock. On August 12, 2016 , the underwriters exercised its option to purchase 4,478,625 of additional base warrants at a price of \$0.01266 per base warrant. The gross proceeds from the offering are approximately \$7.5 million .

This new offering triggered an adjustment to the exercise price of the warrants issued in February 2015 , which include provisions whereby the exercise price would be adjusted if there was a subsequent financing that included a per share price that is less than the current exercise price. The Company has not finalized the adjustment to the exercise price of these warrants as the adjustment is dependent on the valuation of the warrants that were issued as part of the August 2016 financing. Additionally, the Company has agreed not to sell shares through its Controlled Equity Offering for a period of 60 days after closing.

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

Throughout this Quarterly Report on Form 10-Q, the terms "we," "us," "our," and "our company" refer to ImmunoCellular Therapeutics, Ltd., a Delaware corporation and its subsidiaries.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report contains forward-looking statements, which reflect the views of our management with respect to future events and financial performance. These forward-looking statements are subject to a number of uncertainties and other factors that could cause actual results to differ materially from such statements. Forward-looking statements are identified by words such as "anticipates," "believes," "estimates," "expects," "plans," "projects," "targets" and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on the information available to management at this time and which speak only as of this date. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information under the heading "Risk Factors" in our Form 10-K for the year ended December 31, 2015. The identification in this Quarterly Report of factors that may affect future performance and the accuracy of forward-looking statements is meant to be illustrative and by no means exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Overview

ImmunoCellular Therapeutics, Ltd. and its subsidiaries (the Company) is a biotechnology company that is seeking to develop and commercialize new therapeutics to fight cancer using the immune system.

The Company has been primarily engaged in the acquisition of certain intellectual property, together with development of its product candidates and the recent clinical testing for its immunotherapy product candidates, and has not generated any recurring revenues. We have begun Phase 3 testing of our lead product candidate, ICT-107, in which we anticipate randomizing 414 patients at about 120 clinical sites in the United States, Canada and Europe. We have two other product candidates, ICT-140 and ICT-121, both with investigational new drug (IND) applications active at the US Food and Drug Administration (FDA). We are holding the initiation of its ICT-140 trial until we can find a partner for the program to share expenses or until we have secured sufficient financial resources to complete the ICT-107 Phase 3 program. Additionally, the Company has acquired the rights to technology for the development of certain stem cell immunotherapies for the treatment of cancer. We have incurred operating losses and, as of June 30, 2016, we have an accumulated deficit of \$85,100,656. We expect to incur significant research, development and administrative expenses before any of its products can be launched and recurring revenues generated.

Critical Accounting Policies

Management's discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to impairment of long-lived assets, including finite lived intangible assets, accrued liabilities, fair value of warrant derivatives and certain expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Our significant accounting policies are summarized in Note 2 of our condensed consolidated financial statements. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

Research and Development Costs

Although we believe that our research and development activities and underlying technologies have continuing value, the amount of future benefits to be derived from them is uncertain. Research and development costs are expensed as incurred.

During the six months ended June 30, 2016 and 2015, we recorded an expense of \$9,170,797 and \$4,365,862, respectively, related to research and development activities.

Stock-Based Compensation

Stock-based compensation expense is estimated as of the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which generally equals the vesting period, based on the number of awards that are expected to vest. Estimating the fair value for stock options requires judgment, including the expected term of our stock options, volatility of our stock, expected dividends, risk-free interest rates over the expected term of the options and the expected forfeiture rate. In connection with our performance based programs, we make assumptions principally related to the number of awards that are expected to vest after assessing the probability that certain performance criteria will be met.

Income Taxes

The Company accounts for federal and state income taxes under the liability method, with a deferred tax asset or liability determined based on the difference between the financial statement and tax basis of assets and liabilities, as measured by the enacted tax rates. The Company's provision for income taxes represents the amount of taxes currently payable, if any, plus the change in the amount of net deferred tax assets or liabilities. A valuation allowance is provided against net deferred tax assets if recoverability is uncertain on a more likely than not basis. The Company recognizes in its consolidated financial statements the impact of an uncertain tax position if the position will more likely than not be sustained upon examination by a taxing authority, based on the technical merits of the position. The Company's policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as operating expenses. The Company is not currently under examination by any taxing authority nor has it been notified of an impending examination. The Company's tax returns for the years ended December 31, 2012 to 2015, remain open for possible review.

California Institute of Regenerative Medicine

During 2015, the Company received an award from the California Institute of Regenerative Medicine (CIRM) of \$19.9 million, of which \$4 million was received by the Company during 2015, to partially fund the Company's Phase 3 trial of ICT-107. The Company did not receive any award proceeds during the six months ended June 30, 2016. Under the terms of the award, the Company is required to share future ICT-107 related revenue with CIRM. The percentage of revenue sharing is dependent on the amount of the award received by the Company and whether the revenue is from product sales or license fees. As an alternative to revenue sharing, the Company has the option to convert the award to a loan. In the event the Company exercises its right to convert the award to a loan, it will be obligated to repay the loan including interest at the rate of the three-month LIBOR rate (0.65% as of June 30, 2016) plus 25% per annum. Since the Company may be required to repay some or all of the amounts awarded by CIRM, the Company has accounted for this award as a liability rather than revenue. Additionally, the Company has accrued interest on the loan at the aforementioned rate. Subsequent to June 30, 2016, the Company and CIRM modified the award such that the Company would receive an additional \$1.5 million in initial payment, which was received in July 2016. The total amount of the award, and other award conditions, remain unchanged.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheets for cash, cash equivalents, and accounts payable approximate their fair values due to their quick turnover. The fair value of warrant liability is estimated using the Binomial Lattice option valuation model.

Results of Operations

Three months ended June 30, 2016 and 2015

Net Loss

We incurred a net loss of \$5,329,571 and \$3,154,730 for the three months ended June 30, 2016 and 2015, respectively. The increase in the net loss is primarily due to an increase in research and development expenses related to the phase 3 trial of ICT-107 during the most recent quarter.

Revenues

We did not have any revenue during the three months ended June 30, 2016 and 2015 and we do not expect to have any revenue in 2016.

Expenses

Research and development expenses for the three months ended June 30, 2016 were \$4,433,222 compared to \$2,299,903 in the same period in 2015. During the quarter ended June 30, 2016, we incurred expenses related to the initiation of the Company's ICT-107 phase 3 trial. These expenses included completion of several site initiations, technology transfer to Europe and regulatory submissions in Canada and eight European countries. Additionally, we liberalized the enrollment criteria for ICT-121 and have treated more patients. We expect these expenses to increase in future periods as we progress in the ICT-107 Phase 3 trial and as we develop our stem cell immunotherapies. Our ICT-140 program remains on hold until we obtain financing sufficient to complete the ICT-107 trial or find a partner for this program.

General and administrative expenses for the three months ended June 30, 2016 and 2015 were \$1,049,815 and \$1,087,686, respectively. These expenses remained constant between periods.

Six months ended June 30, 2016 and 2015

Net Loss

We incurred a net loss of \$10,962,916 and \$4,579,576 for the six months ended June 30, 2016 and 2015, respectively. The increase in the net loss reflects additional research and development expenses, primarily due to the initiation of the phase 3 trial of ICT-107, and a smaller credit to other income during the six months ended June 30, 2016 related to the revaluation of our warrant derivatives as compared to the same period in the prior year.

Revenues

We did not have any revenue during the six months ended June 30, 2016 and 2015 and we do not expect to have any revenue in 2016.

Expenses

Research and development expenses for the six months ended June 30, 2016 and 2015 were \$9,170,797 and \$4,365,862, respectively. During the six months ended June 30, 2016, we incurred expenses related to the initiation of the Company's ICT-107 phase 3 trial. These expenses included completion of several site initiations, technology transfer to Europe and regulatory submissions in Canada and 8 European countries. Additionally, we liberalized the enrollment criteria for ICT-121 and have treated more patients. We expect these expenses to increase in future periods as we progress in the ICT-107 Phase 3 trial and as we develop our stem cell immunotherapies. Our ICT-140 program remains on hold until we obtain financing sufficient to complete the ICT-107 trial or find a partner for this program.

General and administrative expenses for the six months ended June 30, 2016 and 2015 were \$2,149,647 and \$2,122,847, respectively. These expenses remained constant between periods.

Liquidity and Capital Resources

As of June 30, 2016, we had working capital of \$12,735,786, compared to working capital of \$22,291,140 as of December 31, 2015. We expect our expenses to continue at a similar pace during the remainder of 2016 and into 2017 primarily to fund the Phase 3 trial of ICT-107, and that we will not have enough cash resources to fund the business for the next 12 months. Successful completion of our research and development activities, and our transition to attaining profitable operations, is dependent upon obtaining financing. Additional financing may not be available on acceptable terms or at all. If we issue additional equity securities to raise funds, the ownership percentage of existing stockholders would be reduced. New investors may demand rights, preferences or privileges senior to those of existing holders of common stock. If we cannot raise funds, we might be forced to make substantial reductions in the on-going clinical trials, thereby damaging our reputation in the biotech and medical communities which could adversely affect our ability to implement our business plan and our viability. These factors raise substantial doubt about our ability to continue as a going concern.

On September 18, 2015, we received an award in the amount of \$19.9 million from the California Institute of Regenerative Medicine (CIRM) to partially fund our Phase 3 trial of ICT-107. The award provided an initial project payment in 2015 of \$4 million and \$15.9 million in future milestone payments that are primarily dependent on patient randomization. Subsequent to June 30, 2016, we modified the award such that we would receive an additional \$1.5 million in initial payment, which was received in July 2016. The total amount of the award remains unchanged. We are obligated to share

future ICT-107 related revenue with CIRM. The percentage of revenue sharing is dependent on the amount of the award received by us and whether the revenue is from product sales or license fees. The maximum revenue sharing amount we may be required to pay to CIRM is equal to nine times the total amount awarded and paid to us. We have the option to decline any and all amounts awarded by CIRM. As an alternative to revenue sharing, we have the option to convert the award to a loan. We may exercise this loan conversion option until ten business days after the FDA notifies us that it has accepted our application for marketing authorization. In the event we exercise our right to convert the award to a loan, we will be obligated to repay the loan within ten business days of making the election including interest at the rate of the three-month LIBOR rate (0.65% as of June 30, 2016) plus 25% per annum. Since we may be required to repay some or all of the amounts awarded by CIRM, we account for this award as a liability rather than revenue and accrue interest at the aforementioned rate.

On February 12, 2015, we entered into an underwriting agreement with Roth Capital Partners, LLC, pursuant to we sold 26,650,000 shares of our common stock and warrants to purchase 18,655,000 shares of our common stock at a combined public offering price of \$0.60 per share and accompanying warrant to purchase 0.70 of a share of our common stock. The resulting aggregate net proceeds from the offering was approximately \$14.5 million, after deducting underwriting discounts and other offering expenses payable by us of approximately \$1.5 million. The warrants have an exercise price of \$0.66 per share and a term of 60 months from the date of issuance. The warrants provide for a weighted average adjustment to the exercise price if we issue or are deemed to issue additional shares of our common stock at a price per share less than the then effective exercise price of the warrants, subject to certain exceptions. Accordingly, these warrants have been accounted for as derivative liabilities and approximately \$4.2 million of the net proceeds was allocated to the warrant derivative and the remaining \$10.3 million was allocated to equity. During the quarter ended June 30, 2016, the exercise price was adjusted to \$0.64 to reflect the issuances pursuant to the Company's Controlled Equity Offering SM.

On April 18, 2013, we entered into a Controlled Equity Offering SM Sales Agreement (the Sales Agreement) with Cantor Fitzgerald & Co. (Cantor), as agent, pursuant to which we may offer and sell, from time to time through Cantor, shares of our common stock having an aggregate offering price of up to \$25.0 million (of which only \$17.0 million was initially registered for offer and sale). Under the Sales Agreement, Cantor may sell shares by any method permitted by law and deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act, as amended, including sales made directly on the NYSE MKT, on any other existing trading market for our common stock or to or through a market maker. We may instruct Cantor not to sell shares if the sales cannot be effected at or above the price designated by us from time to time. We are not obligated to make any sales of the shares under the Sales Agreement. The offering of shares pursuant to the Sales Agreement will terminate upon the earlier of (a) the sale of all of the shares subject to the Sales Agreement or (b) the termination of the Sales Agreement by Cantor or the Company, as permitted therein. We will pay Cantor a commission rate of 3.0% of the aggregate gross proceeds from each sale of shares and have agreed to provide Cantor with customary indemnification and contribution rights. We will also reimburse Cantor for certain specified expenses in connection with entering into the Sales Agreement. On April 22, 2013, NYSE MKT approved the listing of 10,593,220 shares of our common stock in connection with the Sales Agreement. Through March 31, 2016, we sold 8,363,909 shares of our common stock under the Sales Agreement that resulted in proceeds to the Company of approximately \$9,845,877. As of September 21, 2015, the registration statement previously filed with the SEC to facilitate the sale of registered shares of the Company's common stock under the Controlled Equity Offering expired. The Company filed a new registration statement with the SEC that was declared effective on January 19, 2016 to facilitate the sale of additional shares under the Controlled Equity Offering. Under the terms of the prospectus, the Company may sell up to \$15,081,494 of the Company's common stock through the aforementioned Controlled Equity Offering. Pursuant to Instruction I.B.6 to Form S-3 (the Baby Shelf Rules) the Company may not sell more than the equivalent of one-third of its public float during any 12 consecutive months so long as the Company's public float is less than \$75 million.

During the six months ended June 30, 2016, the Company sold 3,085,653 shares of common stock that resulted in net-cash proceeds of \$691,187.

As of June 30, 2016, we had no long-term debt obligations, no capital lease obligations, or other similar long-term liabilities, other than the CIRM award liability. We have various purchase commitments for sponsored research, which are generally cancelable upon 30 to 120 day notice, and license fees. We have no financial guarantees, debt or lease agreements or other arrangements that could trigger a requirement for an early payment or that could change the value of our assets, and we do not engage in trading activities involving non-exchange traded contracts.

We purchased in advance of the trial a significant portion of the supplies that will be used as part of the Phase 3 trial of ICT-107 as we determined that it was more economical to purchase these supplies in bulk from the manufacturer. Accordingly, these supplies have been capitalized on the balance sheet with those supplies that are expected to be used during the next twelve months included in current assets and the remainder as non-current assets. Peptides and LPS make up the majority of the

supplies that have been purchased in advance of the trial. These supplies will be expensed over the course of the trial as patients are enrolled and product is used.

Certain of the Phase 3 ICT-107 vendors required deposits at the outset of the trial. Most vendors will use these deposits to offset invoices at the conclusion of the trial. Accordingly, these deposits are classified as non-current assets on the balance sheet. These deposits are refundable in the event the trial is terminated prior to its conclusion with the vendor applying the deposit against the costs of winding down the trial.

We may in the future seek to obtain funding through strategic alliances with larger pharmaceutical or biomedical companies. We cannot be sure that we will be able to obtain any additional funding from either financings or alliances, or that the terms under which we may be able to obtain such funding will be beneficial to us. If we are unsuccessful or only partly successful in our efforts to secure additional financing, we may find it necessary to suspend or terminate some or all of our product development and other activities.

Subsequent to June 30, 2016, the Company entered into an underwriting agreement with Maxim Group, LLC, pursuant to which the Company sold 34,550,000 shares of common stock, pre-funded warrants to purchase 12,450,000 shares of our common stock and base warrants to purchase 35,250,000 shares of our common stock. The common stock and base warrants were sold at a combined price of \$0.16, and the base warrants were approved for listing on the NYSE MKT under the symbol "IMUC.WS." The pre-funded warrants were sold to certain investors in lieu of common stock less the \$0.01 per share exercise price for each pre-funded warrant. The base warrants have an exercise price of \$0.1921 per share, have a life of five years from the date of issuance and contain a weighted-average exercise price adjustment if the Company issues or is deemed to issue additional shares of common stock at a price per share less than the then effective exercise price of the warrants, subject to certain exceptions. Accordingly, these warrants will be accounted for as derivative liabilities. The Company has not finalized the accounting for these warrants. Additionally, the Company has granted the underwriters a 45 day option to purchase up to an additional 7,050,000 shares of common stock and/or base warrants to purchase 5,287,000 shares of its common stock. On August 12, 2016, the underwriters exercised its option to purchase an additional 4,478,625 of base warrants at a price of \$0.01266 per base warrant. The gross proceeds from the offering are approximately \$7.5 million.

As a result of this offering, the exercise price of the warrants issued in February 2015, which include provisions whereby the exercise price would be adjusted if there was a subsequent financing that included a per share price that is less than the current exercise price, will be adjusted. The Company has not finalized the adjustment to the exercise price of these warrants as the adjustment is dependent on the valuation of the warrants that were issued as part of the August 2016 financing. Additionally, the Company has agreed not to sell shares through its Controlled Equity Offering for a period of 60 days after closing.

Cash Flows

We used \$11,194,132 of cash in our operations for the six months ended June 30, 2016, compared to \$6,907,527 for the six months ended June 30, 2015. During the six months ended June 30, 2016, we incurred expenses related to the initiation of the Company's ICT-107 Phase 3 trial. These expenses included completion of several site initiations, technology transfer to Europe and regulatory submissions in Canada and 8 European countries. Additionally, we liberalized the enrollment criteria for ICT-121 and have treated more patients. We also incurred certain expenses related to the development of certain stem cell immunotherapies for the treatment of cancer. We expect these expenses to increase in future periods as we progress in the ICT-107 Phase 3 trial and as we develop our stem cell immunotherapies. Our ICT-140 program remains on hold until we obtain financing sufficient to complete the ICT-107 trial or find a partner for this program. During the six months ended June 30, 2016, we incurred \$1,099,964 of non-cash expenses consisting of \$546,823 of accrued interest on the CIRM award, \$40,963 of depreciation, \$31,231 of financing expenses and \$480,947 of stock based compensation. We also recorded a non-cash credit of \$926,671 related to the revaluation of our warrant derivatives. During the six months ended June 30, 2015, we incurred \$532,188 of non-cash expenses consisting of \$13,285 of depreciation, \$88,939 of financing expenses and \$429,964 of stock based compensation and we recorded a non-cash credit of \$1,989,162 related to the revaluation of our warrant derivatives.

During the six months ended June 30, 2016, we received \$691,187, net of commissions and professional fees, through the sale of our common stock in our Controlled Equity Offering.

Inflation and changing prices have had no effect on our income or losses from operations over our two most recent fiscal years.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

As of the end of the fiscal quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, regarding the effectiveness of the design and operation of our disclosure controls and procedures pursuant to SEC Rule 15d-15(b) of the Exchange Act. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2016, (i) our disclosure controls and procedures were effective to ensure that information that is required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized and reported or submitted within the time period specified in the rules and forms of the SEC and (ii) our disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed by us in the reports we file or submit under the Exchange Act was accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. There were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We do not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. The design of any system of controls also is based in part upon assurance that any design will succeed in achieving its stated goals under all potential future conditions. However, controls may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes to the information included in Item 3. "Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2015, filed on March 30, 2016 with the SEC.

Item 1A. Risk Factors

There have been no material changes to the risk factors included under Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2015, filed on March 30, 2016 with the SEC except as noted below.

If we fail to adhere to the strict listing requirements of the NYSE MKT, our common stock and/or base warrants sold in our August 2016 underwritten public offering may be subject to delisting. As a result, the trading price of our common stock and base warrants may decline and may be delisted. If our stock and/or base warrants were no longer listed on the NYSE MKT, the liquidity of our securities likely would be impaired.

Our common stock currently trades on the NYSE MKT under the symbol IMUC, and our base warrants currently trade on the NYSE MKT under the symbol IMUC.WS. If we fail to adhere to the NYSE MKT's strict listing criteria, including certain price-based criteria, our stock may be delisted. This could potentially impair the liquidity of our securities not only in the number of shares or base warrants that could be bought and sold at a given price, which might be depressed by the relative illiquidity, but also through delays in the timing of transactions and the potential reduction in media coverage. As a result, an investor might find it more difficult to dispose of our common stock and/or base warrants. We believe that current and prospective investors would view an investment in our common stock and base warrants more favorably if they continue to be listed on the NYSE MKT.

Two research reports were published by one of the underwriters after the initial filing of our registration statement in connection with our August 2016 underwritten public offering. If either of these research reports were held to violate the Securities Act, investors in that offering may have the right to seek refunds or damages.

On June 7, 2016 and June 8, 2016, after the initial filing of the registration statement in connection with our recent underwritten public offering, two research reports were written and distributed by Maxim Group LLC, one of the underwriters in the offering. These research reports were not intended to constitute offering materials in connection with this offering; however, there may nevertheless be a risk that the reports could be deemed prospectuses not meeting the requirements of the Securities Act, and the distribution of the reports could be found to be a violation of Section 5 of the Securities Act.

If the distribution of these research reports were to be held by a court to be a violation by us of Section 5 of the Securities Act, purchasers in the offering that received the research reports, if any, and potentially all purchasers of common stock in the offering would, under the Securities Act, have the right for a period of one year from the date of purchase to seek recovery of the consideration paid in connection with their purchase, or, if they had already sold the common stock purchased in the offering, sue us for damages resulting from their purchase. The total amount of these damages could potentially equal the gross proceeds of the offering, plus interest and the purchasers' attorneys' fees, if these investors seek recovery or damages after an entire loss of their investment. We also could be subject to potential enforcement actions by the Securities and Exchange Commission, which could result in injunctive relief or the imposition of fines. Although we would vigorously contest any claims brought on the basis of these research reports, there can be no guarantee that we would be successful in refuting any and all such claims. If any such claims were to succeed, we might not have sufficient funds to pay the resulting damages or to finance a repurchase of our common stock, and our reputation and our business could be materially and adversely affected.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
10.1	First Amendment to Lease Extending Lease Term executed on May 18, 2016 between Calabasas/Sorrento Square, LLC and ImmunoCellular Therapeutics, Ltd.
10.2(1)+	2016 Equity Incentive Plan
10.3 (1)+	Forms of Stock Option Agreement, Notice of Grant of Stock Option, Restricted Stock Unit Grant Notice and Restricted Stock Award Grant Notice under the 2016 Equity Incentive Plan.
31.1	Certification of the Registrant's Principal Executive Officer under Exchange Act Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Registrant's Principal Financial Officer under Exchange Act Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Registrant's Principal Executive Officer under 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Registrant's Principal Financial Officer under 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
+	Indicates management contract or compensatory plan or arrangement
(1)	Incorporated by reference to the like-described exhibit to the Company's Registration Statement on Form S-1 (File No. 333-211763) and amendments thereto.

SIGNATURES

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

Dated: August 22, 2016

IMMUNOCELLULAR THERAPEUTICS, LTD.

By: /s/ Andrew Gengos

Name: Andrew Gengos

Title: President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ David Fractor

Name: David Fractor

Title: Principal Accounting Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX
IMMUNOCELLULAR THERAPEUTICS, LTD.
FORM 10-Q FOR QUARTER ENDED JUNE 30, 2016

Exhibit No.	Description
10.1	First Amendment to Lease Extending Lease Term executed on May 18, 2016 between Calabasas/Sorrento Square, LLC and ImmunoCellular Therapeutics, Ltd.
10.2(1)+	2016 Equity Incentive Plan
10.3(1)+	Forms of Stock Option Award Agreement, Notice of Grant of Stock Option, Restricted Stock Unit Grant Notice and Restricted Stock Award Grant Notice under the 2016 Equity Incentive Plan
31.1	Certification of the Registrant's Principal Executive Officer under Exchange Act Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Registrant's Principal Financial Officer under Exchange Act Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Registrant's Principal Executive Officer under 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Registrant's Principal Financial Officer under 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
+	Indicates management contract or compensatory plan or arrangement
(1)	Incorporated by reference to the like-described exhibit to the Company's Registration Statement of Form S-1 (File No. 333-211763) and amendments thereto.

Document Reference Date: April 12, 2016
Tenant Code: csimmu
Property, Building and Suite I.D.: cs8000 5-300

FIRST AMENDMENT TO LEASE
EXTENDING LEASE TERM

It is hereby agreed by the undersigned that the Lease dated the 13th day of May, 2013, by and between **CALABASAS/SORRENTO SQUARE, LLC, a Delaware limited liability company**, "Lessor", and **IMMUNOCELLULAR THERAPEUTICS, LTD. a Delaware corporation**, "Lessee", for the Premises commonly known as 23622 Calabasas Road, Suite 300, Calabasas, CA 91302, consisting of approximately 3,431 rentable square feet, including the overhang, **shall be extended** for a period of One (1) Year commencing September 1, 2016, and ending August 31, 2017.

All other terms and conditions of said Lease are incorporated herein by reference and shall remain in full force and effect during the Lease term, except as follows:

1. **RENT**: Lessee agrees to pay to Lessor in advance at such places as may be designated from time to time by Lessor, without deduction or offset, and Lessor agrees to accept as Rent for the Premises, together with such other assessments additions and pass throughs as are described in the Lease, Rent for the Extended Lease Term pursuant to the following schedule:

- September 1, 2016 through August 31, 2017 = \$8,554.00 Per Month

2. **FIXED RENTAL INCREASES**: There are no rental increases associated with this Amendment.

3. **SECURITY DEPOSIT INCREASE**: Security Deposit shall remain the same.

4. **MONIES DUE UPON COMMENCEMENT**:

Rent for 09/01/16 through 09/30/2016 = \$8,554.00

Security Deposit Increase = \$ 0.00

Total Due Upon Commencement: \$8,554.00

5. There are no suite improvements nor rent concessions associated with this extension.

6. Lessee warrants and represents that there are no present and outstanding breaches of Lease by Lessor and that Lessee has no claims or offset of any kind or nature against Lessor.

EXCEPT AS HEREINABOVE AMENDED, the Lease Agreement shall remain unchanged and shall continue in full force and effect.

THIS OFFER AND ANY SUBSEQUENT OFFERS SHALL BE CONSIDERED BINDING ONLY WHEN DOCUMENTS ARE FULLY EXECUTED BY LESSOR AND LESSEE.

Dated this 12th day of April, 2016

Attachments: **N/A**

LESSOR: LESSEE:

CALABASAS/SORRENTO SQUARE, LLC

IMMUNOCELLULAR THERAPEUTICS, LTD.,

a Delaware limited liability company, By The
Ezralow Company, LLC, a Delaware limited
Liability company, dba Mid Valley Management,
Its Managing Agent

a Delaware corporation

By: /s/ Karen Schwieger

By: /s/ Andrew Gengos

Karen Schwieger
Its: Authorized Agent

Date: May 18, 2016

Andrew Gengos
Its: President/CEO

Date: May 9, 2016

/s/ David Fractor

By: David Fractor

Its: Vice President/Finance

Date: May 9, 2016

Certification of the Principal Executive Officer Under Section 302 of the Sarbanes-Oxley Act

I, Andrew Gengos, certify that:

1. I have reviewed this Form 10-Q of ImmunoCellular Therapeutics, Ltd.;
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 assurance regarding the reliability of financial reporting and 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 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 22, 2016

By: /s/ Andrew Gengos

Name: Andrew Gengos

Title: President and Chief Executive Officer

Certification of the Principal Financial Officer Under Section 302 of the Sarbanes-Oxley Act

I, David Fractor, certify that:

1. I have reviewed this Form 10-Q of ImmunoCellular Therapeutics, Ltd.;
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 assurance regarding the reliability of financial reporting and 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 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 22, 2016

By: /s/ David Fractor

Name: David Fractor

Title: Principal Financial and Accounting Officer

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

Pursuant to the requirement set forth in Rule 13a -14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), the undersigned officer of ImmunoCellular Therapeutics, Ltd. (the "Company") hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2016 ("Periodic Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 22, 2016

By: /s/ Andrew Gengos

Name: Andrew Gengos

Title: President and Chief Executive Officer

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350), the undersigned officer of ImmunoCellular Therapeutics, Ltd. (the "Company") hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2016 ("Periodic Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 22, 2016

By: /s/ David Fractor

Name: David Fractor

Title: Principal Financial and Accounting Officer