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

FORM 10-Q

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

For the quarterly period ended June 30, 2018

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

Commission file number: 000-51476

LIXTE BIOTECHNOLOGY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

20-2903526
(I.R.S. Employer
Identification Number)

**248 Route 25A, No. 2
East Setauket, New York 11733**
(Address of principal executive offices)

(631) 942-7959
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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, a smaller reporting company, or an emerging growth company (as defined in Rule 12b-2 of the Exchange Act).

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

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

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

As of August 1, 2018, the Company had 58,025,814 shares of common stock, \$0.0001 par value, issued and outstanding.

Documents incorporated by reference: None

**LIXTE BIOTECHNOLOGY HOLDINGS, INC.
AND SUBSIDIARY**

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Forward-Looking Statements

This Quarterly Report on Form 10-Q of Lixte Biotechnology Holdings, Inc. (the “Company”) contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These might include statements regarding the Company’s financial position, business strategy and other plans and objectives for future operations, and assumptions and predictions about future product demand, supply, manufacturing, costs, marketing and pricing factors are all forward-looking statements. These statements are generally accompanied by words such as “intend,” “anticipate,” “believe,” “estimate,” “potential(ly),” “continue,” “forecast,” “predict,” “plan,” “may,” “will,” “could,” “would,” “should,” “expect” or the negative of such terms or other comparable terminology. The Company believes that the assumptions and expectations reflected in such forward-looking statements are reasonable, based on information available to it on the date hereof, but the Company cannot provide assurances that these assumptions and expectations will prove to have been correct or that the Company will take any action that the Company may presently be planning. These forward-looking statements are inherently subject to known and unknown risks and uncertainties. Actual results or experience may differ materially from those expected, anticipated or implied in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, regulatory policies or changes thereto, available cash, research and development results, competition from other similar businesses, and market and general economic factors. This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included in Item 1 of this Quarterly Report on Form 10-Q and the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, including the section entitled “Item 1A. Risk Factors”. The Company does not intend to update or revise any forward-looking statements to reflect new information, future events or otherwise.

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

LIXTE BIOTECHNOLOGY HOLDINGS, INC.
AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>June 30, 2018</u> (Unaudited)	<u>December 31, 2017</u>
ASSETS		
Current assets:		
Cash	\$ 535,995	\$ 1,305,748
Prepaid expenses and other current assets	39,900	62,317
Total current assets	<u>575,895</u>	<u>1,368,065</u>
Prepaid expense, less current portion	6,880	—
Total assets	<u>\$ 582,775</u>	<u>\$ 1,368,065</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 275,874	\$ 312,034
Research and development contract liabilities	62,440	60,990
Total current liabilities	<u>338,314</u>	<u>373,024</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, \$0.0001 par value; authorized – 10,000,000 shares; issued and outstanding – 350,000 shares of Series A Convertible Preferred Stock, \$10.00 per share stated value, \$50.00 per share cash redemption value; aggregate cash redemption value – \$17,500,000; liquidation preference based on assumed conversion into common shares – 4,375,000 shares	3,500,000	3,500,000
Common stock, \$0.0001 par value; authorized – 100,000,000 shares; issued and outstanding – 58,025,814 shares	5,802	5,802
Additional paid-in capital	20,004,654	20,004,654
Accumulated deficit	(23,265,995)	(22,515,415)
Total stockholders' equity	<u>244,461</u>	<u>995,041</u>
Total liabilities and stockholders' equity	<u>\$ 582,775</u>	<u>\$ 1,368,065</u>

See accompanying notes to condensed consolidated financial statements.

**LIXTE BIOTECHNOLOGY HOLDINGS, INC.
AND SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues	\$ —	\$ —	\$ —	\$ —
Costs and expenses:				
General and administrative costs, including \$12,000 and \$13,847 to related parties for the three months ended June 30, 2018 and 2017, respectively, and \$24,000 and \$29,691 to related parties for the six months ended June 30, 2018 and 2017, respectively	330,839	278,377	684,909	755,737
Research and development costs, including \$64,615 to Theradex for the six months ended June 30, 2017	41,106	14,559	66,795	157,803
Total costs and expenses	<u>371,945</u>	<u>292,936</u>	<u>751,704</u>	<u>913,540</u>
Loss from operations	(371,945)	(292,936)	(751,704)	(913,540)
Interest income	525	152	1,124	164
Net loss	<u>\$ (371,420)</u>	<u>\$ (292,784)</u>	<u>\$ (750,580)</u>	<u>\$ (913,376)</u>
Net loss per common share – basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average common shares outstanding – basic and diluted	<u>58,025,814</u>	<u>57,678,012</u>	<u>58,025,814</u>	<u>53,577,471</u>

See accompanying notes to condensed consolidated financial statements.

**LIXTE BIOTECHNOLOGY HOLDINGS, INC.
AND SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)**

Six Months Ended June 30, 2018

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Par Value			
Balance, December 31, 2017	350,000	\$ 3,500,000	58,025,814	\$ 5,802	\$ 20,004,654	\$ (22,515,415)	\$ 995,041
Net loss	—	—	—	—	—	(750,580)	(750,580)
Balance, June 30, 2018	<u>350,000</u>	<u>\$ 3,500,000</u>	<u>58,025,814</u>	<u>\$ 5,802</u>	<u>\$ 20,004,654</u>	<u>\$ (23,265,995)</u>	<u>\$ 244,461</u>

See accompanying notes to condensed consolidated financial statements.

**LIXTE BIOTECHNOLOGY HOLDINGS, INC.
AND SUBSIDIARY**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (750,580)	\$ (913,376)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense included in -		
General and administrative costs	—	5,681
Research and development costs	—	16,060
Changes in operating assets and liabilities:		
(Increase) decrease in -		
Advances on research and development contract services	—	181,329
Prepaid expenses and other current assets	15,537	19,719
Increase (decrease) in -		
Accounts payable and accrued expenses	(36,160)	41,498
Research and development contract liabilities	1,450	(18,341)
Net cash used in operating activities	(769,753)	(667,430)
Cash flows from financing activities:		
Proceeds from sale of common stock	—	2,500,000
Net cash provided by financing activities	—	2,500,000
Cash:		
Net increase (decrease)	(769,753)	1,832,570
Balance at beginning of period	1,305,748	199,929
Balance at end of period	\$ 535,995	\$ 2,032,499
Supplemental disclosures of cash flow information:		
Cash paid for -		
Interest	\$ —	\$ —
Income taxes	\$ —	\$ —

See accompanying notes to condensed consolidated financial statements.

**LIXTE BIOTECHNOLOGY HOLDINGS, INC.
AND SUBSIDIARY**

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months and Six Months Ended June 30, 2018 and 2017

1. Organization and Basis of Presentation

The condensed consolidated financial statements of the Lixte Biotechnology Holdings, Inc., a Delaware corporation (“Holdings”), including its wholly-owned Delaware subsidiary, Lixte Biotechnology, Inc. (“Lixte”) (collectively, the “Company”), at June 30, 2018, and for the three months and six months ended June 30, 2018 and 2017, are unaudited. In the opinion of management of the Company, all adjustments, including normal recurring accruals, have been made that are necessary to present fairly the financial position of the Company as of June 30, 2018, and the results of its operations for the three months and six months ended June 30, 2018 and 2017, and its cash flows for the six months ended June 30, 2018 and 2017. Operating results for the interim periods presented are not necessarily indicative of the results to be expected for a full fiscal year. The consolidated balance sheet at December 31, 2017 has been derived from the Company’s audited financial statements at such date.

The statements and related notes have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the financial statements and other information included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC.

2. Business

The Company is a drug discovery company that uses biomarker technology to identify enzyme targets associated with serious common diseases and then designs novel compounds to attack those targets. The Company’s product pipeline encompasses two major categories of compounds at various stages of pre-clinical and clinical development that the Company believes have broad therapeutic potential not only for cancer but also for other debilitating and life-threatening diseases.

The Company’s activities are subject to significant risks and uncertainties, including the need for additional capital, as described below. The Company has not yet commenced any revenue-generating operations, does not have positive cash flows from operations, and is dependent on periodic infusions of equity capital to fund its operating requirements.

The Company’s common stock is traded on the OTCQB operated by the OTC Markets under the symbol “LIXT”.

Going Concern

The Company’s consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has not generated any revenues from operations to date and does not expect to do so in the foreseeable future. The Company has experienced recurring operating losses and negative operating cash flows since inception and has financed its working capital requirements during this period through the recurring sale of its equity securities and the exercise of outstanding common stock options and purchase warrants.

As a result, management has concluded that there is substantial doubt about the Company’s ability to continue as a going concern within one year of the date that the condensed consolidated financial statements are being issued. In addition, the Company’s independent registered public accounting firm, in their report on the Company’s consolidated financial statements for the year ended December 31, 2017, has also expressed substantial doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional equity capital to fund its research and development activities and to ultimately achieve sustainable operating revenues and profits. The Company’s consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Because the Company is currently engaged in research at a relatively early stage, it will likely take a significant amount of time to develop any product or intellectual property capable of generating sustainable revenues. Accordingly, the Company's business is unlikely to generate any sustainable operating revenues in the next several years and may never do so. In addition, to the extent that the Company is able to generate revenues through licensing its technologies or through product sales, there can be no assurance that the Company will be able to achieve positive earnings and operating cash flows.

At June 30, 2018, the Company had cash of \$535,995 available to fund its operations. The Company will need to raise additional capital during the quarter ending December 31, 2018 to fund its ongoing business activities. The next steps in the development of the Company's lead anti-cancer compound LB-100 are to evaluate its anti-cancer effects in Phase 1b/2 clinical trials, which will require additional financing. The Company's longer-term objective is to secure one or more strategic partnerships with pharmaceutical companies with major programs in cancer.

The amount and timing of future cash requirements in 2018 and thereafter will depend on the pace and design of the Company's clinical trial program. As market conditions present uncertainty as to the Company's ability to secure additional funds, there can be no assurance that the Company will be able to secure additional financing on acceptable terms, or at all, as and when necessary to continue to conduct operations. If cash resources are insufficient to satisfy the Company's ongoing cash requirements, the Company would be required to scale back or discontinue its technology and product development programs and/or clinical trials, or obtain funds, if available (although there can be no certainty), through strategic alliances that may require the Company to relinquish rights to certain of its compounds, or to discontinue its operations entirely.

Reclassifications

Certain comparative amounts in 2017 have been reclassified to conform to the current year's presentation. Other than the reclassification for comparability of \$122,810 and \$282,421 of patent-related legal costs from research and development costs to general and administrative costs in the condensed consolidated statements of operations for the three months and six months ended June 30, 2017, respectively, these reclassifications were immaterial, both individually and in the aggregate. These changes did not impact loss from operations or net loss for the three months and six months ended June 30, 2017.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying condensed consolidated financial statements of the Company have been prepared in accordance with United States generally accepted accounting principles ("GAAP") and include the financial statements of Holdings and its wholly-owned subsidiary, Lixte. Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole 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. Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates. Significant estimates include those related to assumptions used in accruals for potential liabilities, valuing equity instruments issued for services, and the realization of deferred tax assets.

Cash Concentrations

The Company maintains cash balances with financial institutions in federally-insured accounts. The Company may periodically have cash balances in banks in excess of FDIC insurance limits. The Company maintains its accounts with financial institutions with high credit ratings. The Company has not experienced any losses to date resulting from this practice.

Research and Development

Research and development costs consist primarily of fees paid to consultants and outside service providers, and other expenses relating to the acquisition, design, development and testing of the Company's compounds and product candidates.

Research and development costs are expensed ratably over the life of the underlying contracts, unless the achievement of milestones, the completion of contracted work, or other information indicates that a different expensing schedule is more appropriate.

Obligations incurred with respect to mandatory scheduled payments under research agreements without milestone provisions are recognized ratably over the appropriate period, as specified in the agreement, and are recorded as liabilities in the Company's consolidated balance sheet, with a corresponding charge to research and development costs in the Company's consolidated statement of operations.

The Company retained Theradex Systems, Inc. ("Theradex"), an international contract research organization ("CRO") that provides professional services for the clinical research and development of pharmaceutical compounds, to be responsible for managing and administering the Company's Phase 1 clinical trial of LB-100. The costs of the Phase 1 clinical trial of LB-100 that were paid through Theradex were recorded and expensed based upon the documentation provided by the CRO.

Payments made pursuant to research and development contracts are initially recorded as advances on research and development contract services in the Company's balance sheet and then charged to research and development costs in the Company's statement of operations as those contract services are performed. Expenses incurred under research and development contracts in excess of amounts advanced are recorded as research and development contract liabilities in the Company's balance sheet, with a corresponding charge to research and development costs in the Company's statement of operations. The Company reviews the status of its research and development contracts on a quarterly basis.

Patent and Licensing Costs

Due to the significant uncertainty associated with the successful development of one or more commercially viable products based on the Company's research efforts and related patent applications, all patent-related legal and filing fees and licensing-related legal fees are expensed as incurred. Patent and licensing costs were \$243,153 and \$172,394 for the three months ended June 30, 2018 and 2017, respectively, and \$460,813 and \$487,748 for the six months ended June 30, 2018 and 2017, respectively. Patent and licensing costs are included in general and administrative costs in the Company's condensed consolidated statements of operations.

Accounting for Preferred Stock

The Company accounts for preferred stock as either equity or debt, depending on the specific characteristics of the security issued. The Series A Convertible Preferred Stock issued by the Company in January 2016 and March 2015 has been classified in stockholders' equity, as described at Note 4.

Concentration of Risk

The Company periodically contracts with directors, including companies controlled by or associated with directors, to provide consulting services related to the Company's research and development and clinical trial activities. Agreements for these services can be for a specific time period (typically one year) or for a specific project or task and can include both cash and non-cash compensation. The only such contract that represents 10% or more of general and administrative or research and development costs is described below.

On September 21, 2012, the Company entered into a work order agreement with Theradex, the CRO responsible for the clinical development of the Company's lead anti-cancer compound LB-100, to manage and administer the Phase 1 clinical trial of LB-100. The Phase 1 clinical trial of LB-100, which began during April 2013 with the entry of patients into the clinical trial, was carried out by nationally recognized comprehensive cancer centers. The patient accrual goal was reached in April 2016 and the clinical trial was closed to further patient enrollment at that time. All patients completed treatment with LB-100 and were off study by the end of May 2016. Thereafter, the Company continued to incur costs to complete the analysis of the clinical data, reconcile and pay the remaining costs owed to the participating clinical sites, and to prepare and submit the required Clinical Study Report to the United States Food and Drug Administration ("FDA") on the completed Phase 1 clinical trial of LB-100, which process was substantially complete at December 31, 2017.

Total costs charged to operations from 2013 through December 31, 2017 for services paid to or through Theradex for the Phase 1 clinical trial of LB-100 aggregated \$2,233,248, with approximately 60% of such costs allocated for services provided by Theradex and approximately 40% for pass-through costs for clinical center laboratory costs and investigator costs over the life of the clinical trial. During the three months ended June 30, 2018 and 2017, the Company did not incur any such clinical trial costs. During the six months ended June 30, 2018 and 2017, the Company incurred \$0 and \$64,615, respectively, of such clinical trial costs, representing approximately 0% and 41% of research and development costs for such periods. Costs pursuant to this agreement are included in research and development costs in the Company's condensed consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under an asset and liability approach for financial accounting and reporting for income taxes. Accordingly, the Company recognizes deferred tax assets and liabilities for the expected impact of differences between the financial statements and the tax basis of assets and liabilities.

The Company has elected to deduct research and development costs on a current basis for federal income tax purposes. For federal tax purposes, start-up and organization costs were deferred until January 1, 2008 at which time the Company began to amortize such costs over a 180-month period.

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In the event the Company was to determine that it would be able to realize its deferred tax assets in the future in excess of its recorded amount, an adjustment to the deferred tax assets would be credited to operations in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to operations in the period such determination was made.

The Company is subject to U.S. federal income taxes and income taxes of various state tax jurisdictions. As the Company's net operating losses have yet to be utilized, all previous tax years remain open to examination by Federal authorities and other jurisdictions in which the Company currently operates or has operated in the past. The Company had no unrecognized tax benefits as of June 30, 2018 and December 31, 2017 and does not anticipate any material amount of unrecognized tax benefits within the next 12 months.

The Company accounts for uncertainties in income tax law under a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns as prescribed by GAAP. The tax effects of a position are recognized only if it is "more-likely-than-not" to be sustained by the taxing authority as of the reporting date. If the tax position is not considered "more-likely-than-not" to be sustained, then no benefits of the position are recognized. As of June 30, 2018, the Company had not recorded any liability for uncertain tax positions. In subsequent periods, any interest and penalties related to uncertain tax positions will be recognized as a component of income tax expense.

On December 22, 2017, the Tax Reform Act was signed into law. The Tax Reform Act, effective for tax years beginning on or after January 1, 2018, except for certain provisions, resulted in significant changes to existing United States tax law, including various provisions that are expected to impact the Company. Among other provisions, the Tax Reform Act reduces the federal corporate tax rate from 35% to 21% effective January 1, 2018, allows for the acceleration of expensing for certain business assets, requires companies to pay a one-time transition tax on certain unremitted earnings of foreign subsidiaries, and eliminates U.S. federal income tax on dividends from foreign subsidiaries.

Stock-Based Compensation

The Company periodically issues common stock and stock options to officers, directors, Scientific Advisory Committee members and consultants for services rendered. Options vest and expire according to terms established at the issuance date of each grant.

The Company accounts for stock-based payments to officers and directors by measuring the cost of services received in exchange for equity awards based on the grant date fair value of the awards, with the cost recognized as compensation expense on the straight-line basis in the Company's financial statements over the vesting period of the awards. The Company accounts for stock-based payments to Scientific Advisory Committee members and consultants by determining the value of the stock compensation based upon the measurement date at either (a) the date at which a performance commitment is reached or (b) at the date at which the necessary performance to earn the equity instruments is complete.

Stock grants, which are generally time vested, are measured at the grant date fair value and charged to operations ratably over the vesting period.

Stock options granted to members of the Company's Scientific Advisory Committee and to outside consultants are revalued each reporting period to determine the amount to be recorded as an expense in the respective period. As the stock options vest, they are valued on each vesting date and an adjustment is recorded for the difference between the value already recorded and the value on the date of vesting.

The fair value of common stock issued as stock-based compensation is determined by reference to the closing price of the Company's common stock on the date of issuance. The fair value of stock options granted as stock-based compensation is determined utilizing the Black-Scholes option-pricing model, and is affected by several variables, the most significant of which are the life of the equity award, the exercise price of the stock option as compared to the fair market value of the common stock on the grant date, and the estimated volatility of the common stock over the term of the equity award. Estimated volatility is based on the historical volatility of the Company's common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The fair market value of common stock is determined by reference to the quoted market price of the Company's common stock.

The Company recognizes the fair value of stock-based compensation awards in general and administrative costs and in research and development costs, as appropriate, in the Company's condensed consolidated statement of operations. The Company issues new shares of common stock to satisfy stock option exercises.

Earnings (Loss) Per Share

The Company's computation of earnings (loss) per share ("EPS") includes basic and diluted EPS. Basic EPS is measured as the income (loss) attributable to common stockholders divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., preferred shares, warrants and stock options) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the respective periods. Basic and diluted loss per common share is the same for all periods presented because all preferred shares, warrants and stock options outstanding are anti-dilutive.

At June 30, 2018 and 2017, the Company excluded the outstanding securities summarized below, which entitle the holders thereof to acquire shares of common stock, from its calculation of earnings per share, as their effect would have been anti-dilutive.

	June 30,	
	2018	2017
Series A Convertible Preferred Stock	4,375,000	4,375,000
Common stock options, including options issued in the form of warrants	7,470,000	8,600,000
Total	11,845,000	12,975,000

Fair Value of Financial Instruments

The authoritative guidance with respect to fair value established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels and requires that assets and liabilities carried at fair value be classified and disclosed in one of three categories, as presented below. Disclosure as to transfers in and out of Levels 1 and 2, and activity in Level 3 fair value measurements, is also required.

Level 1. Observable inputs such as quoted prices in active markets for an identical asset or liability that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include active-exchange traded securities and exchange-based derivatives.

Level 2. Inputs, other than quoted prices included within Level 1, which are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, mutual funds, and fair-value hedges.

Level 3. Unobservable inputs in which there is little or no market data for the asset or liability which requires the reporting entity to develop its own assumptions. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds and are measured using present value pricing models.

The Company determines the level in the fair value hierarchy within which each fair value measurement falls in its entirety, based on the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities at each reporting period end.

The carrying value of financial instruments (consisting of cash and accounts payable and accrued expenses) is considered to be representative of their respective fair values due to the short-term nature of those instruments.

Recent Accounting Pronouncements

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”). ASU 2014-09 eliminates transaction- and industry-specific revenue recognition guidance under current GAAP and replaces it with a principle-based approach for determining revenue recognition. ASU 2014-09 requires that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The FASB has recently issued ASU 2016-08, ASU 2016-10, ASU 2016-11, ASU 2016-12, and ASU 2016-20, all of which clarify certain implementation guidance within ASU 2014-09. ASU 2014-09 is effective for reporting periods beginning after December 15, 2017. The Company adopted the provisions of ASU 2014-09 in the quarter beginning January 1, 2018. The adoption of ASU 2014-09 did not have any impact on the Company’s financial statement presentation or disclosures.

In July 2017, the FASB issued Accounting Standards Update No. 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features; (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception (“ASU 2017-11”). ASU 2017-11 allows companies to exclude a down round feature when determining whether a financial instrument (or embedded conversion feature) is considered indexed to the entity’s own stock. As a result, financial instruments (or embedded conversion features) with down round features are no longer be required to be accounted for as derivative liabilities. A company will recognize the value of a down round feature only when it is triggered and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to common shareholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. ASU 2017-11 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted the provisions of ASU 2017-11 in the quarter beginning January 1, 2018. The adoption of ASU 2017-11 did not have any impact on the Company’s financial statement presentation or disclosures.

Recently Issued Accounting Standards

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842) (“ASU 2016-02”). ASU 2016-02 requires a lessee to record a right-of-use asset and a corresponding lease liability, initially measured at the present value of the lease payments, on the balance sheet for all leases with terms longer than 12 months, as well as the disclosure of key information about leasing arrangements. ASU 2016-02 requires recognition in the statement of operations of a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. ASU 2016-02 requires classification of all cash payments within operating activities in the statement of cash flows. Disclosures are required to provide the amount, timing and uncertainty of cash flows arising from leases. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company will adopt the provisions of ASU 2016-02 in the quarter beginning January 1, 2019. The adoption of ASU 2016-02 is not expected to have any impact on the Company’s financial statement presentation or disclosures.

In June 2018, the FASB issued Accounting Standards Update 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting (“ASU 2018-07”). ASU 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Revenue from Contracts with Customers (Topic 606). ASU 2018-07 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company will adopt the provisions of ASU 2018-07 in the quarter beginning January 1, 2019. The adoption of ASU 2018-07 is not expected to have any impact on the Company’s financial statement presentation or disclosures.

Management does not believe that any other recently issued, but not yet effective, authoritative guidance, if currently adopted, would have a material impact on the Company’s financial statement presentation or disclosures.

4. Stockholders’ Equity

Preferred Stock

The Company has authorized a total of 10,000,000 shares of preferred stock, par value \$0.0001 per share. On March 17, 2015, the Company filed a Certificate of Designations, Preferences, Rights and Limitations (the “Certificate of Designations”) of its Series A Convertible Preferred Stock with the Delaware Secretary of State to amend the Company’s certificate of incorporation. The Company designated 175,000 shares as Series A Convertible Preferred Stock, which are non-voting and are not subject to increase without the written consent of a majority of the holders of the Series A Convertible Preferred Stock or as otherwise set forth in the Certificate of Designations. The holders of each 175,000 share tranche of the Series A Convertible Preferred Stock are entitled to receive a per share dividend equal to 1% of the annual net revenue of the Company divided by 175,000, until converted or redeemed.

Effective January 28, 2016, the Series A Convertible Preferred Stock Certificate of Designations was amended to increase the authorized shares of Series A Convertible Preferred Stock from 175,000 shares to 350,000 shares. Accordingly, as of December 31, 2017, 9,650,000 shares of preferred stock were undesignated and may be issued with such rights and powers as the Board of Directors may designate.

Effective March 17, 2015, the Company entered into a Securities Purchase Agreement with a stockholder of the Company who owned 10.6% of the Company’s issued and outstanding shares of common stock immediately prior to this transaction, pursuant to which such stockholder purchased 175,000 shares of the Company’s Series A Convertible Preferred Stock at \$10.00 per share for an aggregate purchase price of \$1,750,000. As the closing price of the Company’s common stock was \$0.25 per share on March 17, 2015, which was less than the \$0.80 effective price per share of the shares of common stock underlying the Series A Convertible Preferred Stock, there was no beneficial conversion feature associated with this transaction.

Effective January 21, 2016, the Company entered into a Securities Purchase Agreement with the holder of the Series A Convertible Preferred Stock previously sold on March 17, 2015, pursuant to which the Company sold an additional 175,000 shares of Series A Convertible Preferred Stock at \$10.00 per share for an aggregate purchase price of \$1,750,000. As the closing price of the Company’s common stock was \$0.22 per share on January 21, 2016, which was less than the \$0.80 effective price per share of the shares of common stock underlying the Series A Convertible Preferred Stock, there was no beneficial conversion feature associated with this transaction.

Each share of Series A Convertible Preferred Stock may be converted, at the option of the holder, into 12.5 shares of common stock (subject to customary anti-dilution provisions) and the Series A Convertible Preferred Stock is subject to mandatory conversion at the conversion rate in the event of a merger or sale transaction resulting in gross proceeds to the Company of at least \$21,875,000. The Series A Convertible Preferred Stock has a liquidation preference based on its assumed conversion into shares of common stock. The Series A Convertible Preferred Stock does not have a cash liquidation preference.

If fully converted, the 350,000 outstanding shares of Series A Convertible Preferred Stock would convert into 4,375,000 shares of common stock at June 30, 2018. The Company has the right to redeem the Series A Convertible Preferred Stock up to the fifth anniversary of the respective closing dates at a price per share equal to \$50.00. The Series A Convertible Preferred Stock has no right to cash, except for the payment of the aforementioned dividend based on the generation of revenues by the Company and does not have any registration rights.

Based on the attributes of the Series A Convertible Preferred Stock described above, the Company determined to account for the Series A Convertible Preferred Stock as a permanent component of stockholders’ equity.

Common Stock

The Company is authorized to issue up to 100,000,000 shares of common stock (par value \$0.0001). As of June 30, 2018 and December 31, 2017, the Company had 58,025,814 shares of common stock issued and outstanding.

Effective February 24, 2017, the Company entered into a Securities Purchase Agreement with an accredited investor pursuant to which the purchaser purchased 4,000,000 shares of the Company's common stock at a price of \$0.25 per share for an aggregate purchase price of \$1,000,000.

Effective April 3, 2017, the Company entered into a Securities Purchase Agreement with an accredited investor pursuant to which the purchaser purchased 6,000,000 shares of the Company's common stock at a price of \$0.25 per share for an aggregate purchase price of \$1,500,000.

Information with respect to the issuance of common stock in connection with various stock-based compensation arrangements is provided at Note 6.

5. Related Party Transactions

The Company's Chairman and major stockholder, Dr. John Kovach, was paid a salary of \$15,000 for the three months ended June 30, 2018 and 2017, and \$30,000 for the six months ended June 30, 2018 and 2017, respectively, which amounts are included in general and administrative costs in the Company's condensed consolidated statements of operations. Beginning in late February 2017, Dr. Kovach began devoting 100% of his time to the Company's business activities.

The Company's principal office facilities are being provided without charge by Dr. Kovach. Such costs were not material to the Company's consolidated financial statements and, accordingly, have not been reflected therein.

On September 12, 2007, the Company entered into a consulting agreement with Gil Schwartzberg for Mr. Schwartzberg to provide financial advisory and consulting services to the Company with respect to financing matters, capital structure and strategic development, and to assist management in communications with investors and shareholders. Mr. Schwartzberg is currently a significant stockholder of the Company and continues to be a consultant to the Company. Consideration under this consulting agreement, including subsequent extensions, has been paid exclusively in the form of stock options. On January 28, 2014, the Company entered into a second amendment to the consulting agreement to extend it to January 28, 2019. In conjunction with the second amendment to the consulting agreement, the Company granted to Mr. Schwartzberg stock options to purchase an additional aggregate of 4,000,000 shares of common stock, exercisable for a period of the earlier of five years from the grant date or the termination of the consulting agreement at \$0.50 per share, with one-half of the stock options (2,000,000 shares) vesting immediately and one-half of the stock options (2,000,000 shares) vesting on January 28, 2015. Accordingly, all stock-based compensation expense with respect to the January 28, 2014 extension of the consulting agreement was charged to operations during the years ended December 31, 2015 and 2014.

Legal and consulting fees charged to operations for services rendered by the Eric Forman Law Office were \$12,000 for the three months ended June 30, 2018 and 2017, and \$24,000 for the six months ended June 30, 2018 and 2017, respectively. Eric J. Forman is the son-in-law of Gil Schwartzberg, a significant stockholder of and consultant to the Company, and is the son of Dr. Stephen J. Forman, who was elected to the Company's Board of Directors on May 13, 2016. Julie Forman, the wife of Eric Forman and the daughter of Gil Schwartzberg, is Vice President of Morgan Stanley Wealth Management, where the Company maintains a banking relationship.

Stock-based compensation arrangements involving members of the Company's Board of Directors and affiliates are described at Note 6. Total stock-based compensation expense relating to directors, officers, affiliates and related parties was \$0 and \$1,837 for the three months ended June 30, 2018 and 2017, respectively, and \$0 and \$5,681 for the six months ended June 30, 2018 and 2017, respectively.

6. Stock-Based Compensation

The Company issues common stock and stock options as incentive compensation to directors and as compensation for the services of independent contractors and consultants of the Company.

On June 20, 2007, the Board of Directors of the Company approved the 2007 Stock Compensation Plan (the "2007 Plan"), which provides for the granting of awards, consisting of stock options, stock appreciation rights, performance shares, or restricted shares of common stock, to employees and independent contractors, for up to 2,500,000 shares of the Company's common stock, under terms and conditions as determined by the Company's Board of Directors. The 2007 Plan terminated on June 19, 2017. As of June 30, 2018, unexpired stock options for 1,350,000 shares were issued and outstanding under the 2007 Plan.

The fair value of each stock option awarded is estimated on the date of grant and subsequent measurement dates using the Black-Scholes option-pricing model. The expected dividend yield assumption is based on the Company's expectation of dividend payouts. The expected volatilities are based on historical volatility of the Company's stock. The risk-free interest rate is based on the U.S. treasury yield curve in effect as of the grant date. The expected life of the stock options is the average of the vesting term and the full contractual term of the stock options.

There were no stock options requiring an assessment of value during the six months ended June 30, 2018.

For stock options requiring an assessment of value during the six months ended June 30, 2017, the fair value of each stock option award was estimated using the Black-Scholes option-pricing model with the following assumptions:

Risk-free interest rate	1.18% to 1.53%
Expected dividend yield	0%
Expected volatility	308.51% to 311.11%
Expected life	1.5 to 3.5 years

On December 24, 2013, the Company entered into an agreement with NDA Consulting Corp. ("NDA") for consultation and advice in the field of oncology research and drug development. As part of the agreement, NDA also agreed to cause its president, Dr. Daniel D. Von Hoff, M.D., to become a member of the Company's Scientific Advisory Committee. In connection with this agreement, NDA was granted stock options to purchase 100,000 shares of the Company's common stock, vesting 25,000 shares on June 24, 2014, and thereafter 25,000 shares annually on June 24, 2015, 2016 and 2017, exercisable for a period of five years from the date of grant at \$0.13 per share, which was the fair market value of the Company's common stock on the grant date. The fair value of these stock options, as calculated pursuant to the Black-Scholes option-pricing model, was initially determined to be \$12,960 (\$0.13 per share). The Company re-measures the non-vested options to fair value at the end of each reporting period. The unvested portion of the fair value of the stock options was charged to operations ratably from December 24, 2013 through June 24, 2017. During the three months and six months ended June 30, 2017, the Company recorded a (credit) charge to operations of (\$9,646) and \$2,492, respectively, with respect to these stock options.

Effective September 14, 2015, the Company entered into a Collaboration Agreement with BioPharmaWorks LLC ("BioPharmaWorks"), pursuant to which the Company engaged BioPharmaWorks to perform certain services for the Company as described at Note 7. In connection with the Collaboration Agreement, the Company agreed to issue to BioPharmaWorks 1,000,000 fully-vested shares of the Company's common stock, valued at \$260,000, based upon the closing price of the Company's common stock of \$0.26 per share, on September 14, 2015. Additionally, the Company issued to BioPharmaWorks two options in the form of warrants to purchase 1,000,000 shares (500,000 shares per warrant) of the Company's common stock. The first warrant vested on September 14, 2016 and is exercisable for a period of five years from the date of grant at \$1.00 per share. The second warrant vested on September 14, 2017 and is exercisable for a period of five years from the date of grant at \$2.00 per share. The fair value of the first and second warrants, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be \$128,400 (\$0.2568 per share) and \$127,850 (\$0.2557 per share), respectively. The Company re-measured the non-vested stock options to fair value at the end of each reporting period through September 30, 2017. During the three months and six months ended June 30, 2017, the Company recorded a (credit) charge to operations of (\$42,389) and \$13,568, respectively, with respect to these warrants.

Effective May 13, 2016, in conjunction with his appointment as a director of the Company, the Company granted to Dr. Stephen J. Forman stock options to purchase an aggregate of 200,000 shares of common stock under the 2007 Plan, exercisable for a period of five years from vesting date at \$0.16 per share, which was the fair market value of the Company's common stock on such date. One-half of such stock option (100,000 shares) vested on May 13, 2016 and the remaining one-half of such stock option (100,000 shares) vested on May 13, 2017. The fair value of these stock options, as calculated pursuant to the Black-Scholes option-pricing model, was determined to be \$31,180 (\$0.1559 per share), of which \$15,590 was attributable to the stock options fully-vested on May 13, 2016 and was therefore was charged to operations on that date. The remaining unvested portion of the fair value of the stock options was charged to operations ratably from May 13, 2016 through May 13, 2017. During the three months and six months ended June 30, 2017, the Company recorded charges to operations of \$1,837 and \$5,681, respectively, with respect to these stock options.

Total stock-based compensation expense (credit) was \$0 and (\$50,198) for the three months ended June 30, 2018 and 2017, respectively. Total stock-based compensation expense was \$0 and \$21,741 for the six months ended June 30, 2018 and 2017, respectively.

A summary of stock option activity, including options issued in the form of warrants, during the six months ended June 30, 2018 is presented in the table below.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Stock options outstanding at December 31, 2017	7,470,000	\$ 0.545	
Granted	—	—	
Exercised	—	—	
Expired	—	—	
Stock options outstanding at June 30, 2018	<u>7,470,000</u>	<u>\$ 0.545</u>	<u>1.41</u>
Stock options exercisable at December 31, 2017	7,470,000	\$ 0.545	
Stock options exercisable at June 30, 2018	<u>7,470,000</u>	<u>\$ 0.545</u>	<u>1.41</u>

There was no deferred compensation expense for the outstanding value of unvested stock options at June 30, 2018.

The exercise prices of common stock options outstanding and exercisable, including options issued in the form of warrants, are as follows at June 30, 2018:

Exercise Prices	Options Outstanding (Shares)	Options Exercisable (Shares)
\$ 0.120	450,000	450,000
\$ 0.130	100,000	100,000
\$ 0.150	320,000	320,000
\$ 0.160	200,000	200,000
\$ 0.200	500,000	500,000
\$ 0.250	500,000	500,000
\$ 0.500	4,400,000	4,400,000
\$ 1.000	500,000	500,000
\$ 2.000	500,000	500,000
	<u>7,470,000</u>	<u>7,470,000</u>

The intrinsic value of exercisable but unexercised in-the-money stock options at June 30, 2018 was approximately \$203,460, based on a fair market value of \$0.2780 per share on June 30, 2018.

All outstanding options to acquire shares of the Company's common stock were vested at June 30, 2018.

The Company expects to satisfy such stock obligations through the issuance of authorized but unissued shares of common stock.

7. Commitments and Contingencies

The Company may be subject to legal proceedings from time to time as part of its business activities. As of June 30, 2018, the Company was not subject to any pending or threatened legal actions or claims.

Significant agreements and contracts are summarized as follows:

Effective October 18, 2013, the Company entered into a Materials Cooperative Research and Development Agreement (M-CRADA) with the National Institute of Neurological Disorders and Stroke (NINDS) of the National Institutes of Health (NIH) for a term of four years. The Surgical Neurology Branch of NINDS is conducting research characterizing a variety of compounds proprietary to the Company and is examining the potential of the compounds for anti-cancer activity, reducing neurological deficit due to ischemia and brain injury, and stabilizing catalytic function of misfolded proteins for inborn brain diseases. Under an M-CRADA, a party provides research material, in this case proprietary compounds from the Company's pipeline, for study by scientists at NIH. The exchange of material is for research only and does not imply any endorsement of the material on the part of either party. Under the M-CRADA, the NIH grants a collaborator an exclusive option to elect an exclusive or non-exclusive commercialization license.

On June 14, 2017, the Company executed Amendment No. 1 to the M-CRADA, pursuant to which the Company agreed to provide funding in the amount of \$100,000 to the National Cancer Institute for use in acquiring technical, statistical and administrative support for research activities. The \$100,000 amount was scheduled to be paid in two equal installments of \$50,000, the first of which was paid, as scheduled, on July 9, 2017, and was charged to operations on such date. The second installment of \$50,000 was scheduled to be paid on the June 14, 2018 anniversary date of the amendment and was accreted ratably through such date. During the three months and six months ended June 30, 2018, \$12,500 and \$25,000, respectively, was charged to operations and is included in research and development costs with respect to Amendment No. 1. Prior to the payment of the second installment of \$50,000, NINDS and the Company agreed to defer such payment, which has been fully accrued at June 30, 2018, until further collaborative plans have been established.

On December 24, 2013, the Company entered into an agreement with NDA Consulting Corp. (“NDA”) for consultation and advice in the field of oncology research and drug development. As part of the agreement, NDA also agreed to cause its president, Dr. Daniel D. Von Hoff, M.D., to become a member of the Company’s Scientific Advisory Committee. The term of the agreement was for one year and provided for a quarterly cash fee of \$4,000. In 2014, 2015, 2016 and 2017, the agreement had been automatically renewed on its anniversary date for an additional one-year term. Consulting and advisory fees charged to operations pursuant to this agreement were \$4,000 during the three months ended June 30, 2018 and 2017, and \$8,000 during the six months ended June 30, 2018 and 2017.

Effective September 14, 2015, the Company entered into a Collaboration Agreement with BioPharmaWorks, pursuant to which the Company engaged BioPharmaWorks to perform certain services for the Company. Those services include, among other things: (a) assisting the Company to (i) commercialize its products and strengthen its patent portfolio, (ii) identify large pharmaceutical companies with potential interest in the Company’s product pipeline, and (iii) prepare and deliver presentations concerning the Company’s products; (b) at the request of the Board of Directors, serving as backup management for up to three months should the Company’s Chief Executive Officer and scientific leader be temporarily unable to carry out his duties; (c) being available for consultation in drug discovery and development; and (d) identifying providers and overseeing tasks relating to clinical use and commercialization of new compounds.

BioPharmaWorks was founded in 2015 by former Pfizer scientists with extensive multi-disciplinary research and development and drug development experience. The Collaboration Agreement was for an initial term of two years and automatically renews for subsequent annual periods unless terminated by a party not less than 60 days prior to the expiration of the applicable period. In connection with the Collaboration Agreement, the Company agreed to pay BioPharmaWorks a monthly fee of \$10,000, subject to the right of the Company to pay a negotiated hourly rate in lieu of the monthly payment and agreed to issue to BioPharmaWorks certain equity-based compensation as described at Note 6. In November 2016, it was mutually agreed to suspend services and payments pursuant to this agreement, without extending the term of the agreement, for the period from November 1, 2016 through March 31, 2017. The agreement resumed as scheduled on April 1, 2017 and was automatically renewed for an additional one-year period on September 13, 2017. In April 2018, it was again mutually agreed to suspend services and payments pursuant to this agreement, without extending the term of the agreement, for the period from February 1, 2018 through June 30, 2018. The Company recorded charges to operations pursuant to this Collaboration Agreement of \$0 and \$30,000 during the three months ended June 30, 2018 and 2017, respectively, and \$10,000 and \$30,000 during the six months ended June 30, 2018 and 2017, respectively.

On March 22, 2018, the Company entered into a Patent Assignment and Exploitation Agreement (the “Agreement”) with INSERM TRANSFERT SA, acting as delegatee of the French National Institute of Health and Medical Research (“INSERM”), for the assignment to the Company of INSERM’S interest in United States Patent No. 9,833,450 entitled “Oxabicycloheptanes and Oxabicycloheptenes for the Treatment of Depressive and Stress Disorders”, which was filed with the United States Patent and Trademark Office in the name of INSERM and the Company as co-owners on February 19, 2015 and granted on May 12, 2017, and related patent applications and filings. INSERM is a French public institution dedicated to research in the field of health and medicine that had previously entered into a Material Transfer Agreement (“MTA”) with the Company to allow INSERM to conduct research on the Company’s proprietary compound LB-100 and/or its analogs for the treatment of depressive or stress disorders in humans. Pursuant to the Agreement, the Company has agreed to make certain milestone payments to INSERM aggregating up to \$1,750,000 upon achievement of development milestones and up to \$6,500,000 upon achievement of commercial milestones. The Company also agreed to pay INSERM certain commercial royalties on net sales of products attributed to the Agreement. The Company’s current plan is to complete the validation process to evaluate LB-100 for the treatment of depressive or stress disorders in humans within three years; however, the exploitation of this patent for the treatment of depressive and stress disorders in humans will require substantial additional capital and/or a joint venture or other type of business arrangement with a pharmaceutical company with substantially greater capital and business resources than the Company. As there can be no assurances that the Company will be able to obtain the capital or business resources necessary to focus on the exploitation of this patent, it is uncertain when the Company may reach any of the development or commercialization milestones under the Agreement, if at all.

Effective April 2, 2018, the Company entered into a consulting agreement for a term of two years with Liberi Life Sciences Consultancy BV, located in The Netherlands, for consulting and advisory services with respect to sales and licensing, as well as the procurement of investors in China, Japan and South Korea (the “Consulting Agreement”). The Consulting Agreement provided for the payment of a fixed, one-time retainer of EURO 15,000 (US \$18,348), which was paid on April 5, 2018, and 2.5% of the net payments received by the Company from sales of products or licensing activities arising directly and exclusively from leads generated by the advisor during the term of the Consulting Agreement, and any investors introduced to the Company by the advisor that results in an investment in the Company during the term of the Consulting Agreement. The Company recorded the payment of the retainer as a prepaid expense in the Company’s condensed consolidated balance sheet. The Company is amortizing the retainer payment over the two-year life of the Consulting Agreement, as a result of which the Company recorded a charge to operations of \$2,294 during the three months and six months ended June 30, 2018. At June 30, 2018, the unamortized balance of the retainer payment was \$16,054, of which \$9,174 was classified as a current asset and \$6,880 was classified as a non-current asset at such date.

Summary of Principal Cash Obligations and Commitments

The following table sets forth the Company’s principal cash obligations and commitments for the next five fiscal years as of June 30, 2018 aggregating \$105,740, of which \$62,440 is included in current liabilities in the Company’s condensed consolidated balance sheet at June 30, 2018. Amounts included in the 2018 column represent amounts due at June 30, 2018 for the remainder of the 2018 fiscal year ending December 31, 2018.

	<u>Total</u>	<u>Payments Due by Year</u>				
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Research and development contracts	\$ 67,740	\$ 67,740	\$ —	\$ —	\$ —	\$ —
Consulting agreements	38,000	38,000	—	—	—	—
Total	\$ 105,740	\$ 105,740	\$ —	\$ —	\$ —	\$ —

8. Subsequent Events

The Company performed an evaluation of subsequent events through the date of filing of these condensed consolidated financial statements with the SEC. There were no material subsequent events which affected, or could affect, the amounts or disclosures in the condensed consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company is a drug discovery company that uses biomarker technology to identify enzyme targets associated with serious common diseases and then designs novel compounds to attack those targets. The Company's product pipeline encompasses two major categories of compounds at various stages of pre-clinical and clinical development that the Company believes have broad therapeutic potential not only for cancer but also for other debilitating and life-threatening diseases.

The Company's activities are subject to significant risks and uncertainties, including the need for additional capital, as described below. The Company has not yet commenced any revenue-generating operations, does not have positive cash flows from operations, and is dependent on periodic infusions of equity capital to fund its operating requirements.

The Company's common stock is traded on the OTCQB operated by the OTC Markets under the symbol "LIXT".

Going Concern

The Company's condensed consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has not generated any revenues from operations to date and does not expect to do so in the foreseeable future. The Company has experienced recurring operating losses and negative operating cash flows since inception and has financed its working capital requirements during this period primarily through the recurring sale of its equity securities and the exercise of outstanding common stock options and purchase warrants.

As a result, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year of the date that the consolidated financial statements are being issued. In addition, the Company's independent registered public accounting firm, in their report on the Company's consolidated financial statements for the year ended December 31, 2017, has also expressed substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional equity capital to fund its research and development activities and to ultimately achieve sustainable operating revenues and profits. The Company's condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Because the Company is currently engaged in research at a relatively early stage, it will likely take a significant amount of time to develop any product or intellectual property capable of generating sustainable revenues. Accordingly, the Company's business is unlikely to generate any sustainable operating revenues in the next several years and may never do so. In addition, to the extent that the Company is able to generate revenues through licensing its technologies or through product sales, there can be no assurance that the Company will be able to achieve positive earnings and operating cash flows.

At June 30, 2018, the Company had cash of \$535,995 available to fund its operations. The Company will need to raise additional capital during the quarter ending December 31, 2018 to fund its ongoing business activities. The next steps in the development of the Company's lead anti-cancer compound LB-100 are to evaluate its anti-cancer effects in Phase 1b/2 clinical trials, which will require additional financing. The Company's longer-term objective is to secure one or more strategic partnerships with pharmaceutical companies with major programs in cancer.

The amount and timing of future cash requirements in 2018 and thereafter will depend on the pace and design of the Company's clinical trial program. As market conditions present uncertainty as to the Company's ability to secure additional funds, there can be no assurances that the Company will be able to secure additional financing on acceptable terms, or at all, as and when necessary to continue to conduct operations. If cash resources are insufficient to satisfy the Company's ongoing cash requirements, the Company would be required to scale back or discontinue its technology and product development programs and/or clinical trials, or obtain funds, if available (although there can be no certainty), through strategic alliances that may require the Company to relinquish rights to certain of its compounds, or to discontinue its operations entirely.

Recent Accounting Pronouncements

Information with respect to recent accounting pronouncements is provided at Note 3 to the condensed consolidated financial statements for the three months and six months ended June 30, 2018 and 2017 included elsewhere in this document.

Concentration of Risk

Information with respect to concentration of risk is provided at Note 3 to the condensed consolidated financial statements for the three months and six months ended June 30, 2018 and 2017 included elsewhere in this document.

Critical Accounting Policies and Estimates

The preparation of the Company's condensed consolidated financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes to the financial statements. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions. A summary of the Company's critical accounting policies is presented in Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017. There have been no material changes to the Company's critical accounting policies during the six months ended June 30, 2018.

Plan of Operation

Overview of Plans

The Company has two classes of drugs under development for the treatment of cancer, consisting of protein phosphatase inhibitors (PTase-i), designated by the Company as the LB-100 series of compounds, and histone deacetylase inhibitors (HDACi), designated by the Company as the LB-200 series of compounds. Compounds of both types also have potential use in the prevention and treatment of neurodegenerative diseases. The LB-100 series consists of novel structures, which have the potential to be first in their class and may be useful in the treatment of not only several types of cancer, but also vascular and metabolic diseases. The LB-200 series contains compounds which have the potential to be the most effective in its class and may be useful for the treatment of chronic hereditary diseases, such as Gaucher's disease, in addition to cancer and neurodegenerative diseases.

The Company has completed a Phase 1 clinical of its lead anti-cancer compound, LB-100, that showed it is associated with anti-tumor activity in humans at doses that are readily tolerable. Responses included objective regression (tumor shrinkage) lasting for 11 months of a pancreatic cancer and cessation of growth (stabilization of disease) for 4 months or more of 9 other progressive solid tumors out of 20 patients who had measurable disease. As Phase 1 clinical trials are fundamentally designed to determine safety of a new compound in humans, the Company is encouraged by these results. The next step is to demonstrate in Phase 2 clinical trials the efficacy of LB-100 in one or more specific tumor types, against which the compound has well documented activity in pre-clinical models.

Collaborations with leading academic research centers in the United States, Europe and Asia have established the breadth of activity of LB-100 in pre-clinical models of several major cancers. There is considerable scientific interest in LB-100 because it exerts its activity by a novel mechanism and is the first of its type to be evaluated so broadly in multiple animal models of cancer and now in human beings. LB-100 is one a series of serine/threonine phosphatase (s/t ptase) inhibitors designed by the Company. The s/t ptases are ubiquitous enzymes that regulate many cell signaling networks important to cell growth, division and death. The s/t ptases have long been appreciated as potentially important targets for anti-cancer drugs. However, because of the multi- functionality of these enzymes, it had been widely held that pharmacologic inhibitors of s/t ptases would be too toxic to allow their development as anti-cancer treatments, but the Company has shown that this is not the case. LB-100 was well tolerated at doses associated with objective regression (significant tumor shrinkage) and/or the arresting of tumor progression in patients with progressive cancers.

Pre-clinical studies showed that LB-100 itself inhibits a spectrum of human cancers and that combined with standard cytotoxic drugs and/or radiation, LB-100 potentiates their effectiveness against hematologic and solid tumor cancers without enhancing toxicity. Recently, LB-100, given at very low doses in animal models of cancer, markedly increased the effectiveness of a PD-1 blocker, one of the widely used new immunotherapy drugs. This finding raises the possibility that LB-100 may further expand the value of the expanding field of cancer immunotherapy.

Although the Company's focus has been on developing drugs for cancer treatment, several academic centers studying LB-100 under material transfer agreements with the Company have generated pre-clinical data indicating that LB-100 may be therapeutically effective in important non-neoplastic diseases. This development stems from the fact that dysregulation of the PP2A function is not only a feature of many cancers but is also a component of the basic inflammatory response elicited by diverse types of injury in animal models. These include lipid buildup in the blood vessels (type 2 diabetes), acute oxygen deprivation (myocardial infarction and stroke (MI/S)), and aversive physical and/or psychological trauma (depression and post traumatic shock-like syndromes.). The Company's patent portfolio covers composition of matter for structurally distinct but comparably effective PP2A inhibitors and their use in the therapy of a broad spectrum of human diseases. However, the focus of the Company at this time is on demonstrating the value of LB-100 against specific cancers in humans.

At this time, the Company is not aware of any compound in clinical study that is a potent inhibitor of PP2A. Revlimid (Celgene) has recently been recognized to have weak PP2A activity, which presumably underlies its effects in MDS. Over 30 articles have been published reporting the anti-cancer activity of LB-100 against many different types of human cancers in model systems. As a result, the Company believes that some pharmaceutical companies are either evaluating LB-100 and/or designing their own inhibitors of PP2A. The Company's patent portfolio includes composition of matter and multiple uses of LB-100 and analogs and PP2A inhibition in general for multiple cancers and non-neoplastic diseases.

The LB-200 series consists of histone deacetylase inhibitors (HDACi). Many pharmaceutical companies are also developing drugs of this type, and at least two companies have HDACi approved for clinical use, in both cases for the treatment of a type of lymphoma. Despite this significant competition, the Company has demonstrated that its HDACi have broad activity against many cancer types, has neuroprotective activity, and has anti-fungal activity. In addition, these compounds have low toxicity, making them attractive candidates for development. It appears that one type of molecule has diverse effects, affecting biochemical processes that are fundamental to the life of the cell, whether they are cancer cells, nerve cells, or even fungal cells. The neuroprotective activity of the Company's HDACi has been demonstrated in the test tube in model systems that mimic injury to brain cells, such as occurs in stroke and Alzheimer's disease. This type of protective activity may have potential application to a broad spectrum of other chronic neurodegenerative diseases, including Parkinson's disease and Amyotrophic Lateral Sclerosis (ALS, or Lou Gehrig's disease). LB-200 has not yet advanced to the clinical stage and would require additional capital to fund further development. Accordingly, because of the Company's focus on the clinical development of LB-100 and analogs for cancer therapy as described below in more detail, the Company has decided not to actively pursue the pre-clinical development of its LB-200 series of compounds at this time. The Company intends to only maintain its composition of matter patents for LB-200.

Operating Plans

LB-100 Anti-Cancer Targets and Recent Developments

LB-100 used alone has modest inhibitory activity against many cancers in model systems, but certain human cancers possessing unique genetic changes, in addition to those reducing DNA damage repair, are particularly susceptible to inhibition of PP2A by LB-100.

Among these cancers is myelodysplastic syndrome (MDS), an increasingly common neoplastic disease, especially in persons aged 65 and older, characterized by failure of the bone marrow. In particular, a variant of MDS termed del(5q)MDS is missing 50% of its PP2A activity, rendering this tumor potentially more sensitive to further pharmacologic inhibition of PP2A. There is only one drug, Revlimid (Celgene), currently approved for the treatment of del(5q)MDS and none for MDS in general.

Other cancers, in particular small cell lung cancer (SCLC) and hepatocellular cancer occurring in the liver (HCC), have acquired genetic abnormalities, which render them sensitive to inhibition of PP2A by a process termed synthetic lethality. Pre-clinical studies have shown that both SCLC and HCC are sensitive to PP2A inhibition by LB-100 alone and especially so when LB-100 is combined with drugs used as standard treatment for these diseases. SCLC is the lung cancer variant associated with cigarette smoke and comprises about 15% of all lung cancers. HCC is the 5th most common cancer in the world and the 3rd leading cause of death from cancer, with the majority of cases being in Asia. There is no satisfactory treatment available for either of these devastating tumors.

Scientists at the National Institute of Neurological Disorders and Stroke (NINDS) have conducted pre-clinical studies of LB-100 that showed anti-cancer activity in models of a variety of human brain tumors, including glioblastomamultiforme (GBM), medulloblastoma and malignant meningioma. Studies of LB-100 and analogs in models of human brain tumors of adults and children are continuing under a Material-Cooperative Research and Development Agreement (M-CRADA) with the National Cancer Institute (NCI). The NCI has an FDA-approved clinical pharmacokinetic (non-therapeutic) study of LB-100 (Phase 0 Trial, NCT03027388) in patients with recurrent GBM to assess penetration of the compound into these highly malignant tumors. The rationale for this clinical study is that LB-100 potentiates the anti-tumor activity of both x-ray and the drug temozolomide, which are the mainstays of treatment for GBM.

Recent extensive pre-clinical studies of the Company's lead PP2A inhibitor, LB-100, raise the possibility that LB-100 has the potential to enhance the effectiveness of the now widely used PD-1 inhibitors that attack a variety of cancers by activating the patient's own immune system to reject their own tumors (Ho et al. (2018) Pharmacologic inhibition of protein phosphatase-2A achieves durable immune-mediated antitumor activity when combined with PD-1 blockade. *Nature Communications* (2018), 9:2126; Maggio et al. (2017) PD-1 Antagonism With Concurrent Competitive Inhibition Of PP2A Promotes Enhanced Regression Of Intracranial Glioblastoma. *Neuro-Oncology*, (2017) 19(6): vi75. DOI: 10.1093/neuonc/nox168.306). If these findings were confirmed in clinical studies, there could potentially be multiple clinical applications of combination therapy with a PD-1 inhibitor plus LB-100. The Company is focusing on the use of such combinations clinically because the dose of LB-100 required in the model systems to enhance PD-1 effectiveness is very low, about 20% of a readily tolerable dose of LB-100 given alone in humans (Chung V et al. (2017) Safety, tolerability, and preliminary activity of LB-100, an inhibitor of protein phosphatase 2A, in patients with relapsed solid tumors. *Clinical Cancer Research* (2017) DOI: 10.1158/1078-0432.CCR-16-2299). In the animal models, there was no evidence that LB-100 potentiation of PD-1 immunological repression of cancers is accompanied by autoimmune toxicity to normal tissue targets.

In addition, an entirely new application of LB-100 to a specific class of hematologic cancers called B cell leukemias and lymphomas was reported by a group of hematological cancer experts from several national cancer centers in the journal *Cell* (Xiao et al. (2018) B-Cell-Specific Diversion of Glucose Carbon Utilization Reveals a Unique Vulnerability in B Cell Malignancies. *Cell* (2018) 173:1-15). The seminal finding was that B cell cancers in general require overexpression of PP2A for survival, and that in multiple pre-clinical models and in isolated human B cell cancers, LB-100 is highly inhibitory. The journal *Cell* is a peer-reviewed scientific journal publishing research papers across a broad range of disciplines within the life sciences.

The following is a news release regarding this novel finding issued by the City of Hope Comprehensive Cancer Center, Duarte, California, on March 14, 2018 (the Phase I clinical trial of LB-100 was conducted in part at the City of Hope Comprehensive Cancer Center):

B cells are a type of white blood cell known for producing antibodies in the human immune system and play an important role in the immune defense against infections caused by viruses or bacteria.

However, the ability of B cells to make antibodies through a series of DNA-recombination events comes with the risk of DNA lesions that may cause malignant transformation and cancer. In B cells, cancer-causing aberrations typically result in leukemia and lymphoma.

In a new paper published today in the journal *Cell*, a team of researchers led by City of Hope's Markus Müschen, M.D., Ph.D., chair of the Department of Systems Biology and holder of The Norman and Sadie Lee Foundation Professorship in Pediatrics, and Gang Xiao, Ph.D., assistant research professor in the Department of Systems Biology, report on the discovery of a new therapeutic target for these B cell malignancies.

All cells need energy to survive. But the team found — through a series of studies in animal models — that B cells and B cell-derived tumors convert sugar and nutrients into energy in a way that is fundamentally different from other cells. The process involves an enzyme called PP2A and its newly discovered ability to redirect energy metabolites from sugars into a pathway that generates antioxidants to protect cells from damage during metabolism.

In other cell types, PP2A is dispensable because other molecules can provide antioxidant protection. In contrast, B cells and B cell leukemia and lymphoma cells critically depend on PP2A. When the researchers removed PP2A in B cells through genetic deletion of the PP2A gene, this had little effect on other cells but induced acute death in B cell leukemia and lymphoma cells.

"Other cells try to balance generation of building blocks for growth with protection against oxidative stress, which can cause damage to the cells," said Müschen, corresponding author on the paper. "In B cell tumors, this balance is heavily tilted toward growth, so these cells are very sensitive to oxidative stress."

This makes B cell tumors, including leukemia and lymphoma, vulnerable, according to Xiao. "In our paper, we show several new strategies of how this vulnerability can be targeted to kill B cell tumors but spare normal cells," he said.

One such strategy is a drug that can further skew the balance in energy metabolism by targeting PP2A. It is called LB-100 and is already in a clinical trial at City of Hope.

“We think that the same mechanism used to target B cell tumors could also work in autoimmune diseases, in which uncontrolled B cells make self-destructive antibodies causing type 1 diabetes, lupus, rheumatoid arthritis and other serious diseases,” Müschen said. “We think that targeting this pathway with LB-100 and similar drugs may be beneficial for patients with B cell tumors, as our paper shows, but perhaps also for patients with B cell autoimmune diseases.

“The unique way that B cells and B cell-derived tumors consume glucose encourages us to discover more regulating molecules in addition to PP2A, which was identified in this study,” Xiao added. “As we accumulate this type of knowledge, we may be able to exacerbate the vulnerability of B cell tumors and/or improve the fitness of normal lymphocytes in the immune system to help them defend our bodies.”

Müschén and Xiao worked with others at City of Hope and collaborators from UCLA, UC San Francisco, Jena University in Germany, the University of British Columbia, Dana Farber Cancer Institute and Harvard Medical School on the studies and resulting *Cell* paper, “B Cell-specific Diversion of Glucose Carbon Utilization Reveals a Unique Vulnerability in B Cell Malignancies.”

Near-Term Objectives

The Company’s immediate goals are to demonstrate significant therapeutic benefit of LB-100, the Company’s lead anti-cancer clinical compound, against one or more specific human cancers in Phase 2 clinical trials. The Company has several attractive targets for new therapies incorporating LB-100. The potentiation of cancer immunotherapy by adding LB-100 to regimens of PD-1 blockers, as reported by Ho et al (2018), and the unexpected findings of Muschen et al (2018) that a metabolic imbalance involving over activity of the enzyme PP2A in B cell cancers, which is the target of LB-100, may provide a selective advantage in the therapy of B cell cancers. These findings have also led the Company to reexamine the most attractive cancer targets for demonstrating the clinical effectiveness LB-100 and to enter into discussions with cancer centers that focus on the inhibition of PP2A as an important cancer target. The Company’s current plans are to conduct the following clinical studies:

(1) A Phase 1b/2 clinical trial of LB-100 as a single agent in the treatment of patients with del(5q) myelodysplastic syndrome (del5qMDS) failing first line therapy. The bone marrow cells of these patients are deficient in PP2A and are especially vulnerable to further inhibition of PP2A by LB-100.

(2) A Phase 1b/2 randomized clinical trial in previously untreated patients with small cell lung cancer (SCLC) comparing the standard regimen, carboplatin/etoposide, with and without LB-100. The malignant cells of this uniformly rapidly fatal lung cancer are genetically sensitive to PP2A inhibition (by a process termed synthetic lethality).

(3) A Phase 1b/2 randomized clinical trial in patients adding LB-100 to PD-1 inhibitors against one of several cancers in which PD-1 inhibitors alone have definite but modest activity.

(4) A phase 1b/2 clinical trial in a refractory B cell cancer to confirm the pre-clinical observations of Muschen et al (2018) that a metabolic imbalance involving over activity of the enzyme PP2A in B cell cancers, which is the target of LB-100, may provide a selective advantage in the therapy of B cell cancers. .

The Phase 1b/2 clinical trials described above will require additional financing and/or partnering relationships with other pharmaceutical companies in order for the Company to undertake and complete such clinical studies. The Company is in discussions with various parties with respect to the financing of these clinical studies, although there can be no assurances that the Company will be able to obtain such financing and/or partnering relationships on acceptable terms or at all. The Company’s longer-term objective is to secure one or more strategic partnerships with pharmaceutical companies with major programs in cancer research and drug development.

As a compound moves through the FDA-approval process, it becomes an increasingly valuable property, but at a cost of additional investment at each stage. As the potential effectiveness of LB-100 has been documented at the clinical trial level, the Company has allocated resources to expand the breadth and depth of its patent portfolio. The Company’s approach has been to operate with a minimum of overhead, moving compounds forward as efficiently and inexpensively as possible, and to raise funds to support each of these stages as certain milestones are reached.

Results of Operations

At June 30, 2018, the Company had not yet commenced any revenue-generating operations, does not have any positive cash flows from operations, and is dependent on its ability to raise equity capital to fund its operating requirements.

Certain comparative amounts in 2017 have been reclassified to conform to the current year's presentation. For the three months and six months ended June 30, 2017, patent-related legal costs of \$122,810 and \$282,421, respectively, were reclassified from research and development costs to general and administrative costs.

The Company's condensed consolidated statements of operations as discussed herein are presented below.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues	\$ —	\$ —	\$ —	\$ —
Costs and expenses:				
General and administrative costs	330,839	278,377	684,909	755,737
Research and development costs	41,106	14,559	66,795	157,803
Total costs and expenses	<u>371,945</u>	<u>292,936</u>	<u>751,704</u>	<u>913,540</u>
Loss from operations	(371,945)	(292,936)	(751,704)	(913,540)
Interest income	525	152	1,124	164
Net loss	<u>\$ (371,420)</u>	<u>\$ (292,784)</u>	<u>\$ (750,580)</u>	<u>\$ (913,376)</u>
Net loss per common share – basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average common shares outstanding – basic and diluted	<u>58,025,814</u>	<u>57,678,012</u>	<u>58,025,814</u>	<u>53,577,471</u>

Three Months Ended June 30, 2018 and 2017

Revenues. The Company did not have any revenues for the three months ended June 30, 2018 and 2017.

General and Administrative Costs. For the three months ended June 30, 2018, general and administrative costs were \$330,839, which consisted of patent and licensing legal fees and costs of \$243,153, other consulting and professional fees of \$49,386, insurance expense of \$12,796, officer's salary and related costs of \$16,823, stock transfer fees of \$2,515, travel and entertainment costs of \$1,132, listing fees of \$3,000, and other operating costs of \$2,034.

For the three months ended June 30, 2017, general and administrative costs were \$278,377, which consisted of patent and licensing legal fees and costs of \$172,394, the fair value of stock options issued to directors and consultants of \$1,837, consulting and professional fees of \$58,767, insurance expense of \$13,453, officer's salary and related costs of \$16,748, stock transfer fees of \$2,934, filing fees of \$1,294, travel and entertainment costs of \$7,385, listing fees of \$2,500, and other operating costs of \$1,065.

General and administrative costs increased by \$52,462 or 18.8% in 2018 as compared to 2017, primarily as a result of an increase of \$70,759 in patent and licensing legal fees and costs, offset by a decrease of \$9,381 in other consulting and professional fees, and a decrease of \$6,253 in travel and entertainment costs. The decrease in consulting and professional fees was principally due to a decrease in corporate legal fees of \$7,652.

Research and Development Costs. For the three months ended June 30, 2018, research and development costs were \$41,106, which consisted entirely of contractor costs, primarily in connection with the Company's pre-clinical research focused on the development of additional novel anti-cancer compounds to add to its clinical pipeline, including \$12,500 to the National Cancer Institute in connection with Amendment No. 1 to the M-CRADA.

As the patient accrual goal of the Phase 1 clinical trial of LB-100 being conducted with Theradex was reached in April 2016, the Phase 1 clinical trial of LB-100 was closed to further patient enrollment at that time. All patients completed treatment with LB-100 and were off study by the end of May 2016. The Company continued to incur costs with Theradex to complete the analysis of the clinical data and to prepare and submit the required Clinical Study Report to the FDA on the completed Phase 1 clinical trial of LB-100, which process was substantially complete at December 31, 2017. During the three months ended June 30, 2018, no additional costs were incurred with Theradex in connection with the Phase 1 clinical trial of LB-100.

For the three months ended June 30, 2017, research and development costs were \$14,559, which consisted of contractor costs of \$66,594, including \$30,000 to BioPharmaWorks, offset by a credit for the vested portion of the fair value of stock options of \$52,035. The credit for the vested portion of the fair value of stock options was attributable to a decline in the price of the Company's common stock during the three months ended June 30, 2017.

Research and development costs increased by \$26,547 or 182.3% in 2018 as compared to 2017, primarily as a result of a decrease of \$25,488 in contractor costs.

Interest Income. For the three months ended June 30, 2018, the Company had interest income of \$525, as compared to interest income of \$152 for the three months ended June 30, 2017.

Net Loss. For the three months ended June 30, 2018, the Company incurred a net loss of \$371,420, as compared to a net loss of \$292,784 for the three months ended June 30, 2017.

Six Months Ended June 30, 2018 and 2017

Revenues. The Company did not have any revenues for the six months ended June 30, 2018 and 2017.

General and Administrative Costs. For the six months ended June 30, 2018, general and administrative costs were \$684,909, which consisted of patent and licensing legal fees and costs of \$460,813, other consulting and professional fees of \$139,632, insurance expense of \$25,592, officer's salary and related costs of \$33,788, stock transfer fees of \$6,439, travel and entertainment costs of \$1,385, listing fees of \$6,000, filing fees of \$6,294, and other operating costs of \$4,966.

For the six months ended June 30, 2017, general and administrative costs were \$755,737, which consisted of patent and licensing legal fees and costs of \$487,748, the fair value of stock options issued to directors and consultants of \$5,681, consulting and professional fees of \$162,532, insurance expense of \$26,905, officer's salary and related costs of \$33,771, stock transfer fees of \$5,273, filing fees of \$6,593, travel and entertainment costs of \$9,648, listing fees of \$5,000, conference fees of \$6,577, and other operating costs of \$6,009.

General and administrative costs decreased by \$70,828 or 9.4% in 2018 as compared to 2017, primarily as a result of a decrease of \$26,935 in patent and licensing legal fees and costs, a decrease of \$22,900 in other consulting and professional fees, a decrease in the fair value of stock options issued to directors and consultants of \$5,681, and a decrease of \$8,263 in travel and entertainment costs. The decrease in consulting and professional fees was principally due to a decrease in corporate legal fees of \$18,847.

Research and Development Costs. For the six months ended June 30, 2018, research and development costs were \$66,795, which consisted entirely of contractor costs, primarily in connection with the Company's pre-clinical research focused on the development of additional novel anti-cancer compounds to add to its clinical pipeline, including \$25,000 to the National Cancer Institute in connection with Amendment No. 1 to the M-CRADA.

As the patient accrual goal of the Phase 1 clinical trial of LB-100 being conducted with Theradex was reached in April 2016, the Phase 1 clinical trial of LB-100 was closed to further patient enrollment at that time. All patients completed treatment with LB-100 and were off study by the end of May 2016. The Company continued to incur costs with Theradex to complete the analysis of the clinical data and to prepare and submit the required Clinical Study Report to the FDA on the completed Phase 1 clinical trial of LB-100, which process was substantially complete at December 31, 2017. During the six months ended June 30, 2018, no additional costs were incurred with Theradex in connection with the Phase 1 clinical trial of LB-100.

For the six months ended June 30, 2017, research and development costs were \$157,803, which consisted of contractor costs of \$141,743, including \$64,615 to Theradex in connection with the Phase 1 clinical trial of LB-100 and \$30,000 to BioPharmaWorks, and \$16,060 for the vested portion of the fair value of stock options.

Research and development costs decreased by \$91,008 or 57.7% in 2018 as compared to 2017, primarily as a result of a decrease of \$74,948 in contractor costs and a decrease of \$16,060 for the vested portion of the fair value of stock options.

Interest Income. For the six months ended June 30, 2018, the Company had interest income of \$1,124, as compared to interest income of \$164 for the six months ended June 30, 2017.

Net Loss. For the six months ended June 30, 2018, the Company incurred a net loss of \$750,580, as compared to a net loss of \$913,376 for the six months ended June 30, 2017.

Liquidity and Capital Resources – June 30, 2018

The Company's condensed consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has not generated any revenues from operations to date and does not expect to do so in the foreseeable future. The Company has experienced recurring operating losses and negative operating cash flows since inception and has financed its working capital requirements during this period primarily through the recurring sale of its equity securities and the exercise of outstanding warrants. As a result, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year of the date that the condensed consolidated financial statements are being issued. In addition, the Company's independent registered public accounting firm, in their report on the Company's consolidated financial statements for the year ended December 31, 2017, has also expressed substantial doubt about the Company's ability to continue as a going concern (see "Going Concern" above).

At June 30, 2018, the Company had working capital of \$237,581, as compared to working capital of \$995,041 at December 31, 2017, a decrease in working capital of \$757,460 for the six months ended June 30, 2018. The decrease in working capital during the six months ended June 30, 2018 was the result of amounts being utilized to fund the Company's research and development activities and its ongoing operating expenses, including maintaining and developing its patent portfolio.

At June 30, 2018, the Company had cash of \$535,995 available to fund its operations. The Company will need to raise additional capital during the quarter ending December 31, 2018 to fund its ongoing business activities. The next steps in the development of LB-100, the Company's lead anti-cancer compound, are to evaluate its anti-cancer effects in Phase 1b/2 clinical trials, which will require additional financing. The Company's longer-term objective is to secure one or more strategic partnerships with pharmaceutical companies with major programs in cancer.

The amount and timing of future cash requirements in 2018 and thereafter will depend on the pace and design of the Company's clinical trial program. As market conditions present uncertainty as to the Company's ability to secure additional funds, there can be no assurances that the Company will be able to secure additional financing on acceptable terms, or at all, as and when necessary to continue to conduct operations. If cash resources are insufficient to satisfy the Company's ongoing cash requirements, the Company would be required to scale back or discontinue its technology and product development programs and/or clinical trials, or obtain funds, if available (although there can be no certainty), through strategic alliances that may require the Company to relinquish rights to certain of its compounds, or to discontinue its operations entirely.

Operating Activities. For the six months ended June 30, 2018, operating activities utilized cash of \$769,753, as compared to utilizing cash of \$667,430 for the six months ended June 30, 2017, to fund the Company's ongoing research and development activities, and to fund its other ongoing operating expenses, including maintaining and developing its patent portfolio.

Investing Activities. For the six months ended June 30, 2018 and 2017, the Company had no investing activities.

Financing Activities. For the six months ended June 30, 2018, the Company had no financing activities. For the six months ended June 30, 2017, financing activities consisted of the receipt of \$1,000,000 and \$1,500,000 of proceeds from the sale of 4,000,000 shares and 6,000,000 shares of the Company's common stock at \$0.25 per share in closings occurring in January 2017 and April 2017, respectively.

Principal Commitments

Effective October 18, 2013, the Company entered into a Materials Cooperative Research and Development Agreement (M-CRADA) with the National Institute of Neurological Disorders and Stroke (NINDS) of the National Institutes of Health (NIH) for a term of four years. The Surgical Neurology Branch of NINDS is conducting research characterizing a variety of compounds proprietary to the Company and is examining the potential of the compounds for anti-cancer activity, reducing neurological deficit due to ischemia and brain injury, and stabilizing catalytic function of misfolded proteins for inborn brain diseases. Under an M-CRADA, a party provides research material, in this case proprietary compounds from the Company's pipeline, for study by scientists at NIH. The exchange of material is for research only and does not imply any endorsement of the material on the part of either party. Under the M-CRADA, the NIH grants a collaborator an exclusive option to elect an exclusive or non-exclusive commercialization license.

On June 14, 2017, the Company executed Amendment No. 1 to the M-CRADA, pursuant to which the Company agreed to provide funding in the amount of \$100,000 to the National Cancer Institute for use in acquiring technical, statistical and administrative support for research activities. The \$100,000 amount was scheduled to be paid in two equal installments of \$50,000, the first of which was paid, as scheduled, on July 9, 2017, and was charged to operations on such date. The second installment of \$50,000 was scheduled to be paid on the June 14, 2018 anniversary date of the amendment and was accreted ratably through such date. During the three months and six months ended June 30, 2018, \$12,500 and \$25,000, respectively, was charged to operations and is included in research and development costs with respect to Amendment No. 1. Prior to the payment of the second installment of \$50,000, NINDS and the Company agreed to defer such payment, which has been fully accrued at June 30, 2018, until further collaborative plans have been established.

On December 24, 2013, the Company entered into an agreement with NDA Consulting Corp. (“NDA”) for consultation and advice in the field of oncology research and drug development. As part of the agreement, NDA also agreed to cause its president, Dr. Daniel D. Von Hoff, M.D., to become a member of the Company’s Scientific Advisory Committee. The term of the agreement was for one year and provided for a quarterly cash fee of \$4,000. In 2014, 2015, 2016 and 2017, the agreement had been automatically renewed on its anniversary date for an additional one-year term. Consulting and advisory fees charged to operations pursuant to this agreement were \$4,000 during the three months ended June 30, 2018 and 2017, and \$8,000 during the six months ended June 30, 2018 and 2017.

Effective September 14, 2015, the Company entered into a Collaboration Agreement with BioPharmaWorks, pursuant to which the Company engaged BioPharmaWorks to perform certain services for the Company. Those services include, among other things: (a) assisting the Company to (i) commercialize its products and strengthen its patent portfolio, (ii) identify large pharmaceutical companies with potential interest in the Company’s product pipeline, and (iii) prepare and deliver presentations concerning the Company’s products; (b) at the request of the Board of Directors, serving as backup management for up to three months should the Company’s Chief Executive Officer and scientific leader be temporarily unable to carry out his duties; (c) being available for consultation in drug discovery and development; and (d) identifying providers and overseeing tasks relating to clinical use and commercialization of new compounds.

BioPharmaWorks was founded in 2015 by former Pfizer scientists with extensive multi-disciplinary research and development and drug development experience. The Collaboration Agreement was for an initial term of two years and automatically renews for subsequent annual periods unless terminated by a party not less than 60 days prior to the expiration of the applicable period. In connection with the Collaboration Agreement, the Company agreed to pay BioPharmaWorks a monthly fee of \$10,000, subject to the right of the Company to pay a negotiated hourly rate in lieu of the monthly payment and agreed to issue to BioPharmaWorks certain equity-based compensation as described at Note 6. In November 2016, it was mutually agreed to suspend services and payments pursuant to this agreement, without extending the term of the agreement, for the period from November 1, 2016 through March 31, 2017. The agreement resumed as scheduled on April 1, 2017 and was automatically renewed for an additional one-year period on September 13, 2017. In April 2018, it was again mutually agreed to suspend services and payments pursuant to this agreement, without extending the term of the agreement, for the period from February 1, 2018 through June 30, 2018. The Company recorded charges to operations pursuant to this Collaboration Agreement of \$0 and \$30,000 during the three months ended June 30, 2018 and 2017, respectively, and \$10,000 and \$30,000 during the six months ended June 30, 2018 and 2017, respectively.

On March 22, 2018, the Company entered into a Patent Assignment and Exploitation Agreement (the “Agreement”) with INSERM TRANSFERT SA, acting as delegatee of the French National Institute of Health and Medical Research (“INSERM”), for the assignment to the Company of INSERM’S interest in United States Patent No. 9,833,450 entitled “Oxabicycloheptanes and Oxabicycloheptenes for the Treatment of Depressive and Stress Disorders”, which was filed with the United States Patent and Trademark Office in the name of INSERM and the Company as co-owners on February 19, 2015 and granted on May 12, 2017, and related patent applications and filings. INSERM is a French public institution dedicated to research in the field of health and medicine that had previously entered into a Material Transfer Agreement (“MTA”) with the Company to allow INSERM to conduct research on the Company’s proprietary compound LB-100 and/or its analogs for the treatment of depressive or stress disorders in humans. Pursuant to the Agreement, the Company has agreed to make certain milestone payments to INSERM aggregating up to \$1,750,000 upon achievement of development milestones and up to \$6,500,000 upon achievement of commercial milestones. The Company also agreed to pay INSERM certain commercial royalties on net sales of products attributed to the Agreement. The Company’s current plan is to complete the validation process to evaluate LB-100 for the treatment of depressive or stress disorders in humans within three years; however, the exploitation of this patent for the treatment of depressive and stress disorders in humans will require substantial additional capital and/or a joint venture or other type of business arrangement with a pharmaceutical company with substantially greater capital and business resources than the Company. As there can be no assurances that the Company will be able to obtain the capital or business resources necessary to focus on the exploitation of this patent, it is uncertain when the Company may reach any of the development or commercialization milestones under the Agreement, if at all.

Effective April 2, 2018, the Company entered into a consulting agreement for a term of two years with Liberi Life Sciences Consultancy BV, located in The Netherlands, for consulting and advisory services with respect to sales and licensing, as well as the procurement of investors in China, Japan and South Korea (the “Consulting Agreement”). The Consulting Agreement provided for the payment of a fixed, one-time retainer of EURO 15,000 (US \$18,348), which was paid on April 5, 2018, and 2.5% of the net payments received by the Company from sales of products or licensing activities arising directly and exclusively from leads generated by the advisor during the term of the Consulting Agreement, and any investors introduced to the Company by the advisor that results in an investment in the Company during the term of the Consulting Agreement. The Company recorded the payment of the retainer as a prepaid expense in the Company’s condensed consolidated balance sheet. The Company is amortizing the retainer payment over the two-year life of the Consulting Agreement, as a result of which the Company recorded a charge to operations of \$2,294 during the three months and six months ended June 30, 2018. At June 30, 2018, the unamortized balance of the retainer payment was \$16,054, of which \$9,174 was classified as a current asset and \$6,880 was classified as a non-current asset at such date.

Summary of Principal Cash Obligations and Commitments

The following table sets forth the Company’s principal cash obligations and commitments for the next five fiscal years as of June 30, 2018 aggregating \$105,740, of which \$62,440 is included in current liabilities in the Company’s condensed consolidated balance sheet at June 30, 2018. Amounts included in the 2018 column represent amounts due at June 30, 2018 for the remainder of the 2018 fiscal year ending December 31, 2018.

	<u>Total</u>	<u>Payments Due by Year</u>				
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Research and development contracts	\$ 67,740	\$ 67,740	\$ —	\$ —	\$ —	\$ —
Consulting agreements	38,000	38,000	—	—	—	—
Total	\$ 105,740	\$ 105,740	\$ —	\$ —	\$ —	\$ —

Off-Balance Sheet Arrangements

At June 30, 2018, the Company did not have any transactions, obligations or relationships that could be considered off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of its management, consisting of its principal executive officer and principal financial officer (who is the same person), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act (defined below)). Based upon that evaluation, the Company's principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to the Company's management, consisting of the Company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

The Company's management, consisting of its principal executive officer and principal financial officer, does not expect that its disclosure controls and procedures or its internal controls will prevent all error or 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. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to 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, have been detected. In addition, as conditions change over time, so too may the effectiveness of internal controls. However, management believes that the financial statements included in this report fairly present, in all material respects, the Company's financial condition, results of operations and cash flows for the periods presented.

(b) Changes in Internal Controls Over Financial Reporting

The Company's management, consisting of its principal executive officer and principal financial officer, has determined that no change in the Company's internal control over financial reporting (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Securities Exchange Act of 1934) occurred during or subsequent to the end of the period covered in this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not currently subject to any pending or threatened legal actions or claims.

ITEM 1A. RISK FACTORS

As of the date of this filing, there have been no material changes to the Risk Factors included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the Securities and Exchange Commission on March 23, 2018 (the "2017 Form 10-K"). The Risk Factors set forth in the 2017 Form 10-K should be read carefully in connection with evaluating the Company's business and in connection with the forward-looking statements contained in this Quarterly Report on Form 10-Q. Any of the risks described in the 2017 Form 10-K could materially adversely affect the Company's business, financial condition or future results and the actual outcome of matters as to which forward-looking statements are made. These are not the only risks that the Company faces. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company's business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which is presented elsewhere in this document, and is incorporated herein by reference.

SIGNATURES

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

LIXTE BIOTECHNOLOGY HOLDINGS, INC.

(Registrant)

Date: August 2, 2018

By: /s/ JOHN S. KOVACH

John S. Kovach
Chief Executive Officer and Chief Financial Officer
(Principal financial and accounting officer)

INDEX TO EXHIBITS

The following documents are filed as part of this report:

<u>Exhibit Number</u>	<u>Description of Document</u>
10.1*	<u>Consulting Agreement between Liberi Life Sciences Consultancy BV and Lixte Biotechnology Holdings, Inc. dated and effective as of April 2, 2018.</u>
31.1*	<u>Officer's Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Officer's Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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 Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith.

** In accordance with Regulation S-T, the XBRL related information on Exhibit No. 101 to this Quarterly Report on Form 10-Q shall be deemed "furnished" herewith but not "filed".

CONSULTING AGREEMENT

This Consulting Agreement (this “Agreement”) is hereby made and entered into as of the 2nd day of April, 2018 (the “Effective Date”) by and between Liberi Life Sciences Consultancy BV (“Advisor”), represented by Drs. Frans Trouwen, (Heemsteedse Dreef 159, 2101KD Heemstede, The Netherlands) and , Lixte Biotechnology Holdings, Inc. (“COMPANY”) with its principal place of business at 248 Route 25A No. 2, East Setauket, NY 11733, represented by John Kovach M.D.

RECITALS

A. Advisor represents itself as having the ability, experience and resources to provide consulting and advisory services to COMPANY.

B. COMPANY and the Advisor desire to enter into this Agreement for the performance by Advisor of the consulting and advisory services to COMPANY under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto (collectively, the “Parties”) agree as follows:

1. APPOINTMENT

COMPANY hereby appoints Advisor, and Advisor accepts such appointment, to perform the consulting and advisory services on behalf of COMPANY.

2. SCOPE OF WORKS

2.1 Advisor shall provide the consulting and advisory services as follows (the “Services”):

(i) To introduce products and/or projects listed in Annex 1 (“COMPANY Products/projects”) to pharmaceutical companies in the areas as described in Annex 1; to assist in evaluation, discussion and negotiation of the terms and conditions of any transaction contemplated herein from leads provided by Advisor (“Advisor Leads”); and to assist in managing post-transaction communications with Advisor Leads.

(ii) To find investors.

(iii) To find licensing opportunities for COMPANY Products/projects.

2.2 With regards to providing the Services, Advisor promises to use its best effort as reasonably required by a professional advisor in a same or similar industry.

2.3 Notwithstanding anything to the contrary in this Agreement, Advisor shall have no power or authority, express or implied, to enter into any agreements, understandings, instruments, contracts or proposed transactions on behalf of COMPANY without the prior written consent of COMPANY.

3. COMPENSATION

3.1 COMPANY shall pay a fixed retainer for the services that Advisor will perform hereunder. The fixed (one time only) retainer will be invoiced upfront and will be EURO 15.000,- (fifteen thousand) (excluding VAT) for the services rendered hereunder:

3.2 Additionally, COMPANY will pay Advisor 2.5% of the net payments received by COMPANY from (a) sales of products or licensing activities arising directly and exclusively from Advisor Leads made during the term of Agreement and (b) any investors first introduced to COMPANY and paid to COMPANY during the term of the Agreement.

3.3 All payments are payable within twenty (20) days from the invoice date to Advisor's designated bank account.

3.4 COMPANY and Advisor shall each be solely responsible for all local taxes payable with respect to any payments received by them under this Agreement.

3.5 The upfront payment does not cover any travelling/hotel costs in case these have to be made. All costs (if applicable) will be pre-approved by COMPANY.

3.6 Advisor will start the assignment once the upfront payment has been received.

4. TERM AND TERMINATION

4.1 This Agreement shall take effect from the Effective Date and remain in full force and effect for a period of twenty four (24) months.

4.2 Notwithstanding the foregoing, in the event either Party is in breach or default of any material term of this Agreement, and said breach or default continues unremedied for a period of thirty (30) days after such party's receipt of written notice from the other Party specifying the grounds of such breach or default, then in addition to all other rights and remedies at law or in equity, the other Party will have the right to terminate this Agreement immediately upon written notice to the breaching or defaulting party.

5. STATUS OF ADVISOR

Advisor shall act at all times as an independent contractor. Nothing in this Agreement shall be regarded as creating any other relationship between the Parties, and Advisor shall have no authority to bind or act as agent for COMPANY or its employees for any purpose. No employees, staff, or agents of Advisor shall represent themselves to be an employee of COMPANY.

6. CONFIDENTIALITY

6.1 Advisor agrees not to disclose any proprietary information to third parties or use any proprietary information of COMPANY without the prior written consent of COMPANY. In addition, Advisor shall treat and protect such information in the same manner as it treats its own information of like character, but with not less than reasonable care, and such information must be immediately returned to COMPANY upon termination or expiration of this Agreement.

6.2 Advisor understands and agrees that its breach or threatened breach of this Article 6 will cause irreparable injury to COMPANY and that monetary damages alone will not provide an adequate remedy for such breach or threatened breach. The Parties hereby agree that, in the event of such a breach or threatened breach, the non-breaching party will be also entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. The Parties' rights under this Article 6 are cumulative, and a party's exercise of one right shall not waive the party's right to assert any other legal remedy.

6.3 The provisions of this Article 6 shall survive the termination or expiration of this Agreement.

7. GENERAL PROVISIONS

7.1 Timing and Delivery. Time is of essence. Advisor shall exercise commercially reasonable efforts to provide the Services for COMPANY in timely manner.

7.2 Notice. All notices which either party is required or may desire to give the other party herein shall be sufficiently given if delivered in person or sent by registered or certified mail, or by prepaid overnight courier, addressed as follows:

To COMPANY at:
248 Route 25A, No. 2, East Setauket, NY 11733
Attention: John Kovach

To Advisor at:
Heemsteedse Dreef 159,
2101 KD Heemstede,
The Netherlands
Attention: Frans Trouwen

7.3 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

7.4 Modification. No modification or amendment of this Agreement shall be valid unless it is written and signed by the party against whom the same is sought to be enforced. Notwithstanding the foregoing, COMPANY reserves right to modify the extent and content of the Services when desired or necessary and Advisor shall not unreasonably withhold or delay its consent to such modification.

7.5 Assignment. Advisor may not assign any of its rights or duties under this Agreement without the prior written consent of COMPANY.

7.6 Force Majeure. The obligations of the Parties under this Agreement shall be suspended if the performance of the obligation is hindered by strikes, lockouts, war, acts of God, fires, storms, floods, epidemic, accidents, governmental regulations, or the other cause whatsoever beyond a party's reasonable control (the "Force Majeure Event"). If a Force Majeure Event has prevented and continues to prevent implementation of this Agreement for a continuous period of more than six (6) months, such Force Majeure Event shall be a ground for termination of this Agreement.

7.7 Governing Law; Jurisdiction. This Agreement shall be governed in accordance with the laws of England & Wales.

7.8 Attorney's Fees. In the event that any action or proceeding is brought in connection with this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorney's fees.

7.9 Counterparts. This Agreement may be executed in any number of counterparts and each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in duplicate by their duly authorized representatives effective as of the first written date above.

By: Drs. Frans Trouwen
Title: Managing Director

By: John Kovach
Title: CEO

Annex 1: List COMPANY Products and/or projects and countries

Products/Projects:

LB-100

Countries/Regions:

China, Japan, South Korea

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John S. Kovach, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lixte Biotechnology Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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 2, 2018

By: /s/ JOHN S. KOVACH

John S. Kovach
Chief Executive Officer and Chief Financial Officer

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, John S. Kovach, the Chief Executive Officer and Chief Financial Officer of Lixte Biotechnology Holdings, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2018 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 2 , 2018

By: /s/ JOHN S. KOVACH

John S. Kovach
Chief Executive Officer and Chief Financial Officer
