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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED: June 30, 2018

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

For the transition period from to

Commission File Number: 001-36856

CONTRAVIR PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**46-2783806**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

399 Thornall Street, First Floor, Edison, New Jersey 08837
(Address of principal executive offices) (Zip Code)

(732) 902-4000
(Registrant's telephone number)

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

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. ☒

The number of the registrant's shares of common stock outstanding was 14,451,918 as of August 9, 2018.

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CONTRAVIR PHARMACEUTICALS, INC.

FORM 10-Q

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for ContraVir Pharmaceuticals Inc. may contain 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. Such forward-looking statements are characterized by future or conditional verbs such as "may," "will," "expect," "intend," "anticipate," believe," "estimate" and "continue" or similar words. You should read statements that contain these words carefully because they discuss future expectations and plans, which contain projections of future results of operations or financial condition or state other forward-looking information. Such statements are only predictions and our actual results may differ materially from those anticipated in these forward-looking statements. We believe that it is important to communicate future expectations to investors. However, there may be events in the future that we are not able to accurately predict or control. Factors that may cause such differences include, but are not limited to, those discussed under Item 1A. Risk Factors and elsewhere in the audited financial statements as of and for the period ended December 31, 2017 contained in the Company's Annual Report on Form 10-KT ("Form 10-KT") filed with the Securities and Exchange Commission ("SEC") on March 26, 2018. These factors include the uncertainties associated with product development, the risk that products that appeared promising in early clinical trials do not demonstrate safety and efficacy in larger-scale clinical trials, the risk that we will not obtain approval to market our products, the risks associated with dependence upon key personnel and the need for additional financing. We do not assume any obligation to update forward-looking statements as circumstances change and thus you should not unduly rely on these statements.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

CONTRAVIR PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 2,580,356	$ 5,954,017
Prepaid expenses	146,925	108,075
Deferred financing costs	13,781	—
Total Current Assets	2,741,062	6,062,092
Property and equipment, net	41,716	56,595
In-process research and development	3,190,000	3,190,000
Goodwill	1,870,924	1,870,924
Other assets	131,539	73,289
Total Assets	$ 7,975,241	$ 11,252,900
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 2,079,313	$ 1,556,883
Accrued expenses	920,322	1,046,698
Convertible debt	2,000,000	—
Total Current Liabilities	4,999,635	2,603,581
Contingent consideration	3,220,000	3,380,000
Deferred tax liability	360,700	896,700
Deferred rent liability	7,406	
Derivative financial instruments, at estimated fair value - warrants	139,017	669,462
Total Liabilities	8,726,758	7,549,743
Stockholders' Equity:		
Convertible preferred stock, par value $0.0001 per share. Authorized 20,000,000 shares	—	—
Series A convertible preferred stock, stated value $10.00 per share, 85,581 and 104,013 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	855,808	1,040,128
Common stock, par value of $.0001 per share. Authorized 120,000,000 shares, 10,692,174 and 9,792,497 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	1,069	979
Additional paid-in capital	72,125,806	69,676,687
Accumulated deficit	(73,734,200)	(67,014,637)
Total Stockholders' Equity	(751,517)	3,703,157
Total Liabilities and Stockholders' Equity	$ 7,975,241	$ 11,252,900

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

CONTRAVIR PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Six Months Ended	
	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)	June 30, 2018 (Unaudited)	June 30, 2017 (Unaudited)
Revenues	$ —	$ —	$ —	$ —
Costs and Expenses:				
Research and development	2,122,898	3,259,983	4,383,602	6,204,635
General and administrative	1,761,499	1,956,333	3,362,406	3,919,860
Loss from Operations	(3,884,397)	(5,216,316)	(7,746,008)	(10,124,495)
Other income (expense):				
Change in fair value of debt	31,948	—	31,948	—
Interest expense	(231,948)	—	(231,948)	—
Change in fair value of derivative financial instruments and contingent consideration	55,322	7,266,276	690,445	4,555,829
(Loss) income before income taxes	(4,029,075)	2,049,960	(7,255,563)	(5,568,666)
Income tax benefit	—	—	536,000	—
Net (loss) income	$ (4,029,075)	$ 2,049,960	$ (6,719,563)	$ (5,568,666)
Weighted Average Common Shares Outstanding				
Basic and Diluted	10,664,066	7,506,702	10,395,581	6,123,294
Net (Loss) Income per Common Share				
Basic and Diluted	$ (0.38)	$ 0.27	$ (0.65)	$ (0.91)

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

CONTRAVIR PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY\(DEFICIT)
(UNAUDITED)

	Preferred Stock, Series A $0.0001 par value		Common Stock, $0.0001 par value		Additional Paid in Capital	Accumulated Deficit	Total Stockholder's Equity\(Deficit)
	Shares	Amount	Shares	Par Value			
Balance December 31, 2017	104,013	$ 1,040,128	9,792,497	$ 979	$ 69,676,687	$ (67,014,637)	$ 3,703,157
Issuance of common stock, net	—	—	851,677	85	1,894,653	—	1,894,738
Conversion of preferred stock to common stock	(18,432)	(184,320)	48,000	5	184,315	—	—
Stock-based compensation expense	—	—	—	—	370,151	—	370,151
Net loss	—	—	—	—	—	(6,719,563)	(6,719,563)
Balance June 30, 2018	85,581	$ 855,808	10,692,174	$ 1,069	$ 72,125,806	$ (73,734,200)	$ (751,517)

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

CONTRAVIR PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2018 (Unaudited)	2017 (Unaudited)
Cash Flows From Operating Activities:		
Net loss before income taxes	$ (6,719,563)	$ (5,568,666)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	370,151	827,701
Change in fair value of derivative instrument-warrants	(530,445)	(4,645,829)
Change in fair value of contingent consideration	(160,000)	85,000
Change in the fair value of debt	(31,948)	—
Non-cash interest expense	31,948	—
Change in deferred tax liability	(536,000)	—
Deferred financing costs	(13,781)	—
Depreciation and amortization expense	9,505	14,854
Loss on the sale of assets	4,474	—
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	655,652	(279,277)
Deferred rent liability	7,406	—
Prepaid expenses and other assets	(97,100)	102,000
Net Cash Used in Operating Activities	(7,009,701)	(9,464,217)
Cash Flows From Investing Activities:		
Purchases of property and equipment	—	(2,425)
Proceeds from the sale of fixed assets	900	—
Net Cash Provided by (Used in) Investing Activities	900	(2,425)
Cash Flows From Financing Activities:		
Proceeds from the issuance of common stock	1,635,140	13,563,159
Issuance of common stock via stock option exercises	—	(1,754,588)
Proceeds from the exercise of warrants	—	85,000
Proceeds from the exercise of stock options	—	4,098
Proceeds from debt financing	2,000,000	—
Net Cash Provided by Financing Activities	3,635,140	11,897,669
Net (decrease) increase in cash	(3,373,661)	2,431,027
Cash at beginning of period	5,954,017	10,551,721
Cash at end of period	$ 2,580,356	$ 12,982,748
Supplementary Disclosure Of Non-Cash Financing Activities:		
Stock issued to employees in lieu of cash payment for accrued bonuses	$ 259,598	$ —
Reclass of derivative liability for warrant exercise	$ —	$ 75,417
Conversion of Series A convertible preferred stock	$ 184,320	$ 190,980
Fair value of warrants issued in conjunction with common stock offering	$ —	$ 3,976,501

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

CONTRAVIR PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Business Overview

ContraVir Pharmaceuticals Inc. ("ContraVir" or the "Company") is a biopharmaceutical company focused primarily on the clinical development and commercialization of targeted antiviral therapies with a specific focus on developing a potentially curative therapy for hepatitis B virus (HBV). The Company is developing two novel anti-HBV compounds with complementary mechanisms of action. The Company's lead compound, TXL™, is currently in Phase 2b development and is designed to deliver high intrahepatic concentrations of TFV, while minimizing off-target effects caused by high levels of circulating TFV. CRV431, the Company's second compound for treatment of HBV, is a next-generation cyclophilin inhibitor with a novel chemical structure that increases its potency and selective index against HBV.

2. Basis of Presentation and Going Concern

These unaudited condensed consolidated financial statements have been prepared following the requirements of the Securities and Exchange Commission ("SEC") and accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim reporting. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's interim financial information. The consolidated balance sheet as of June 30, 2018 was derived from the audited annual consolidated financial statements but does not include all disclosures required by GAAP. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2017 contained in the Company's Annual Report on Form 10-KT ("Form 10-KT") filed with the Securities and Exchange Commission ("SEC") on March 26, 2018.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ContraVir and its subsidiaries ContraVir Research Inc. and Ciclofilin Pharmaceuticals Corp, which conducts its operations in Canada. All intercompany balances and transactions have been eliminated in consolidation.

Reverse Stock Split

On May 25, 2018, the Company effected a 1 for 8 reverse stock split of the Company's common stock. The par value and the number of authorized shares of the common and cervertible preferred stock were not adjusted as a result of the reverse stock split. All common stock share and per-share amounts for all periods presented in these financial statements have been adjusted retroactively to reflect the reverse stock split.

Going Concern

The Company has not generated revenue to date and has incurred substantial losses and negative cash flows from operations since its inception. These factors raise substantial doubt about the Company's ability to continue as going concern for a period of 12 months from the release of the accompanying consolidated financial statements. The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern within one year of the issuance of these consolidated financial statements, contemplates the realization of assets and satisfaction of liabilities in the normal course of business and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the inability of the Company to continue as a going concern. As of June 30, 2018, ContraVir had $2.6 million in cash. Net cash used in operating activities was $7.0 million for the six months ended June 30, 2018. Net loss for the six months ended June 30, 2018 was $6.7 million. As of June 30, 2018, ContraVir had working capital of ($2.3) million. The Company has funded its operations through issuances of debt, common and preferred stock. On July 3, 2018, the Company completed a rights offering pursuant to its effective registration statement on Form S-1. Pursuant to the Rights Offering, the Company sold an aggregate of 10,826 units consisting of an aggregate 10,826 shares of Series C Preferred Stock and 6,224,950 warrants, with each warrant exercisable for one share of common stock at an exercise price of $1.55 per share, resulting in net proceeds to the Company of approximately $9.9 million, after deducting expenses relating to the Rights Offering, including dealer-manager fees and expenses, and excluding any proceeds received upon exercise of any warrants.

The Company will be required to raise additional capital within the next year to continue the development and commercialization of its current product candidates and to continue to fund operations at its current cash expenditure levels. The Company cannot be certain that additional funding will be available on acceptable terms, or at all. Any debt financing, if available, may involve restrictive covenants that impact the Company's ability to conduct business. If the Company is unable to raise additional capital when required or

on acceptable terms, the Company may have to (i) significantly delay, scale back or discontinue the development and/or commercialization of one or more product candidates; (ii) seek collaborators for product candidate at an earlier stage than otherwise would be desirable and on terms that are less favorable than might otherwise be available; or (iii) relinquish or otherwise dispose of rights to technologies, product candidates or products that the Company would otherwise seek to develop or commercialize ourselves on unfavorable terms.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Changes in estimates and assumptions are reflected in reported results in the period in which they become known. Actual results could differ from those estimates.

The Company's significant accounting policies are disclosed in the audited consolidated financial statements for the year ended December 31, 2017 included in the Company's Form 10-KT filed with the SEC on March 23, 2018. Since the date of such consolidated financial statements, there have been no changes to the Company's significant accounting policies.

Cash

As of June 30, 2018 and December 31, 2017, the amount of cash was approximately $2.6 million and $6.0 million, respectively, consisting primarily of checking accounts held at U.S. and Canadian commercial banks. Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced losses related to these balances.

Fair Value of Financial Instruments

Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurement ("ASC 820"), establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect assumptions about the inputs that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances.

ASC 820 identifies fair value as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As a basis for considering market participant assumptions in fair value measurements, ASC Topic 820 establishes a three-tier fair value hierarchy that distinguishes among the following:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

- Level 2—Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and models for which all significant inputs are observable, either directly or indirectly.

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Financial instruments consist of cash and accounts payable and derivative instruments. These financial instruments are stated at their respective historical carrying amounts, which approximate fair value due to their short term nature, except for derivative instruments, which were marked to market at the end of each reporting period. See Note 6 for additional information on the fair value of the derivative liabilities. The Company recorded contingent consideration in its 2016 acquisition of Ciclofilin, which is required to be carried at fair value. See Note 7 for additional information on the fair value of the contingent consideration.

The Company elected the fair value option for its convertible promissory note dated May 8, 2018 (see Note 5). The Company adjusts the convertible promissory note to fair value through the change in fair value of debt in the accompanying consolidated statements of operations.

Derivative financial instruments

The Company has issued common stock warrants in connection with the execution of certain equity financings. The fair value of the warrants, which were deemed to be derivative instruments based on certain contingent put features, was recorded as a derivative liability under the provisions of ASC Topic 815 Derivatives and Hedging ("ASC 815") upon issuance. Subsequently, the liability is adjusted to fair value as of the end of each reporting period and the changes in fair value of derivative liabilities are recorded in the statements of operations under the caption "Change in fair value of derivative financial instruments - warrants." See Note 6 for additional information.

The fair value of the warrants, issued in connection with the October 2015, April 2016 and April 2017 common stock offerings and deemed to be derivative instruments due to certain contingent put feature, was determined using the Black-Scholes option pricing model, deemed to be an appropriate model due to the terms of the warrants issued, including a fixed term and exercise price. The fair value is affected by changes in inputs to the model including the Company's stock price, expected stock price volatility, the contractual term, and the risk-free interest rate. This model uses Level 3 inputs, including stock price volatility, in the fair value hierarchy established by ASC 820 Fair Value Measurement. At June 30, 2018 and December 31, 2017, the fair value of such warrants was $0.1 million and $0.7 million, respectively, which the Company classified as a long term derivative liability on the Company's balance sheets.

Goodwill and In-Process Research & Development

In accordance with ASC Topic 350, *Intangibles — Goodwill and Other* ("ASC Topic 350"), goodwill and acquired IPR&D are determined to have indefinite lives and, therefore, are not amortized. Instead, they are tested for impairment annually, in the Company's fourth quarter, and between annual tests if the Company becomes aware of an event or a change in circumstances that would indicate the carrying value may be impaired. Pursuant to ASU No. 2011-08, *Intangibles — Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, and No. 2012-02, *Intangibles — Goodwill and Other(Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads the Company to determine that it is more likely than not (that is, a likelihood of more than 50%) that the goodwill or the acquired IPR&D is impaired. If the Company chooses to first assess qualitative factors and determines that it is not more likely than not goodwill or acquired IPR&D is impaired, the Company is not required to take further action to test for impairment. The Company also has the option to bypass the qualitative assessment and perform only the quantitative impairment test, which the Company may choose to do in some periods but not in others.

If the Company performs a quantitative assessment of goodwill, it utilizes the two-step approach prescribed under ASC Topic 350. Step 1 requires a comparison of the carrying value of a reporting unit, including goodwill, to its estimated fair value. The Company tests for impairment at the entity level because it operates on the basis of a single reporting unit. If the carrying value exceeds fair value, the Company then performs Step 2 to measure the amount of impairment loss, if any. In Step 2, the Company estimates the fair value of its individual assets, including identifiable intangible assets, and liabilities to determine the implied fair value of goodwill. The Company then compares the carrying value of its goodwill to its implied fair value. The excess of the carrying value of goodwill over its implied fair value, if any, is recorded as an impairment charge.

Goodwill relates to amounts that arose in connection with the acquisition of Ciclofilin. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired when accounted for using the acquisition method of accounting for business combinations. There was no impairment of goodwill as of June 30, 2018, or the fiscal year ended December 31, 2017.

IPR&D acquired in a business combination is capitalized as indefinite-lived assets on the Company's consolidated balance sheets at its acquisition-date fair value. Once the project is completed, the carrying value of the IPR&D is reclassified to other intangible assets, net and is amortized over the estimated useful life of the asset. Post-acquisition research and development expenses related to the IPR&D projects are expensed as incurred.

The projected discounted cash flow models used to estimate the fair values of the Company's IPR&D assets, acquired in connection with the Ciclofilin acquisition, reflect significant assumptions regarding the estimates a market participant would make in order to evaluate a drug development asset, including: (i) probability of successfully completing clinical trials and obtaining regulatory approval; (ii) market size, market growth projections, and market share; (iii) estimates regarding the timing of and the expected costs to advance clinical programs to commercialization; (iv) estimates of future cash flows from potential product sales; and (v) a discount rate.

If IPR&D becomes impaired or is abandoned, the carrying value of the IPR&D is written down to its revised fair value with the related impairment charge recognized in the period in which the impairment occurs. If the carrying value of the asset becomes impaired as the result of unfavorable data from any ongoing or future clinical trial, changes in assumptions that negatively impact projected cash flows, or because of any other information regarding the prospects of successfully developing or commercializing the

Company's programs, the Company could incur significant charges in the period in which the impairment occurs. There was no impairment of IPR&D as of June 30, 2018 or the fiscal year ended December 31, 2017.

Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business that cover a wide range of matters, including, among others, government investigations, shareholder lawsuits, product and environmental liability, and tax matters. In accordance with ASC Topic 450, Accounting for Contingencies, ("ASC 450"), the Company records accruals for such loss contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. The Company, in accordance with this guidance, does not recognize gain contingencies until realized.

Research and Development

Research and development costs, which include expenditures in connection with an in-house research and development laboratory, salaries and staff costs, application and filing for regulatory approval of proposed products, purchased in-process research and development, license costs, regulatory and scientific consulting fees, as well as contract research, insurance and FDA consultants, are accounted for in accordance with ASC Topic 730, Research and Development, ("ASC 730"). Also, as prescribed by this guidance, patent filing and maintenance expenses are considered legal in nature and therefore classified as general and administrative expense, if any.

The Company does not currently have any commercial biopharmaceutical products, and does not expect to have such for several years, if at all. Accordingly, its research and development costs are expensed as incurred. While certain of the Company's research and development costs may have future benefits, the Company's policy of expensing all research and development expenditures is predicated on the fact that ContraVir has no history of successful commercialization of product candidates to base any estimate of the number of future periods that would be benefited.

Also as prescribed by ASC 730, non-refundable advance payments for goods or services that will be used or rendered for future research and development activities should be deferred and capitalized. As the related goods are delivered or the services are performed, or when the goods or services are no longer expected to be provided, the deferred amounts would be recognized as an expense. At June 30, 2018 and December 31, 2017, the Company had prepaid research and development costs of $45,819 and $32,903 respectively.

Share-based payments

ASC Topic 718 "Compensation—Stock Compensation" ("ASC 718") requires companies to measure the cost of employee services received in exchange for the award of equity instruments based on the estimated fair value of the award at the date of grant. The expense is to be recognized over the period during which an employee is required to provide services in exchange for the award. Generally, the Company issues stock options with only service based vesting conditions and records the expense for these awards using the straight-line method.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company has a limited trading history in its common stock and lacks company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the historical volatility of a publicly traded set of peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

The Company accounts for stock options issued to non-employees in accordance with ASC Topic 505-50 "Equity-Based Payment to Non-Employees" and accordingly the value of the stock compensation to non-employees is based upon the measurement date as determined 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. At the end of each financial reporting period prior to completion of the service, the fair value of these awards is remeasured using the then-current fair value of the Company's common stock and updated assumption inputs in the Black-Scholes option-pricing model.

ASC 718 requires that cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for options exercised (excess tax benefits) be classified as cash inflows from financing activities and cash outflows from operating

activities. Due to ContraVir's accumulated deficit position, no excess tax benefits have been recognized. In March 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09") (see Note 4) which states that excess tax benefits should be classified along with other income tax cash flows as an operating activity. This guidance is effective for the Company for annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company adopted this ASU with no significant impact on its consolidated financial statements.

Business Combinations

The Company accounts for its business acquisitions, such as the Company's acquisition of Ciclofilin in June of 2016, under the acquisition method of accounting as indicated in FASB ASC 805, "Business Combinations", which requires the acquiring entity in a business combination to recognize the fair value of all assets acquired, liabilities assumed, and any non-controlling interest in the acquired business; and establishes the acquisition date as the fair value measurement point. Accordingly, the Company recognizes assets acquired and liabilities assumed in business combinations, including contingent assets and liabilities and non-controlling interest in the acquiree, based on the fair value estimates as of the date of acquisition. In accordance with ASC 805, the Company recognizes and measures goodwill as of the acquisition date, as the excess of the fair value of the consideration paid over the fair value of the identified net assets acquired.

Contingent consideration assumed in a business combination is remeasured at fair value each reporting period and any change in the fair value from either the passage of time or events occurring after the acquisition date, is recorded in other expense.

4. Recent Accounting Pronouncements

In July of 2018, the FASB issued ASU 2018-11 — *Leases (Topic 842) Targeted Improvements ("ASU 2018-11")*, which addresses stakeholders inquiries that are applicable to the Company regarding reporting requirements for initial adoption of ASU 2016-02. ASU 2018-11 provides entities with an additional (and optional) transition method to adopt the new leases standard in ASU 2016-02, allowing an entity to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. An entity that elects this additional (and optional) transition method must provide the required Topic 840 disclosures for all periods that continue to be in accordance with Topic 840. The amendments in ASU 2018-11follow the same effective dates as ASU 2016-02 for the Company. The Company is currently evaluating the impact that this guidance will have in conjunction with the guidance in ASU 2016-02.

In July of 2018, the FASB issued ASU 2018-10 — *Codification Improvements to Topic 842, Leases ("ASU 2018-10")*, which amends narrow aspects of the guidance issued in the amendments in ASU 2016-02 based on comments and questions raised by stakeholders during the assessment and implementation of ASU 2016-02. The amendments in ASU 2018-10 follow the same effective dates as ASU 2016-02. The Company is currently evaluating the impact that this guidance will have in conjunction with the guidance in ASU 2016-02.

In June of 2018, the FASB issued ASU 2018-07 — *Compensation — Stock Compensation (Topic 718) ("ASU 2018-07")*, which expands the scope of Topic 718 to include share-based payment transaction for acquiring goods and services from nonemployees. The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. The Company is currently evaluating the impact that this guidance will have on its results of operations, financial position and cash flows.

In March of 2018, the FASB issued ASU 2018-05 — *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 ("ASU 2018-05")*, which amends the FASB Accounting Standards Codification and XBRL Taxonomy based on the Tax Cuts and Jobs Act (the "Act") that was signed into law on December 22, 2017 and Staff Accounting Bulletin No. 118 ("SAB 118") that was released by the Securities and Exchange Commission. The Act changes numerous provisions that impact U.S. corporate tax rates, business-related exclusions, and deductions and credits and may additionally have international tax consequences for many companies that operate internationally. The Company has evaluated the impact of the Act as well as the guidance of SAB 118 and incorporated the changes into the determination of a reasonable estimate of its deferred tax liability and appropriate disclosures in the notes to our consolidated financial statements (See Note 14). The Company will continue to evaluate the impact this tax reform legislation may have on its results of operations, financial position, cash flows and related disclosures.

In May of 2017, the FASB issued ASU No. 2017-09, *Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting ("ASU 2017-09")*, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. This guidance is to be applied for annual periods, and interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted and should be applied prospectively to an award modified on or after the adoption date. The Company adopted this ASU with no significant impact on its consolidated financial statements.

In January of 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which amended the 2014 amendments to the FASB Accounting Standards Codification that allowed companies an alternative accounting treatment for subsequently measuring goodwill. This amendment is Phase 1 of a project by the FASB Board to simplify how an entity is required to test goodwill for impairment by eliminating step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. These amendments are to be applied on a prospective basis and are required to be adopted for annual and any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact that this guidance will have on its results of operations, financial position and cash flows.

In August 2016, the FASB issued ASU No. 2016-15*, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which amended the existing accounting standards for the statement of cash flows. The amendments provide guidance on eight classification issues related to the statement of cash flows. The Company is required to adopt the guidance for fiscal years beginning after December 31, 2017 and interim periods within those fiscal years. The amendments should be applied retrospectively to all periods presented. For issues that are impracticable to apply retrospectively, the amendments may be applied prospectively as of the earliest date practicable. The Company adopted this ASU with no significant impact on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which amends the accounting for share-based payment transactions. These changes, which are designed for simplification, involve several

aspects of the accounting for share-based transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Adoption and implementation of the guidance is not required by the Company until the beginning of fiscal 2018, although early adoption is permitted. The Company is currently assessing the impact that adopting this new accounting guidance will have on its financial statements and footnote disclosures.

In February 2016, the FASB issued ASU No. 2016-02*, Leases (Topic 842)* ("ASU 2016-02"), as amended by ASU 2018-10 and ASU 2018-11. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. 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 consolidated financial statements, with certain practical expedients available. The Company is currently evaluating the impact that this guidance will have on its results of operations, financial position and cash flows.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires an entity to disclose sufficient information to enable users of consolidated financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Qualitative and quantitative information is required about:

- *Contracts with customers*—including revenue and impairments recognized, disaggregation of revenue and information about contract balances and performance obligations (including the transaction price allocated to the remaining performance obligations).

- *Significant judgments and changes in judgments*—determining the timing of satisfaction of performance obligations (over time or at a point in time), and determining the transaction price and amounts allocated to performance obligations.

- *Certain assets*—assets recognized from the costs to obtain or fulfill a contract.

In August 2015, the FASB issued updated guidance deferring the effective date of the revenue recognition standard. In March, April and May 2016 and September 2017, the FASB issued additional updated guidance, which clarifies certain aspects of the ASU and the related implementation guidance issued by the FASB-IASB Joint Transition Resource Group for Revenue Recognition. This guidance is effective for the Company for annual reporting periods beginning after December 15, 2017. The Company adopted this ASU with no significant impact on its consolidated financial statements.

5. Debt

On May 8, 2018, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with Iliad Research and Trading, L.P. ("IRT"), pursuant to which the Company issued to IRT a secured convertible promissory note (the "Note") in the aggregate principal amount of $3,325,000 for an aggregate purchase price of $2,000,000 cash and $1,000,000 aggregate principal amount of investor notes (the "Investor Notes") payable to the Company in four tranches of $250,000 upon request by the Company. Closing occurred on May 9, 2018. The Note carries an original issue discount of $300,000, and the initial principal balance of $2,225,000 also includes original issue discount of $200,000 and $25,000 to cover IRT's transaction expenses. The Investor Notes have not been drawn as of June 30, 2018. The Company will use the proceeds for the continued development of its TXL and CRV431 compounds for the treatment of Hepatitis B Virus and general corporate purposes. The Note bears interest at the rate of 10% per annum and matures on November 8, 2019. Beginning on November 8, 2018, IRT has the right to redeem all or any portion of the Note up to the Maximum Monthly Redemption Amount which is $500,000. Payments of each redemption amount may be made in cash or shares of Company common stock at Company's election (so long as the various conditions to paying stock set forth in the Note are satisfied) provided, however, that if the Company's common stock is trading below $1.60 per share (as adjusted for the reverse stock split), the redemption(s) must be in cash. Common stock issued upon redemption will be issued at a price equal to 80% of the lowest trade price of the common stock for the 20 consecutive trading days prior to the date of redemption, subject to adjustments; provided, however, that in no event will the redemption price be less than $1.60. Because of this feature which allows the lender to redeem the entire outstanding balance at its option within twelve (12) months of initial issuance, the debt is classified as current. The Company also entered into a security agreement with IRT, pursuant to which IRT will receive a security interest in substantially all of the Company's assets, except for intellectual property. The Company identified numerous embedded features to which bifurcation would be required. The Securities Purchase Agreement requires that the Company comply with certain non-financial covenants customary for financing of this nature which the Company complied with as of June 30, 2018.

The Company is eligible to elect the fair value option under ASC 815 and bypass analysis of potential embedded derivatives and further analysis of bifurcation of any such and has elected such option. Therefore, the debt will be recorded at its fair value upon issuance and subsequently re-measured at each reporting period until maturity. Additionally, all issuance costs incurred in connection with a debt instrument that is measured at fair value pursuant to the election of the fair value option are expensed during the period the debt is acquired.

The Company incurred $200,000 of debt issuance costs, which were expensed as incurred due to the election of the fair value option and were included in interest expense in the accompanying condensed consolidated statement of operation for the quarter ended June 30, 2018.

The Note carries total debt discount of $225,000 (comprising of original issue discount of $200,000 and $25,000 payment to IRT for transaction expenses) which was not recorded due to the election of the fair value option.

6. Stockholder's Equity and Derivative Liability — Warrants

Preferred stock, Common Stock and Warrant Offering

During the period from August 5, 2016 to September 29, 2016, certain holders of the Company's Series A Convertible Preferred Stock elected to convert approximately 1.1 million shares of Series A Convertible Preferred stock into approximately 2.8 million shares of the Company's common stock. In addition, in September 2016, the holder of the Company's Series B Convertible Preferred stock elected to convert the outstanding 120,000 shares of Series B Convertible Preferred stock into approximately 138,000 shares of the Company's common stock.

On October 7, 2015, the Company entered into an underwriting agreement related to the public offering and sale of 625,000 shares of common stock and warrants to purchase up to 375,000 shares of common stock, at a fixed combined price to the public of $24.00 under the Company's current shelf registration statement on Form S-3, which expired on March 16, 2018.. The shares of common stock and warrants were issued separately on October 13, 2015. The warrants are immediately exercisable and will be exercisable for a period of five years from the date of issuance at an exercise price of $34.00 per share. There is not, nor is there expected to be, any trading market for the warrants issued in the offering contemplated by the Underwriting Agreement.

The Company also granted the Underwriters a 45-day option to purchase up to an additional 93,750 additional shares of common stock and additional warrants to purchase up to 56,250 shares of common stock at $24.00, which was not exercised. The gross proceeds to the Company were $15.0 million, before deducting the underwriting discount and other offering expenses payable by the Company of approximately $1.5 million. If the warrants were exercised in full, ContraVir would receive additional proceeds of approximately $12.8 million.

If the Company consummates any merger, consolidation, sale or other reorganization event in which its common stock is converted into or exchanged for securities, cash or other property ("Fundamental transaction"), then the Company shall pay at the holder's option, exercisable at any time commencing on the occurrence or the consummation of the fundamental transaction and continuing for 90 days, an amount of cash equal to the value of the remaining unexercised portion of the warrant as determined in accordance with the Black-Scholes option pricing model on the date of such fundamental transaction. As a result of these terms, in accordance with the guidance contained in ASC Topic 815-40, the Company has determined that the warrants issued in connection with this financing transaction must be recorded as derivative liabilities upon issuance and marked to market on a quarterly basis in the Company's statement of operations. Upon the issuance of these warrants, the fair value of approximately $4.4 million was recorded as derivative financial instruments liability—warrants.

The fair value of these liability classified warrants were estimated using the Black-Scholes option pricing model. The Company develops its own assumptions for use in the Black-Scholes option pricing model that do not have observable inputs or available market data to support the fair value. This method of valuation involves using inputs such as the fair value of the Company's common stock, stock price volatility of comparable companies, the contractual term of the warrants, risk free interest rates and dividend yields. The Company has a limited trading history in its common stock, therefore, expected volatility is based on that of comparable public development stage biotechnology companies. Due to the nature of these inputs, the valuation of the warrants is considered a Level 3 measurement.

The following assumptions were used to remeasure the warrants liability as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Price of ContraVir common stock	$1.30	$2.88
Expected warrant term (years)	2.28 years	2.78 years
Risk-free interest rate	2.63%	2.09%
Expected volatility	73%	67%
Dividend yield	—	—

On April 4, 2016, the Company closed on a public offering of 616,197 shares of its common stock and warrants to purchase up to 309,098 shares of common stock, at a fixed combined price to the public of $11.36 under the Company's current shelf registration statement on Form S-3, which expired on March 16, 2018. The warrants are immediately exercisable and will be exercisable for a period of five years from the date of issuance at an exercise price of $13.60 per share. There is not, nor is there expected to be, any trading market for the warrants issued in the offering contemplated by the Underwriting Agreement. The gross proceeds to the Company were $7.0 million, before deducting the underwriting discount and other offering expenses payable by the Company of approximately $0.7 million. If the warrants were exercised in full, ContraVir would receive additional proceeds of approximately $4.2 million.

If the Company consummates any merger, consolidation, sale or other reorganization event in which its common stock is converted into or exchanged for securities, cash or other property ("Fundamental transaction"), then the Company shall pay at the holder's option, exercisable at any time commencing on the occurrence or the consummation of the fundamental transaction and continuing for 90 days, an amount of cash equal to the value of the remaining unexercised portion of the warrant as determined in accordance with the Black-Scholes option pricing model on the date of such fundamental transaction. As a result of these terms, in accordance with the guidance contained in ASC Topic 815-40, the Company has determined that the warrants issued in connection with this financing transaction must be recorded as derivative liabilities upon issuance and marked to market on a quarterly basis in the Company's statement of operations and comprehensive loss. Upon the issuance of these warrants, the fair value of approximately $1.5 million was recorded as derivative financial instruments liability - warrants.

The fair value of these liability classified warrants were estimated using the Black-Scholes option pricing model. The Company develops its own assumptions for use in the Black-Scholes option pricing model that do not have observable inputs or available market data to support the fair value. This method of valuation involves using inputs such as the fair value of the Company's common stock, stock price volatility of comparable companies, the contractual term of the warrants, risk free interest rates and dividend yields. The Company has a limited trading history in its common stock, therefore, expected volatility is based on that of comparable public development stage biotechnology companies. Due to the nature of these inputs, the valuation of the warrants is considered a Level 3 measurement.

The following assumptions were used to remeasure the warrants liability as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Price of ContraVir common stock	$1.30	$2.88
Expected warrant term (years)	2.76 years	3.26 years
Risk-free interest rate	2.63%	2.09%
Expected volatility	73%	67%
Dividend yield	—	—

On April 25, 2017, the Company closed on a public offering of 1,500,000 shares of its common stock and warrants to purchase up to 750,000 shares of common stock, at a fixed combined price to the public of $8.00 under the Company's current shelf registration statement on Form S-3, which expired on March 16, 2018. The warrants are immediately exercisable and will be exercisable for a period of five years from the date of issuance at an exercise price of $10.00 per share. There is not, nor is there expected to be, any trading market for the warrants issued in the offering contemplated by the Underwriting Agreement. The gross proceeds to the Company were $12.0 million, before deducting the underwriting discount and other offering expenses payable by the Company of approximately $0.5 million. If the warrants were exercised in full, ContraVir would receive additional proceeds of approximately $7.5 million.

If the Company consummates any merger, consolidation, sale or other reorganization event in which its common stock is converted into or exchanged for securities, cash or other property ("Fundamental transaction"), then the Company shall pay at the holder's option, exercisable at any time commencing on the occurrence or the consummation of the Fundamental transaction and continuing for 90 days, an amount of cash equal to the value of the remaining unexercised portion of the warrant as determined in accordance with the Black-Scholes option pricing model on the date of such fundamental transaction. As a result of these terms, in accordance with the guidance contained in ASC Topic 815-40, the Company has determined that the warrants issued in connection with this financing transaction must be recorded as derivative liabilities upon issuance and marked to market on a quarterly basis in the Company's statement of operations. Upon the issuance of these warrants, the fair value of approximately $4.0 million was recorded as derivative financial instruments liability - warrants.

The fair value of these liability classified warrants were estimated using the Black-Scholes option pricing model. The Company develops its own assumptions for use in the Black-Scholes option pricing model that do not have observable inputs or available market data to support the fair value. This method of valuation involves using inputs such as the fair value of the Company's common stock, stock price volatility of comparable companies, the contractual term of the warrants, risk free interest rates and dividend yields. The Company has a limited trading history in its common stock, therefore, expected volatility is based on that of comparable public development stage biotechnology companies. Due to the nature of these inputs, the valuation of the warrants is considered a Level 3 measurement.

The following assumptions were used to measure the warrants at issuance and to remeasure the liability as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Price of ContraVir common stock	$1.30	$2.88
Expected warrant term (years)	3.82 years	4.31 years
Risk-free interest rate	2.62%	2.09%
Expected volatility	73%	68%
Dividend yield	—	—

The following table sets forth the components of changes in the Company's derivative financial instruments liability balance for the six months ended June 30, 2018:

Date	Description	Number of Warrants Outstanding	Derivative Instrument Liability
January 1, 2018	Balance of derivative financial instruments liability	1,426,848	$ 669,462
	Change in fair value of warrants for the six months ended June 30, 2018	—	(530,445)
June 30, 2018	Balance of derivative financial instruments liability	1,426,848	$ 139,017

Controlled Equity Offering Sales Agreement

On March 9, 2015, the Company entered into a Controlled Equity Offering Sales Agreement (the "Agreement"), with Cantor Fitzgerald & Co., as sales agent ("Cantor"), pursuant to which the Company may offer and sell, from time to time, through Cantor shares of the Company's common stock, par value $0.0001 per share (the "Shares"), up to an aggregate offering price of $50.0 million. The Company intends to use the net proceeds from these sales to fund research and development activities, including the Phase 3 clinical trial of Valnivudine, and for working capital and other general corporate purposes, and possible acquisitions of other companies, products or technologies, though no such acquisitions are currently contemplated.

Under the Agreement, Cantor may sell the Shares by methods deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), including sales made directly on The NASDAQ Capital Market, on any other existing trading market for the Shares or to or through a market maker. In addition, under the Agreement, Cantor may sell the Shares by any other method permitted by law, including in privately negotiated transactions. Subject to the terms and conditions of the Agreement, Cantor will use commercially reasonable efforts, consistent with its normal trading and sales practices and applicable state and federal law, rules and regulations and the rules of The NASDAQ Capital Market, to sell the Shares from time to time, based upon the Company's instructions (including any price, time or size limits or other customary parameters or conditions the Company may impose).

The Company is not obligated to make any sales of the Shares under the Agreement. The offering of Shares pursuant to the Agreement will terminate upon the earlier of (1) the sale of all of the Shares subject to the Agreement or (2) the termination of the Agreement by Cantor or the Company. ContraVir will pay Cantor a commission of up to 3.0% of the gross sales price per share sold and has agreed to provide Cantor with customary indemnification and contribution rights.

During the three months ended June 30, 2018 and 2017, the Company did not issue any shares of the Company's common stock under the Agreement.

7. Fair Value Measurements

The following table presents the Company's liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of June 30, 2018 and December 31, 2017.

	Fair value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2018				
Derivative liabilities related to warrants	$ (139,017)	$ —	$ —	$ (139,017)
Contingent consideration	(3,220,000)	—	—	(3,220,000)
Debt	(2,000,000)	—	—	(2,000,000)
As of December 31, 2017				
Derivative liabilities related to warrants	$ (669,462)	$ —	$ —	$ (669,462)
Contingent consideration	(3,380,000)	—	—	(3,380,000)
Debt	—	—	—	—

The unrealized gains or losses on the derivative liabilities are recorded as a change in fair value of derivative liabilities- warrants in the Company's statement of operations. See Note 6 for a rollfoward of the derivative liability for the six months ended June 30, 2018. The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At each reporting period, the Company reviews the assets and liabilities that are subject to ASC 815-40. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3.

The following table summarizes the changes in fair value of the convertible debt for which the Company has used Level 3 inputs to determine fair value.

	Fair Value of Convertible Debt
Balance at May 8, 2018	$ (2,000,000)
Paid-in-kind interest	(31,948)
Change in fair value	31,948
Balance at June 30, 2018	$ (2,000,000)

As discussed in Note 3, contingent consideration was recorded for the acquisition of Ciclofilin on June 10, 2016. The contingent consideration represented the acquisition date fair value of potential future payments, to be paid in cash and Company stock, upon the achievement of certain milestones and was estimated based on a probability-weighted discounted cash flow model. As of June 30, 2018 the Company has determined that it is not yet able to determine the amount that will be due in the next twelve months due to the uncertainty in the timing of the clinical development of the associated product candidate; therefore, the entire balance is classified as a non-current liability.The following table presents the change in fair value of the contingent consideration as of June 30, 2018.

	Acquisition-related Contingent Consideration
Liabilities	
Balance at December 31, 2017	$ 3,380,000
Change in fair value recorded in earnings	(160,000)
Balance at June 30, 2018	$ 3,220,000

8. Indefinite-lived Intangible Assets and Goodwill

IPR&D

The Company's IPR&D asset consisted of the following at:

	June 30, 2018	December 31, 2017
IPR&D asset:		
CRV431	$ 3,190,000	$ 3,190,000

No impairment losses were recorded on IPR&D during the six months ended June 30, 2018.

Goodwill

The table below provides a roll-forward of the Company's goodwill balance:

	Amount
Goodwill balance at January 1, 2018	$ 1,870,924
Changes during the six months ended June 30, 2018	—
Goodwill balance at June 30, 2018	$ 1,870,924

No impairment losses were recorded on goodwill during the six months ended June 30, 2018.

9. Accrued Liabilities

The Company's accrued expenses consist of the following:

	June 30, 2018	December 31, 2017
Research and development	319,287	322,842
Payroll and related costs	$ 240,169	$ 539,063
Legal fees	221,473	81,550
Professional fees	123,358	35,092
Accounting fees	2,420	40,842
Other	13,615	27,309
Total accrued expenses	$ 920,322	$ 1,046,698

10. Accounting for Share-Based Payments

On June 3, 2013, ContraVir adopted the 2013 Equity Incentive Plan (the "Plan"). Stock options granted under the Plan typically will vest after three years of continuous service from the grant date and will have a contractual term of ten years. ContraVir has reserved 1,337,500 shares of common stock issuable pursuant to the Plan. As of June 30, 2018, the Company had 485,268 shares of common stock available for grant under the Plan.

The Company classifies stock-based compensation expense in its statement of operations in the same manner in which the award recipient's payroll costs are classified or in which the award recipients' service payments are classified. For the three and six months ended June 30, 2018 and 2017, respectively, the following table presents the stock based compensation expense for the periods indicated:

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
General and administrative	$ 120,759	$ 272,693	$ 308,415	$ 601,242
Research and development	32,005	536	61,736	226,459
Total stock based compensation expense	$ 152,764	$ 273,229	$ 370,151	$ 827,701

A summary of stock option activity and of changes in stock options outstanding under the Plan for the six months ended June 30, 2018 is presented below:

	Number of Options	Exercise Price Per Share	Weighted Average Exercise Price Per Share	Intrinsic Value	Weighted Average Remaining Contractual Term
Balance outstanding, January 1, 2018	852,648	$0.88 - $35.04	$ 11.87	$ 47,667	7.00
Granted	—	$0.00 - $0.00	$ 0.00		
Exercised	—	$0.00 - $0.00	$ 0.00		
Forfeited	(417)	$14.16 – $14.16	$ 14.16		
Balance outstanding, June 30, 2018	852,232	$0.88 - $35.04	$ 11.89	$ 23,833	6.52
Vested awards and those expected to vest at June 30, 2018	842,220	$0.88 – $35.04	$ 11.85	$ 10,010	6.51
Vested and exercisable at June 30, 2018	637,501	$0.88 - $35.04	$ 11.89	$ 10,010	6.52

The weighted-average grant-date fair value per share of options granted to employees during the six months ended June 30, 2018 and 2017 was $0.00 and $7.83, respectively. The total fair value of shares vested during the six months ended June 30, 2018 was $1.0 million. Included within the above table are 0.2 million non-employee options outstanding as of June 30, 2018, of which less than 0.1 million are unvested as of June 30, 2018 and therefore subject to remeasurement. The remeasurement impact for the six months ended June 30, 2018 was negative due to the decreases in the Company's stock price, which resulted in a decrease in the related expense recognized.

The aggregate intrinsic value of stock options in the tables above is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock.

As of June 30, 2018, the unrecognized compensation cost related to non-vested stock options outstanding, net of expected forfeitures, was approximately $0.7 million to be recognized over a weighted-average remaining vesting period of approximately 2.2 years.

The following weighted-average assumptions were used in the Black-Scholes valuation model to estimate the fair value of stock option awards granted to employees during the six months ended June 30, 2017. There were no option awards granted to employees during the six months ended June 30, 2018

	Six Months Ended June 30, 2017
Stock price	$ 4.72
Risk-free interest rate	1.86%
Dividend yield	—
Expected volatility	79%
Expected term (in years)	6 years

Risk-free interest rate—Based on the daily yield curve rates for U.S. Treasury obligations with maturities which correspond to the expected term of the Company's stock options.

Dividend yield—ContraVir has not paid any dividends on common stock since its inception and does not anticipate paying dividends on its common stock in the foreseeable future.

Expected volatility—Because ContraVir has a limited trading history in its common stock, the Company based expected volatility on that of comparable public development stage biotechnology companies.

Expected term—The expected option term represents the period that stock-based awards are expected to be outstanding based on the simplified method provided in SAB No. 107. Options are considered to be "plain vanilla" if they have the following basic characteristics: (i) granted "at-the-money"; (ii) exercisability is conditioned upon service through the vesting date; (iii) termination of service prior to vesting results in forfeiture; (iv) limited exercise period following termination of service; and (v) options are non-transferable and non-hedgeable.

In December 2007, the SEC issued SAB No. 110, *Share-Based Payment*, ("SAB No. 110"). SAB No. 110 was effective January 1, 2008 and expresses the views of the Staff of the SEC with respect to extending the use of the simplified method, as discussed in SAB No. 107, in developing an estimate of the expected term of "plain vanilla" share options in accordance with ASC 718. The Company will use the simplified method until it has the historical data necessary to provide a reasonable estimate of expected life in accordance with SAB No. 107, as amended by SAB No. 110. For the expected term, the Company has "plain-vanilla" stock options, and therefore used a simple average of the vesting period and the contractual term for options granted as permitted by SAB No. 107.

Forfeitures—ASC 718 requires forfeitures to be estimated at the time of grant and revised if necessary, in subsequent periods if actual forfeitures differ from those estimates. At April 1, 2016, the Company determined that it had sufficient history of issuing stock options and decreased its estimated forfeiture rate from 10%, which was based on the historical experience of its former parent, to 3%, which is the Company's actual historical forfeiture rate. The forfeiture rate was 10% through the end of the 3rd fiscal quarter ended March 31, 2016 and was the adjusted to 3% through the end of the fiscal year June 30, 2016 based on the aforementioned historical analysis. The forfeiture rate was 3% for the year ended June 30, 2017 and the transition period ended December 31, 2017. There were no forfeitures for the three months ended March 31, 2018. The Company will continue to analyze the forfeiture rate on at least an annual basis or when there are any identified triggers that would justify immediate review.

11. (Loss) Income per Share

Basic and diluted net loss per share is presented in conformity with ASC Topic 260, *Earnings per Share*, ("ASC Topic 260") for all periods presented. In accordance with ASC Topic 260, basic and diluted net loss per common share was determined by dividing net loss applicable to common stockholders by the weighted-average common shares outstanding during the period. In addition, the net loss attributable to common stockholders' is adjusted for the preferred stock deemed dividends related to the beneficial conversion feature on this instrument for the periods in which the preferred stock is outstanding. The following table sets forth the computation of basic and diluted net loss per share for the periods indicated:

	Three months ended		Six months ended	
Basic net (loss) income per common share	**June 30, 2018**	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
Numerator:				
Net (loss) income	$ (4,029,075)	$ 2,049,960	$ (6,719,563)	$ (5,568,666)
Preferred stock deemed dividend	—	—	—	—
Net loss attributable to common stockholders	$ (4,029,075)	$ 2,049,960	$ (6,719,563)	$ (5,568,666)
Denominator:				
Weighted average common shares outstanding	10,664,066	7,506,702	10,395,581	6,123,294
Net loss per share of common stock—basic and diluted	$ (0.38)	$ 0.27	$ (0.65)	$ (0.91)

The following outstanding securities at June 30, 2018 and 2017 have been excluded from the computation of diluted weighted shares outstanding, as they would have been anti-dilutive:

	Six months ended June 30, 2018	**Six months ended June 30, 2017**
Common shares issuable upon conversion of Series A preferred stock	222,867	270,867
Common shares issuable upon conversion of Series B preferred stock	—	33,390
Stock options	852,232	810,148
Warrants	1,426,848	1,426,848
Convertible debt	533,539	—
Total	3,035,486	2,541,253

The liability classified warrants disclosed above been excluded from the computation of diluted earnings per share because their exercise price exceeds the average market price of the Company's common stock for the period they were outstanding.

12. Commitments and Contingencies

License Agreement with Chimerix, Inc.

On December 17, 2014, the Company entered into an exclusive license agreement with Chimerix pursuant to which the Company has licensed TXL™ from Chimerix for further clinical development and commercialization. TXL™ is a highly potent analog of the antiviral drug tenofovir DF (Viread®). Under the terms of the agreement, ContraVir licensed TXL™ from Chimerix in exchange for an upfront payment consisting of 120,000 shares of ContraVir Series B Convertible Preferred Stock. In addition, Chimerix is eligible to receive up to approximately $20.0 million in clinical, regulatory and initial commercial milestone payments in the United States and Europe, as well as royalties and additional milestone payments based on commercial sales in those territories. Either party may terminate the License Agreement upon the occurrence of a material breach by the other party (subject to standard cure periods), or upon certain events involving the bankruptcy or insolvency of the other party. The Company may also terminate the License Agreement without cause on a country by country basis upon sixty days' prior written notice to Chimerix.

The fair value of the Preferred B shares exchanged for the license was determined to be equal to the amount paid per share of the Series A, as the provision of the Preferred B shares were the same as the Preferred A Shares, based on an arm's length transaction. Therefore, the fair value of the Preferred B shares issued was $10.00 per share or $1.2 million. The cost of the license was classified as a research and development expense in the amount of $1.2 million as the compound is early stage, has not yet reached technological feasibility and has no alternative use. As of the date of this report, no amounts had been accrued related to the milestone payments Chimerix is eligible to receive.

License Agreement with University College Cardiff Consultants Limited ("Cardiff")

On June 10, 2013, the Company and Synergy Pharmaceuticals, Inc. the former parent of the Company, entered into a Contribution Agreement, as amended and restated on August 5, 2013, or the Contribution Agreement, to transfer to the Company the VALNIVUDINE assets, in exchange for the issuance to Synergy of 1,125,000 shares of the Company's common stock representing 100% of the outstanding shares of the Company's common stock as of immediately following such issuance. Pursuant to the Contribution Agreement, Synergy transferred ownership of all intellectual property rights acquired from Bristol-Myers Squibb ("BMS") including all historical research, clinical study protocols, data, results and patents related to the VALNIVUDINE assets as well as assumed the obligations of Synergy, including all liabilities of Synergy, under the asset purchase agreement, dated August 17, 2012, by and between Synergy and BMS, or the BMS Agreement.

The VALNIVUDINE assets acquired from BMS are licensed from Cardiff pursuant to the terms of that certain Patent and Technology License Agreement, dated as of February 2, 2005, between Cardiff and CRI, an entity with no prior relationship with us, as amended March 27, 2007, or the Cardiff Agreement.

The Cardiff Agreement shall remain in full force and effect until the date upon which the last of the last patent or the last continuation or extension to any patents within the Patent Rights (as defined in the Cardiff Agreement) expires. Any milestone and/or royalty payment under the Cardiff Agreement shall be payable for as long as the Cardiff Agreement is in effect. The Cardiff Agreement may be terminated in its entirety, for among other reasons and in the following manner as set forth below: (a) automatically by Cardiff, if we become bankrupt or insolvent and/or if our business shall be placed in the hands of a receiver, assignee, or trustee; (b) upon ninety (90) calendar days written notice from Cardiff, if we breach or default (i) on the payment or report obligations or use of name obligations or (ii) on any other obligation under the Cardiff Agreement, subject to a ninety (90) calendar-day cure period; (c) if we have defaulted or been in excess of one (1) month late on its payment obligations pursuant to the terms of the Cardiff Agreement on any two (2) occasions in a twelve (12) month period, subject to a cure period; (d) upon one hundred twenty (120) calendar days written notice from us if any particular patent or patents included in Patent Rights and which account for at least thirty (30%) percent of the total royalty to Cardiff, is or are irrevocably adjudicated to be invalid; or (e) upon ninety (90) calendar days written notice from us if Cardiff is in breach of Section 11.1 (Confidential Information and Publication) unless, before the end of the such ninety (90) calendar-day notice period, Cardiff has cured the default or breach to our reasonable satisfaction and so notifies us, stating the manner of the cure.

The terms of the Cardiff Agreement provided in consideration for a license of all of Cardiff's rights in any technical information, know-how, processes, procedures, compositions, devices, methods, formulae, protocols, techniques related to the VALNIVUDINE Assets, or the Patent Rights. The Cardiff Agreement provided for an initial base payment of $270,000, which has previously been paid by CRI, subsequent milestone payments covering (i) initiation of a clinical trial at each phase, (ii) marketing (FDA) approval and (iii) on achieving the milestone of aggregate net sales in three different tiers, as well as a low single digit royalty based on net sales.

The terms of the BMS Agreement provided for an initial base payment of $1 million, subsequent milestone payments of $3 million and $6 million, respectively, covering (i) marketing (FDA) approval and (ii) on achieving the milestone of aggregate net sales equal to or greater than $125 million, as well as a single digit royalty based on net sales. The total aggregate amount of milestone payments that could be payable to BMS under the BMS Agreement is equal to $9 million. The duration of any milestone payment obligation owed to BMS shall continue until the earliest of (i) payment, in full, of all milestone payments as required under the BMS Agreement, (ii) our determination using commercially reasonable standards consistent with the exercise of prudent scientific and business judgment and consistent with those standards used by us for its other therapeutic products at a similar stage of development and with similar commercial potential, to terminate the development of the VALNIVUDINE assets, and (iii) the tenth (10th) anniversary of the date of the BMS Agreement, The duration of any royalty payment obligation to BMS shall commence on the date of the first commercial sale of the VALNIVUDINE assets in a country until the expiration of any claim of an issued and unexpired patent which has not been held permanently revoked, unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction of any of our patents or any other patent covering the use or sale of the VALNIVUDINE assets in such country. The transactions contemplated by the BMS Agreement closed on August 17, 2012 and neither party can terminate the remaining obligations owed under the BMS Agreement. No milestone payments have been made under this agreement and as of the date of this report, no amounts had been accrued related to the remaining milestone payments BMS is eligible to receive.

13. Related Party Transactions

One of the Company's Directors, Timothy Block, is President of the Baruch S. Blumberg Institute ("Blumberg Institute"). On May 29, 2015, the Company entered into a Sponsored Research Agreement ("Agreement") with Blumberg Institute, pursuant to which the Company is sponsoring research by investigators affiliated with the Blumberg Institute with respect to TXL™. The Company incurred expenses related to the agreement of approximately $50,000 and $25,000 for the six months ended June 30, 2018 and 2017, respectively.

On June 1, 2016 the Company entered into a consulting agreement with Gabriele Cerrone, one of the Company's principal stockholders. The agreement is for a term beginning on June 1, 2016 and expires on June 1, 2019. Pursuant to the consulting agreement Mr. Cerrone is paid $10,000 per month. Either party may terminate the agreement at any time upon 30 days prior written notice. On June 16, 2016, Mr. Cerrone was issued 360,000 stock options vested in 10,000 increments on a monthly basis over 3 years. The Company terminated the consulting agreement with Mr. Cerrone as of July 1, 2018.

14. Income Taxes

On December 22, 2017, new federal tax reform legislation was enacted in the United States, resulting in significant changes from previous tax law. The 2017 Tax Act reduces the federal corporate income tax rate to 21% from 35% effective January 1, 2018. The key impacts of the Tax Act on the Company's consolidated financial statements were the re-measurement of deferred tax balances to the new corporate tax rate. The re-measurement of the deferred tax balances to the new corporate rate was completed as of December 31, 2017 and resulted in an adjustment of approximately $373,000 recorded as a reduction in the deferred tax liability offset by a credit to Income Tax benefit at that time. The 2017 Tax Act also changed the Net Operating Loss carryforwards' period to now have an indefinite life. In connection with the preparation of the unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2018, the Company identified an error related to an additional reduction that should have been recorded to the valuation allowance in the approximate amount of $536,000 to reflect the adjustment allowed by the 2017 Tax Act to utilize indefinite deferred tax liabilities as a source of income against indefinite lived portions of the Company's deferred tax assets in conjunction with the evaluation of the amount of valuation allowance needed. This error was determined to be immaterial and was corrected as an out of period adjustment recorded in the quarter ended March 31, 2018.

15. Subsequent Event

On July 2, 2018, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the "Certificate of Designation") with the Delaware Secretary of State creating a new series of its authorized preferred stock, par value $0.0001 per share, designated as the "Series C Convertible Preferred Stock" (the "Series C Preferred Stock"). The number of shares initially constituting the Series C Preferred Stock was set at 11,000 shares.

On July 3, 2018, the Company closed a rights offering originally filed under a Form S-1 registration statement in May 2018 (the "Rights Offering"). Pursuant to the Rights Offering, the Company sold an aggregate of 10,826 units consisting of an aggregate 10,826 shares of Series C Preferred Stock and 6,224,950 warrants, with each warrant exercisable for one share of common stock at an exercise price of $1.55 per share, resulting in net proceeds to the Company of approximately $9.9 million, after deducting expenses relating to the Rights Offering, including dealer-manager fees and expenses, and excluding any proceeds received upon exercise of any warrants.

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

The following discussion should be read in conjunction with our condensed consolidated financial statements and other financial information appearing elsewhere in this quarterly report. In addition to historical information, the following discussion and other parts of this quarterly report contain forward-looking statements. You can identify these statements by forward-looking words such as "plan," "may," "will," "expect," "intend," "anticipate," believe," "estimate" and "continue" or similar words. Forward-looking statements include information concerning possible or assumed future business success or financial results. You should read statements that contain these words carefully because they discuss future expectations and plans, which contain projections of future results of operations or financial condition or state other forward-looking information. We believe that it is important to communicate future expectations to investors. However, there may be events in the future that we are not able to accurately predict or control. Accordingly, we do not undertake any obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties set forth under "Risk Factors" in our Annual Report on Form 10-KT ("Form 10-KT") as of and for the year ended December 31, 2017 filed with the United States Securities and Exchange Commission ("SEC") on March 26, 2018. Accordingly, to the extent that this Report contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of us, please be advised that our actual financial condition, operating results and business performance may differ materially from that projected or estimated by us in forward-looking statements, and you should not unduly rely on such statements.

Business Overview

We are a biopharmaceutical company focused on the development of antiviral drugs with a primary emphasis on the treatment of Hepatitis B virus ("HBV") infections. We are developing two compounds to treat HBV infection, TXL™ and CRV431.TXL™ is a highly potent oral lipid prodrug of tenofovir. Prodrugs are designed to improve the characteristics of drugs, such as better efficacy, lower pill burden, improved safety, etc. Another prodrug of tenofovir, Viread®, is approved for the treatment of HIV and HBV infections.RV431 is a novel drug candidate also designed for the treatment of HBV infection. CRV431 is a novel drug candidate also designed for the treatment of HBV infections. CRV431 is a novel drug candidate also designed for the treatment of HBV infection. CRV431 is a novel drug candidate also designed for the treatment of HBV infection that we acquired through our merger with Ciclofilin Pharmaceuticals Inc. CRV431 has been designed to target enzymes ("cyclophilins") that play a key role in the HBV viral life cycle.

TXL™

TXL™ is a novel lipid acyclic nucleoside phosphonate that is designed to deliver high intracellular concentrations of the active antiviral agent tenofovir diphosphate. TXL™'s novel structure results in decreased circulating levels of tenofovir (TFV), lowering systemic exposure and thereby reducing the potential for renal side effects. We have completed Phase 1 and Phase 2 clinical trials in healthy volunteers and HBV patients, demonstrating an efficacious agent with favorable safety and tolerability profile. We are continuing the development of TXL™ for the treatment of chronic Hepatitis B (HBV) infection.

We licensed TXL™ from Chimerix in exchange for an upfront payment of 120,000 shares of our preferred stock, valued at $1.2 million at the (time of the deal). We intend to develop TXL™ for the treatment of chronic HBV infection. A recently issued composition of matter patent for TXL™ provides intellectual property protection to at least 2031.

We completed a Phase 1b safety and pharmacokinetic study in 2016. Data from the Phase 1b study demonstrate that TXL™ was safe and well tolerated by healthy volunteers in all dosing groups. We also completed a Phase 2a multiple ascending dose proof of concept clinical trial. The study enrolled 62 treatment-naïve patients with chronic HBV infection and compared TXL™ to the standard dose of TDF. Data from the Phase 2a study demonstrated that TXL™ was safe and well tolerated by patients with chronic HBV infection in all dosing groups.

The data in the phase 2a study demonstrated that doses of TXL™ from 50-mg to 100-mg resulted in comparable mean HBV viral load reductions to the 300-mg dose of TDF after 28 days of treatment. The data demonstrated that TXL™ at all doses tested, resulted in substantially lower systemic circulating levels of tenofovir in the blood compared to levels observed after dosing with TDF. These results demonstrate the potential for TXL™ to reduce the risk of bone- and kidney-related toxicities associated with TDF.

We submitted an Investigational New Drug application ("IND") to the U.S. Food and Drug Administration ("FDA") to support initiation of our HBV clinical development program in the United States and received a notice of approval in September 2017. We conducted a safety study in patients with severe renal impairment during the fourth quarter of 2017. The study comprised 16

subjects including 8 healthy subjects with normal kidney function and 8 subjects with severely impaired kidney function. Results from the study confirmed that TXL™ was safe and well tolerated in both patient groups. Importantly, the data showed that the blood concentrations of tenofovir (TFV) in severely renally-impaired subjects receiving 50 mg of TXL™ were similar to the TFV exposure levels observed after dosing of Viread® 300 mg. These findings indicate that dosing strength adjustments of TXL™ is not warranted in patients with compromised renal function. Data from the study provided further support on the strong safety profile of TXL™ in patients with comorbidities. Additionally, we received approval for our Clinical Trial Application ("CTA") in the United Kingdom.

The decision to develop TXL™ for Hepatitis B has been taken because we do not see a large opportunity to grow the HIV market with new compounds, even though TXL™ is more potent than tenofovir in vitro. We believe the Hepatitis B market is poised for exceptional growth. Our strategy is to develop TXL™ as the backbone therapy in future HBV combination therapies.

On February 12, 2018, we received agreement from the FDA allowing us to utilize the 505(b)(2) regulatory pathway to streamline the development and registration of TXL™ B. The 505(b)(2) regulatory pathway allows us to rely upon FDA's previous findings of safety and efficacy of an approved and marketed product to supplement its own safety and efficacy data, and may be considered in the review by the FDA of a future New Drug Application (NDA). On January 8, 2018, we met with the FDA's Division of Antiviral Products at the Center for Drug Evaluation and Research, to review and discuss the data generated for TXL™ to date, as well as the data package that would be required for the filing of an NDA and successful registration of TXL ™ in the US leveraging the 505(b)2 regulatory pathway. On February 7, 2018, we received final written minutes from the FDA summarizing the outcome of the meeting and feedback received. On February 22, 2018, the FDA granted Orphan Drug Designation to TXL™ for the treatment of chronic hepatitis B infection in a pediatric patient population (0 to 11 years old).

CRV431

CRV431 is a novel drug candidate designed to target a class of proteins called cyclophilins, of which there are many types. Cyclophilins play a role in health and in the pathogenesis of certain diseases, and are known as peptidyl prolyl isomerases. The isomerase activity plays an important role in a number of biological processes including, for example, folding of proteins to confer certain 3-dimensional configurations. And, specific host cyclophilins (e.g., cyclophilin A, B, C, D) play a role in the life cycle of certain viruses, including for example, HBV, HIV, and hepatitis C virus ("HCV") infections. CRV431 has been developed to inhibit the role of host cyclophilins and therefore interfere in the propagation of these viruses. CRV431 does not directly target the virus and, as such, should be less susceptible to drug resistance, borne from viral mutations.

Thus far, *in vitro* testing of CRV431 has been conducted in-house and in collaboration with external groups including for example, the Scripps Research Institute ("Scripps"). Data in various cell lines of either transfected or infected HBV demonstrates nanomolar efficacy (EC50 values) and micromolar toxicity (CC50 values). The selective index (SI), therefore, is wide and suggests that CRV431 presents a viable clinical drug candidate for the treatment of viral infections, including HBV. Additional testing in a transgenic mouse model of HBV indicated that CRV431 reduced HBV DNA in the liver. In a non-alcoholic steatohepatitis (NASH) mouse model, CRV431 demonstrated anti-fibrotic potential, thus addressing an important concern of the downstream effects of chronic HBV infection and liver disease. Both animal models confirmed that CRV431 is orally active and appeared to be well tolerated.

On May 10, 2018, we submitted an IND to the FDA to support initiation of our CRV431 HBV clinical development program in the United States and received approval in June 2018. We commenced our Phase 1 clinical activities for CRV431 in June 2018.

FINANCIAL OPERATIONS OVERVIEW

As of June 30, 2018, our accumulated deficit is approximately $73.7 million. From inception through June 30, 2018, we have not generated any revenue from operations and expect to incur additional losses to perform further research and development activities and do not currently have any commercial biopharmaceutical products. We do not expect to have such for several years, if at all.

Our product development efforts are thus in their early stages and we cannot make estimates of the costs or the time they will take to complete. The risk of completion of any program is high because of the many uncertainties involved in bringing new drugs to market including the long duration of clinical testing, the specific performance of proposed products under stringent clinical trial protocols, the extended regulatory approval and review cycles, our ability to raise additional capital, the nature and timing of research and development expenses and competing technologies being developed by organizations with significantly greater resources.

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CRITICAL ACCOUNTING POLICIES

Financial Reporting Release No. 60 requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. Our accounting policies are described in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA of our Annual Report on Form 10-KT ("Form 10-KT") as of and for year ended December 31, 2017, filed with the SEC on March 26, 2018.. There have been no changes to our critical accounting policies since December 31, 2017, except for our election of the fair value option for our convertible promissory noted dated May 8, 2018 (see Note 3 of the Notes to Condensed Consolidated Financial Statements (unaudited) in Item 1.).

OFF-BALANCE SHEET ARRANGEMENTS

We had no off-balance sheet arrangements as of June 30, 2018.

RECENT ACCOUNTING PRONOUNCEMENTS

In July of 2018, the FASB issued ASU 2018-11 — *Leases (Topic 842) Targeted Improvements ("ASU 2018-11")*, which addresses stakeholders' inquiries that are applicable to us regarding reporting requirements for initial adoption of ASU 2016-02. ASU 2018-11 provides entities with an additional (and optional) transition method to adopt the new leases standard in ASU 2016-02, allowing an entity to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. An entity that elects this additional (and optional) transition method must provide the required Topic 840 disclosures for all periods that continue to be in accordance with Topic 840. The amendments in ASU 2018-11follow the same effective dates as ASU 2016-02 for us. We are currently evaluating the impact that this guidance will have in conjunction with the guidance in ASU 2016-02.

In July of 2018, the FASB issued ASU 2018-10 — *Codification Improvements to Topic 842, Leases ("ASU 2018-10")*, which amends narrow aspects of the guidance issued in the amendments in ASU 2016-02 based on comments and questions raised by stakeholders during the assessment and implementation of ASU 2016-02. The amendments in ASU 2018-10 follow the same effective dates as ASU 2016-02. We are currently evaluating the impact that this guidance will have in conjunction with the guidance in ASU 2016-02.

In June of 2018, the FASB issued ASU 2018-07 — *Compensation — Stock Compensation (Topic 718) ("ASU 2018-07")*, which expands the scope of Topic 718 to include share-based payment transaction for acquiring goods and services from nonemployees. The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. We are currently evaluating the impact that this guidance will have on its results of operations, financial position and cash flows.

In March of 2018, the FASB issued ASU 2018-05 — *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 ("ASU 2018-05")*, which amends the FASB Accounting Standards Codification and XBRL Taxonomy based on the Tax Cuts and Jobs Act (the "Act") that was signed into law on December 22, 2017 and Staff Accounting Bulletin No. 118 ("SAB 118") that was released by the Securities and Exchange Commission. The Act changes numerous provisions that impact U.S. corporate tax rates, business-related exclusions, and deductions and credits and may additionally have international tax consequences for many companies that operate internationally. We have evaluated the impact of the Act as well as the guidance of SAB 118 and incorporated the changes into the determination of a reasonable estimate of its deferred tax liability and appropriate disclosures in the notes to our consolidated financial statements (See Note 14). We will continue to evaluate the impact this tax reform legislation may have on its results of operations, financial position, cash flows and related disclosures.

In May of 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-09, *Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting* ("ASU 2017-09"), which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. This guidance is to be applied for annual periods, and interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted and should be applied prospectively to an award modified on or after the adoption date. We adopted this ASU with no significant impact on its consolidated financial statements.

In January of 2017, the FASB issued ASU No. 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which amended the 2014 amendments to the FASB Accounting Standards Codification that allowed companies an alternative accounting treatment for subsequently measuring goodwill. This amendment is Phase 1 of a project by the FASB Board to simplify how an entity is required to test goodwill for impairment by eliminating step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. These amendments are to be applied on a prospective basis and are required to be adopted for annual and any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. We are currently evaluating the impact that this guidance will have on its results of operations, financial position and cash flows.

In August 2016, the FASB issued ASU No. 2016-15*, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which amended the existing accounting standards for the statement of cash flows. The amendments provide guidance on eight classification issues related to the statement of cash flows. We are required to adopt the guidance for fiscal years beginning after December 31, 2017 and interim periods within those fiscal years. The amendments should be applied retrospectively to all periods presented. For issues that are impracticable to apply retrospectively, the amendments may be applied prospectively as of the earliest date practicable. We adopted this ASU with no significant impact on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). The new standard identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. This guidance is effective for us for annual reporting periods beginning after December 15, 2017, with early adoption permitted. We adopted this ASU with no significant impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02*, Leases (Topic 842)* ("ASU 2016-02"), as amended by ASU 2018-10 and ASU 2018-11. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with

terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2018,

including interim periods within those annual periods, with early adoption permitted. 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 consolidated financial statements, with certain practical expedients available. We are currently evaluating the impact that this guidance will have on its results of operations, financial position and cash flows.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Qualitative and quantitative information is required about:

- *Contracts with customers*—including revenue and impairments recognized, disaggregation of revenue and information about contract balances and performance obligations (including the transaction price allocated to the remaining performance obligations).

- *Significant judgments and changes in judgments*—determining the timing of satisfaction of performance obligations (over time or at a point in time), and determining the transaction price and amounts allocated to performance obligations.

- *Certain assets*—assets recognized from the costs to obtain or fulfill a contract.

In August 2015, the FASB issued updated guidance deferring the effective date of the revenue recognition standard. In March, April and May 2016 and September 2017, the FASB issued additional updated guidance, which clarifies certain aspects of the ASU and the related implementation guidance issued by the FASB-IASB Joint Transition Resource Group for Revenue Recognition. This guidance is effective for us for annual reporting periods beginning after December 15, 2017. We adopted this ASU with no significant impact on its consolidated financial statements.

RESULTS OF OPERATIONS

Comparison of Three Months Ended June 30, 2018 and 2017

	Three months ended		
	June 30, 2018	June 30, 2017	Change
Revenues	$ —	$ —	$ —
Costs and Expenses:			
Research and development	2,122,898	3,259,983	(1,137,085)
General and administrative	1,761,499	1,956,333	(194,834)
Loss from operations	(3,884,397)	(5,216,316)	(1,331,919)
Other income (expense):			
Change in fair value of debt	31,948	—	31,948
Interest expense	(231,948)	—	(231,948)
Change in fair value of derivative financial instruments and contingent consideration	55,322	7,266,276	(7,210,954)
(Loss) income before income taxes	(4,029,075)	2,049,960	(6,079,035)
Income tax benefit	—	—	—
Net loss	$ (4,029,075)	$ 2,049,960	$ (6,079,035)

We had no revenues during the three months ended June 30, 2018 or 2017 because we do not have any commercial biopharmaceutical products and we do not expect to have such products for several years, if at all.

Research and development expenses for the three months ended June 30, 2018 and 2017 amounted to $2.1 million and $3.3 million. The decrease of $1.1 million was primarily due to a $1.1 million decrease in clinical development costs primarily associated with our Valnivudine and TXL™ clinical trials, CMC activities, and outside services, a $0.2 million decrease in payroll related expenses partially offset by an increase of $0.2 million of costs associated with the increase in clinical development of our second compound, CRV431, associated with progressing into Phase 1 clinical trial activities.

General and administrative expenses for the three months ended June 30, 2018 and 2017 amounted to $1.8 million and $2.0 million, respectively. The decrease of $0.2 million is due to a $0.2 decrease in stock based compensation resulting from the period mark to market of nonemployee stock options as of June 30, 2018.

The change in fair value of debt is due to the adoption of fair value measurement mark to market as of June 30, 2018.

Interest expense of approximately $232,000 is attributed to the debt financing consummated in May 2018, most of which is debt issuance costs.

The $7.2 million increase in the change in fair value of derivative instruments and contingent consideration liabilities for the three months ended June 30 2018 as compared to the three months ended June 30, 2017 was due to the mark to market of our outstanding warrants and contingent consideration primarily driven by lower stock price.

Comparison of Six Months Ended June 30, 2018 and 2017

	Six months ended		
	June 30, 2018	June 30, 2017	Change
Revenues	$ —	$ —	$ —
Costs and Expenses:			
Research and development	4,383,602	6,204,635	(1,821,033)
General and administrative	3,362,406	3,919,860	(557,454)
Loss from operations	(7,746,008)	(10,124,495)	(2,378,487)
Other income (expense):			
Change in fair value of debt	31,948	—	31,948
Interest expense	(231,948)	—	(231,948)
Change in fair value of derivative financial instruments and contingent consideration	690,445	4,555,829	(3,865,384)
Loss before income taxes	(7,255,563)	(5,568,666)	(1,686,897)
Income tax benefit	536,000	—	536,000
Net loss	$ (6,719,563)	$ (5,568,666)	$ (1,150,897)

We had no revenues during the six months ended June 30, 2018 or 2017 because we do not have any commercial biopharmaceutical products and we do not expect to have such products for several years, if at all.

Research and development expenses for the six months ended June 30, 2018 and 2017 amounted to $4.4 million and $6.2 million, respectively. The decrease of $1.8 million was primarily due to a $1.9 million decrease in clinical development costs primarily associated with our Valnivudine and outside services, a $0.3 million decrease in payroll related expenses, and a $0.2 million decrease of stock based compensation partially offset by an increase of $0.6 million of costs associated with the increase in clinical development of our second compound, CRV431, associated with progressing into Phase 1 clinical trial activities.

General and administrative expenses for the six months ended June 30, 2018 and 2017 amounted to $3.4 million and $3.9 million, respectively. The decrease of approximately $0.5 million is primarily due to a $0.3 million decrease in stock based compensation and $0.2 million of professional fees.

The change in fair value of debt is due to the adoption of fair value measurement mark to market as of June 30, 2018.

Interest expense of approximately $232,000 is attributed to the debt financing consummated in May 2018, most of which is debt issuance costs.

The $3.9 million increase in the change in fair value of derivative instruments and contingent consideration liabilities for the six months ended June 30, 2018 was due to the mark to market our outstanding warrants and contingent consideration primarily driven by lower stock price.

The income tax benefit of $.5 million reflects the adjustment allowed by the 2017 Tax Act to utilize indefinite deferred tax liabilities as a source of income against indefinite lived portions of our deferred tax assets in conjunction with the evaluation of the amount of valuation allowance needed.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes our cash flows for the six months ended June 30, 2018 and 2017:

	Six months ended	
	June 30, 2018	June 30, 2017
Net cash (used in) provided by:		
Operating activities	$ (7,009,701)	$ (9,464,217)
Investing activities	900	(2,425)
Financing activities	3,635,140	11,897,669
Net (decrease) increase in cash	$ (3,373,661)	$ 2,431,027

As of June 30, 2018, we had $2.6 million in cash. Net cash used in operating activities was approximately $7.0 million for the six months ended June 30, 2018. As of June 30, 2018, we had a working capital of ($2.3) million, as compared to working capital of $10.2 million as of June 30, 2017.

On July 3, 2018, we closed a rights offering originally filed under a Form S-1 registration statement in May 2018 (the "Rights Offering"). Pursuant to the Rights Offering, we sold an aggregate of 10,826 units consisting of an aggregate 10,826 shares of Series C Preferred Stock and 6,224,950 warrants, with each warrant exercisable for one share of common stock at an exercise price of $1.55 per share, resulting in net proceeds to us of approximately $9.9 million, after deducting expenses relating to the Rights Offering, including dealer-manager fees and expenses, and excluding any proceeds received upon exercise of any warrants.

On May 8, 2018, we entered into a securities purchase agreement (the "Securities Purchase Agreement") with Iliad Research and Trading, L.P. ("IRT"), pursuant to which we issued to IRT a secured convertible promissory note (the "Note") in the aggregate principal amount of $3,325,000 for an aggregate purchase price of $2,000,000 cash and $1,000,000 aggregate principal amount of investor notes (the "Investor Notes") payable to us in four tranches of $250,000 upon request by us. Closing occurred on May 9, 2018. The Note carries an original issue discount of $300,000, and the initial principal balance of $2,225,000 also includes original issue discount of $200,000 and $25,000 to cover IRT's transaction expenses. The Investor Notes have not been drawn as of June 30, 2018. We plan to use the proceeds for the continued development of our TXL and CRV431 compounds for the treatment of Hepatitis B Virus and general corporate purposes. The Note bears interest at the rate of 10% per annum and matures on November 8, 2019. Beginning on November 8, 2018, IRT has the right to redeem all or any portion of the Note up to the Maximum Monthly Redemption Amount which is $500,000. Payments of each redemption amount may be made in cash or shares of our common stock at our election (so long as the various conditions to paying stock set forth in the Note are satisfied) provided, however, that if our common stock is trading below $1.60 per share (as adjusted for the reverse stock split), the redemption(s) must be in cash. Common stock issued upon redemption will be issued at a price equal to 80% of the lowest trade price of the common stock for the 20 consecutive trading days prior to the date of redemption, subject to adjustments; provided, however, that in no event will the redemption price be less than $1.60. Because of this feature which allows the lender to redeem the entire outstanding balance at its option within twelve (12) months of initial issuance, the debt is classified as current. We also entered into a security agreement with IRT, pursuant to which IRT will receive a security interest in substantially all of our assets, except for intellectual property. We identified numerous embedded features to which bifurcation would be required. The Securities Purchase Agreement requires that we comply with certain non-financial covenants customary for financing of this nature which we were in compliance with as of June 30, 2018.

We are eligible to elect the fair value option under ASC 815 and bypass analysis of potential embedded derivatives and further analysis of bifurcation of any such and have elected such option. Therefore, the debt will be recorded at its fair value upon issuance and subsequently re-measured at each reporting period until maturity. Additionally, all issuance costs incurred in connection with a debt instrument that is measured at fair value pursuant to the election of the fair value option are expensed during the period the debt is acquired. We incurred $200,000 of debt issuance costs, which were expensed as incurred due to the election of the fair value option and were included in interest expense in the accompanying condensed consolidated statement of operation for the quarter ended June 30, 2018. The Note carries total debt discount of $225,000 (comprising of original issue discount of $200,000 and $25,000 payment to IRT for transaction expenses) which was not recorded due to the election of the fair value option. On April 25, 2017 we closed on a public offering of 1,500,000 shares of our common stock and warrants to purchase up to 750,000 shares of common stock, at a fixed combined price to the public of $8.00 under a shelf registration statement on Form S-3, which expired on March 16, 2018. The warrants are exercisable for a period of 5 years from the date of issuance at an exercise price of $10.00 per share. There is not, nor is there expected to be, any trading market for the warrants issued in the offering. The gross proceeds to us were $12.0 million, before deducting the underwriting discount and other offering expenses payable by us of approximately $0.9 million.

On April 4, 2016 we closed on a public offering of 616,197 shares of our common stock and warrants to purchase up to 308,898 shares of common stock, at a fixed combined price to the public of $11.36 million under a shelf registration statement on Form S-3, which expired on March 16, 2018. The warrants are exercisable for a period of five years from the date of issuance at an exercise price of $13.60 per share. There is not, nor is there expected to be, any trading market for the warrants issued in the offering. The gross proceeds to us were $7.0 million, before deducting the underwriting discount and other offering expenses payable by us of approximately $0.7 million.

On March 9, 2015, we entered into a Controlled Equity Offering Sales Agreement (the "Agreement"), with Cantor Fitzgerald & Co., as sales agent ("Cantor"), pursuant to which we may offer and sell, from time to time, through Cantor shares of our common stock, par value $0.0001 per share (the "Shares"), up to an aggregate offering price of $50.0 million. We intend to use the net proceeds from these sales to fund our research and development activities, and for working capital and other general corporate purposes, and possible acquisitions of other companies, products or technologies, though no such acquisitions are currently contemplated.

Under the Agreement, Cantor may sell the Shares by methods deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), including sales made directly on The Nasdaq Capital Market, on any other existing trading market for the Shares or to or through a market maker. In addition, under the Agreement, Cantor may sell the Shares by any other method permitted by law, including in privately negotiated transactions. Subject to the terms and conditions of the Agreement, Cantor will use commercially reasonable efforts, consistent with its normal trading and sales practices and applicable state and federal law, rules and regulations and the rules of The Nasdaq Capital Market, to sell the Shares from time to time, based upon our instructions (including any price, time or size limits or other customary parameters or conditions we may impose).

We are not obligated to make any sales of the Shares under the Agreement. The offering of Shares pursuant to the Agreement will terminate upon the earlier of (1) the sale of all of the Shares subject to the Agreement or (2) the termination of the Agreement by Cantor or us. We will pay Cantor a commission of up to 3.0% of the gross sales price per share sold and have agreed to provide Cantor with customary indemnification and contribution rights. Our S-3 shelf registration statement expired on March 16, 2018.

During the three and six months ended June 30, 2018 and 2017, we did not issue any shares of our common stock under the Agreement.

Operating and Capital Expenditure Requirements

As of June 30, 2018, we had an accumulated deficit of $73.7 million, and expect to incur significant and increasing operating losses for the next several years as we expand our research, development and clinical trials of TXL™ and CRV431. We are unable to predict the extent of any future losses or when we will become profitable, if at all.

Our unaudited financial statements as of June 30, 2018 have been prepared under the assumption that we will continue as a going concern within one year of the issuance of these consolidated financial statements, contemplates the realization of assets and satisfaction of liabilities in the normal course of business and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern. We have not generated revenue to date and have incurred substantial losses and negative cash flows from operations since our inception. We have historically funded our operations through issuances of common and preferred stock. Our independent registered public accounting firm has issued a report on our audited December 31, 2017 consolidated financial statements that included an explanatory paragraph referring to our recurring losses from operations; and expressing substantial doubt in our ability to continue as a going concern from one year after the our consolidated financial statements have been issued without additional capital becoming available. Our ability to continue as a going concern is dependent upon our ability to obtain additional equity or debt financing, attain further operating efficiencies and, ultimately, to generate revenue. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We will be required to raise additional capital within the next year to continue the development and commercialization of current product candidates and to continue to fund operations at the current cash expenditure levels. We cannot be certain that additional funding will be available on acceptable terms, or at all. Recently worldwide economic conditions and the international equity and credit markets have significantly deteriorated and may remain difficult for the foreseeable future. These developments will make it more difficult to obtain additional equity or credit financing, when needed. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that impact our ability to conduct delay, scale back or discontinue the development and/or commercialization of one or more product candidates; (ii) seek collaborators for product candidates at an earlier stage than otherwise would be desirable and on terms that are less favorable than might otherwise be available; or (iii) relinquish or otherwise dispose of rights to technologies, product candidates or products that we would otherwise seek to develop or commercialize its self on unfavorable terms.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Our chief executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2018. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under

the Securities Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on that evaluation, as of June 30, 2018, our principal executive/financial officer concluded that our internal controls and procedures are not effective, and that we have material weaknesses in our financial close and reporting process that are more fully described in our Annual Report on Form 10-KT. As a result of these material weaknesses in our internal control over financial reporting, our disclosure controls and procedures were not effective.. We intend to implement remedial measures designed to address the ineffectiveness of our disclosure controls and procedures.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) of the Exchange Act, our management, including our principal executive officer and principal financial officer, conducted an evaluation of the internal control over financial reporting to determine whether any changes occurred during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our principal executive officer and principal financial officer concluded there were no such changes during the quarter ended June 30, 2018.

PART II. OTHER INFORMATION

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ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer required under Rule 13a-14(a)/15d-14(a) under the Exchange Act.
31.2	Certification of Principal Financial Officer required under Rule 13a-14(a)/15d-14(a) under the Exchange Act.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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SIGNATURES

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

CONTRAVIR PHARMACEUTICALS, INC.
(Registrant)

Date: August 14, 2018 By: /s/ JAMES SAPIRSTEIN
James Sapirstein
President and Chief Executive Officer

Date: August 14, 2018 By: /s/ JOHN CAVAN
John Cavan
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATIONS

I, James Sapirstein, certify that:

1) I have reviewed this report on Form 10-Q of ContraVir Pharmaceuticals, Inc.

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2018

/s/ James Sapirstein
James Sapirstein
Chief Executive Officer and Director (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, John Cavan, certify that:

1) I have reviewed this report on Form 10-Q of ContraVir Pharmaceuticals, Inc.

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2018

/s/ JOHN CAVAN
John Cavan
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
CONTRAVIR PHARMACEUTICALS, INC.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2018
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I am the Chief Executive Officer of ContraVir Pharmaceuticals, Inc., a Delaware corporation (the "Company"). I am delivering this certificate in connection with the Form 10-Q of the Company for the quarter ended June 30, 2018 and filed with the Securities and Exchange Commission ("Form 10-Q").

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I hereby certify that, to the best of my knowledge, the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2018

/s/ James Sapirstein
James Sapirstein
Chief Executive Officer and Director (Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
CONTRAVIR PHARMACEUTICALS, INC.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2018
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I am the Chief Financial Officer of ContraVir Pharmaceuticals, Inc., a Delaware corporation (the "Company"). I am delivering this certificate in connection with the Form 10-Q of the Company for the quarter ended June 30, 2018 and filed with the Securities and Exchange Commission ("Form 10-Q").

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I hereby certify that, to the best of my knowledge, the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2018

/s/ JOHN CAVAN
John Cavan
Chief Financial Officer