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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: September 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
(Address of principal executive offices)

08837
(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 every Interactive Data File required to be submitted 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 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 ☒	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 16,343,920 as of November 12, 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 September 30, 2018 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.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

CONTRAVIR PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 9,032,268	$ 5,954,017
Prepaid expenses	123,192	108,075
Total Current Assets	9,155,460	6,062,092
Property and equipment, net	37,075	56,595
In-process research and development	3,190,000	3,190,000
Goodwill	1,870,924	1,870,924
Other assets	127,794	73,289
Total Assets	$ 14,381,253	$ 11,252,900
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 2,215,671	$ 1,556,883
Accrued expenses	421,384	1,046,698
Convertible debt	2,070,000	—
Current portion of contingent consideration	946,000	—
Total Current Liabilities	5,653,055	2,603,581
Contingent consideration	2,359,000	3,380,000
Deferred tax liability	360,700	896,700
Deferred rent liability	8,321	—
Derivative financial instruments, at estimated fair value-warrants	1,345,767	669,462
Total Liabilities	9,726,843	7,549,743
Commitments and contingencies (Note 12)		
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 September 30, 2018 and December 31, 2017, respectively	855,808	1,040,128
Series C convertible preferred stock, stated value $1,000 per share, 2,253 and 0 shares issued and outstanding at Septermber 30, 2018 and December 31, 2017, respectively	226,383	—
Common stock, par value of $.0001 per share. Authorized 120,000,000 shares, and 16,315,140 and 9,792,497 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	1,632	979
Additional paid-in capital	77,461,845	69,676,687
Accumulated deficit	(73,891,258)	(67,014,637)
Total Stockholders' Equity	4,654,410	3,703,157
Total Liabilities and Stockholders' Equity	$ 14,381,253	$ 11,252,900

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

CONTRAVIR PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenues	$ —	$ —	$ —	$ —
Costs and Expenses:				
Research and development	2,167,951	3,963,477	6,551,553	10,168,112
General and administrative	1,684,594	1,874,895	5,047,000	5,794,755
Loss from Operations	(3,852,545)	(5,838,372)	(11,598,553)	(15,962,867)
Other income (expense)				
Change in fair value of debt	(14,542)	—	17,406	—
Interest expense	(55,458)	—	(287,406)	—
Change in fair value of derivative instruments-warrants and contingent consideration	3,765,487	64,196	4,455,932	4,620,025
(Loss) income before income taxes	(157,058)	(5,774,176)	(7,412,621)	(11,342,842)
Income tax benefit	—	—	536,000	—
Net loss	(157,058)	(5,774,176)	(6,876,621)	(11,342,842)
Series C Beneficial Conversion Factor accreted as a dividend (see note 6)	(8,805,809)	—	(8,805,809)	—
Net loss Attributable to Common Shareholders	$ (8,962,867)	$ (5,774,176)	$ (15,682,430)	$ (11,342,842)
Weighted Average Common Shares Outstanding				
Basic and Diluted	14,171,577	7,506,702	11,668,078	6,123,294
Net Loss per Common Share Attributable to Common Shareholders				
Basic and Diluted	$ (0.63)	$ (0.77)	$ (1.34)	$ (1.85)

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

CONTRAVIR PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

	Preferred Stock, Series A $0.0001 par value		Preferred Stock, Series C $.0001 par value		Common Stock, $0.0001 par value		Additional Paid in Capital	Accumulated Deficit	Total Stockholder's Equity
	Shares	Amount	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	86	1,894,652	—	1,894,738
Issuance of Series C Preferred stock	—	—	10,826	9,853,148	—	—	—	—	9,853,148
Conversion of Series A Preferred stock to common stock	(18,432)	(184,320)	—	—	48,000	5	184,315	—	—
Conversion of Series C Preferred stock to common stock (See Note 6)	—	—	(8,573)	(4,535,392)	5,530,966	553	4,534,839	—	—
Offering costs related to warrants issued in rights offering	—	—	—	—	—	—	561,593	—	561,593
Issuance of Warrants	—	—	—	(5,091,373)	—	—	—	—	(5,091,373)
Exercise of Warrants	—	—	—	—	92,000	9	176,727	—	176,736
Stock based compensation expense	—	—	—	—	—	—	433,032	—	433,032
Net loss	—	—	—	—	—	—	—	(6,876,621)	(6,876,621)
Balance September 30, 2018	85,581	$ 855,808	2,253	$ 226,383	16,315,140	$ 1,632	$77,461,845	$(73,891,258)	$ 4,654,410

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

CONTRAVIR PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended September 30,	
	2018	**2017**
Cash Flows From Operating Activities:		
Net loss before income taxes	$ (6,876,621)	$ (11,342,842)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	433,032	1,218,846
Change in fair value of derivative instrument-warrants	(4,380,932)	(4,739,725)
Change in fair value of contingent consideration	(75,000)	114,699
Change in the fair value of debt	(17,406)	—
Non-cash interest expense	87,406	
Non-cash offering costs related to warrants issued in rights offering	561,593	—
Change in deferred tax liability	(536,000)	—
Loss on the sale of assets	4,474	—
Depreciation and amortization expense	14,146	20,846
Changes in operating assets and liabilities:		
Accounts payable and accrued expense	293,072	(264,555)
Deferred rent liability	8,321	—
Prepaid expenses and other assets	(69,622)	155,439
Net Cash used in Operating Activities	(10,553,537)	(14,837,292)
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, net	1,635,140	13,062,597
Proceeds from issuance of Series C Preferred stock, net	9,853,148	—
Proceeds from the exercise of warrants	142,600	—
Proceeds from the exercise of stock options	—	4,098
Proceeds from debt financing	2,000,000	—
Net Cash provided by Financing Activities	13,630,888	13,066,695
Net increase (decrease) in cash	3,078,251	(1,773,022)
Cash at beginning of period	5,954,017	10,551,721
Cash at end of period	$ 9,032,268	$ 8,778,699
Supplementary Disclosure Of Non-Cash Financing Activities:		
Stock issued to employees in lieu of cash payment for accrued bonus	$ 259,598	$ 148,903
Reclass of derivative liability for warrant exercise	$ 34,136	$ —
Conversion of Series A convertible preferred stock	$ 184,320	$ 190,980
Conversion of Series C convertible preferred stock	$ 4,535,392	$ —
Fair value of warrants issued in conjunction with common stock offering	$ 5,091,373	$ 3,976,501
Beneficial Conversion Factor accrted to Accumulated Deficit	$ 3,771,639	$ —
Warrants issued to Placement Agent	$ 221,269	$ —

The accompanying notes are an integral part of these 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. The Company's second compound, CRV431, also for HBV, is a next-generation cyclophilin inhibitor with a unique 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 ("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 September 30, 2018 was derived from the audited annual 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 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 convertible 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 September 30, 2018, the Company had $9.0 million in cash. Net cash used in operating activities was $10.6 million for the nine months ended September 30, 2018. Net loss for the nine months ended September 30, 2018 was $6.9 million. As of September 30, 2018, the Company had working capital of $3.5 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 related 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 significant uncertainties surrounding the clinical development timelines and costs and the need to raise a significant amount of capital raises substantial doubt about the Company's ability to continue as a going concern from one year after the Company's financial statements have been issued without additional capital becoming available. 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, it 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 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 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 financial statements for the year ended December 31, 2017 included in the Company's Form 10-KT filed with the SEC on March 26, 2018. Since the date of such financial statements, there have been no changes to the Company's significant accounting policies.

Cash

As of September 30, 2018 and December 31, 2017, the amount of cash was approximately $9.0 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 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. 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 the July 2018 Rights offering 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 September 30, 2018 and December 31, 2017, the fair value of such warrants was $1.3 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 September 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 our programs, the Company could incur significant charges in the period in which the impairment occurs. There was no impairment of IPR&D as of September 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.

ContraVir does not currently have any commercial biopharmaceutical products, and does not expect to have such for several years, if at all. Accordingly, our research and development costs are expensed as incurred. While certain of our research and development costs may have future benefits, our 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 September 30, 2018 and December 31, 2017, the Company had prepaid research and development costs of $46,984 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 The Company'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 our 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 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. 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 No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), 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 not permitted. The Company 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. 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 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 September 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 derivatives 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 nine months ended September 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

Preferred stock, Common Stock and Warrant Offering

During the period from August 5, 2016 to September 30, 2018, 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 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 was 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 to remeasure the liability as of September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
Price of ContraVir common stock	$ 0.56	$ 2.88
Expected warrant term (years)	2.03	2.78
Risk-free interest rate	2.88%	2.09%
Expected volatility	72.20%	67.0%
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 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 was 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 to remeasure the liability as of September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
Price of ContraVir common stock	$ 0.56	$ 2.88
Expected warrant term (years)	2.51	3.26
Risk-free interest rate	2.88%	2.09%
Expected volatility	72.20%	67.0%
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 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 and comprehensive loss. 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 was 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.

On July 3, 2018, the Company completed its rights offering pursuant to its effective registration statement on Form S-1. The Company offered for sale units in the rights offering and each unit sold in connection with the rights offering consists of 1 share of the Company's Series C Convertible Preferred Stock, or Series C, and 575 common stock warrants. Upon completion of the offering, pursuant to this rights offering, the Company sold an aggregate of 10,826 units at an offering price of $1,000 per unit comprised of 10,826 shares of Series C and 6,224,950 common stock warrants. The Company received net proceeds of $9.9 million, after deducting expenses relating to the Rights Offering, including dealer-manager fees and offering expenses, totaling approximately $0.9 million, and excluding any proceeds received upon exercise of any warrants

The common stock warrants are exercisable at $1.55 per share and subject to adjustments upon the occurrence of certain dilutive events. The warrants expire on the fifth anniversary from their original issuance date. The Company may redeem the warrants for $0.01 per warrant if the Company's common stock closes above $6.20 per share for ten consecutive trading days, provided that the Company may not do so prior to the first anniversary of the closing of the unit offering. The warrants are being sold under a written public offering. If a warrant is exercised during a period where a registration statement is not declared effective, the Company cannot assert that settlement in unregistered shares is permitted. As a result, the warrants are liability classified and carried at their estimated fair value at each reporting until they exercised, terminated or otherwise settled.

The Company determined that the Series C should not be classified as temporary equity due to its lack of senior liquidation preferences and is not redeemable on a fixed or determinable date.

The rights and preferences of the Series C are as follows:

Dividends

Holders of Series C shares are entitled to dividends, if and when declared on shares of common stock, on an "as-converted" basis.

Voting

Subject to certain preferred stock class votes specified in the certificate of designation, the holders of Series C shares shall have no voting rights.

Liquidation

Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holder of Series C shares shall be entitled to receive the same consideration as the holders of the Company's common stock on an "as converted" basis.

Conversion

Each share of Series C is convertible into common stock at any time at the option of the holder thereof at the conversion price then in effect. The conversion price for the Series C is determined by dividing the stated value of $1,000 per share by $1.55 per share (subject to adjustments upon the occurrence of certain dilutive events).

At any time after the first anniversary of the original issuance date, the Company may, subject to certain conditions, require the conversion of Series C shares.

The gross proceeds of the offering were first allocated to the warrants based on the fair value of the warrants at that time, with the residual proceeds allocated to the Series C. All offering costs were allocated between the Series C and the warrants. In addition, the placement agent received, as compensation for the transaction, equity warrants to purchase 279,381 shares of the Company's common stock priced at $1.71 per share. The fair value of the placement agent equity warrants was $0.2 million at the time of issuance and $0.1 million was allocated to the Series C and $0.1 million was allocated to the liability classified common stock warrants. All costs allocated to the liability classified warrants were expensed immediately and as a component of general and administrative expenses within the Company's condensed consolidated statement of operations.

In connection with the issuance of the Series C and liability classified warrants, the Company recognized the intrinsic value of a beneficial conversion feature of $3.8 million. The beneficial conversion amount was computed as the difference between the Series C effective conversion price and the fair value of the Company's common stock multiplied by that number of shares issuable upon conversion. The beneficial conversion feature is presented as a component of net loss attributable to common stockholders in the Company's condensed consolidated statement of operations.

As a result of the Company's issuance of convertible preferred shares that included a beneficial conversion feature, the Company may, upon conversion of the Series C, recognize any unamortized discount resulting from the initial allocation of proceeds issued to the liability classified warrants. During the three months ended September 30, 2018, the holders of Series C shares converted 8,573 shares of Series C into 5,530,966 shares of common stock. As a result of the conversion, the Company recognized a deemed dividend of $4.5 million associated with the difference between the stated and carrying per share values of the Series C and $0.5 million of issuance costs that had been allocated to the Series C which have been presented as a component of net loss attributable to common stockholders in the Company's condensed consolidated statement of operations.

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

	July 3, 2018	September 30, 2018
Price of ContraVir common stock	$ 1.36	0.56
Expected warrant term (years)	5.0	4.75
Risk-free interest rate	2.72%	2.94%
Expected volatility	75.4%	73.50%
Dividend yield	—	—

The following table sets forth the components of changes in the Company's derivative financial instruments liability balance for the nine months ended September 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
July 3, 2018	Issuance of Warrants	6,223,950	5,091,373
August 7, 2018	Change in fair value of warrant liability related to warrant exercise	(92,000)	(41,132)
	Derecognition of warrants	—	(34,136)
	Change in fair value of warrants	—	(4,339,800)
September 30, 2018	Balance of derivative financial instruments liability	7,558,798	$ 1,345,767

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, working capital and other general corporate purposes.

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 nine months ended September 30, 2018 and 2017, the Company sold approximately 6.1 million and 2.7 million shares of our common stock, respectively, resulting in net proceeds of approximately $1.6 million and $2.0 million, respectively, under the Controlled Equity Offering Sales Agreement with Cantor Fitzgerald & Co., as sales agent.

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 September 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 September 30, 2018				
Derivative liabilities related to warrants	$ (1,345,767)	$ —	$ —	$ (1,345,767)
Contingent consideration	$ (3,305,000)	$ —	$ —	$ (3,305,000)
Convertible Debt	$ (2,070,000)	$	$	$ (2,070,000)
As of December 31, 2017				
Derivative liabilities related to warrants	$ (669,462)	$ —	$ —	$ (669,462)
Contingent consideration	$ (3,380,000)	$ —	$ —	$ (3,380,000)

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 nine months ended September 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	(87,406)
Change in fair value	17,406
Balance at September 30, 2018	$ (2,070,000)

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 September 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 September 30, 2018.

	Acquisition-related Contingent Consideration
Liabilities	
Balance at December 31, 2017	$ (3,380,000)
Change in fair value recorded in earnings	75,000
Balance at September 30, 2018	$ (3,305,000)

8. Indefinite-lived Intangible Assets and Goodwill

IPR&D

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

	September 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 nine months ended September 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 nine months ended September 30, 2018	—
Goodwill balance at September 30, 2018	$ 1,870,924

No impairment losses were recorded on goodwill during the nine months ended September 30, 2018.

9. Accrued Liabilities

The Company's accrued expenses consist of the following:

	September 30, 2018	December 31, 2017
Research and development	$ 178,764	$ 322,842
Professional fees	45,061	75,934
Payroll related costs	187,677	539,063
Legal fees	9,882	81,550
Other	—	27,309
Total accrued expenses	$ 421,384	$ 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 September 30, 2018, the Company had 520,654 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 nine months ended September 30, 2018 and 2017, respectively, the following table presents the stock based compensation expense for the periods indicated:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
General and administrative	$ 73,454	$ 313,100	$ 381,869	$ 914,342
Research and development	(10,573)	78,045	51,163	304,504
Total stock-based compensation expense	$ 62,881	$ 391,145	$ 433,032	$ 1,218,846

A summary of stock option activity and of changes in stock options outstanding under the Plan for the nine months ended September 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 (years)
Balance outstanding, January 1, 2018	852,648	$0.88-$35.04	$ 11.87	$ 5,958	7.00
Granted	—	$0.00-$0.00	$ —	—	
Exercised	—	$0.00-$0.00	$ —	—	
Forfeited	(22,621)	$0.03-$10.19	$ 13.63	—	
Balance outstanding, September 30, 2018	830,027	$0.88-$35.04	$ 11.89	$ 23,833	6.52
Vested awards and those expected to vest at September 30, 2018	816,847	$0.88-$35.04	$ 11.87	$ —	6.21
Vested and exercisable at September 30, 2018	698,303		$ 12.27	$ —	6.27

There were no stock options issued to employees during the nine months ended September 30, 2018. The weighted-average grant-date fair value per share of options granted to employees during the nine months ended September 30, 2017 was $0.37. The total fair value of shares vested during the nine months ended September 30, 2018 was $0.6 million. Included within the above table are 0.2 million non-employee options outstanding as of September 30, 2018, of which approximately 16,000 are unvested and therefore subject to remeasurement. The remeasurement impact for the nine months ended September 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 September 30, 2018, the unrecognized compensation cost related to non-vested stock options outstanding, net of expected forfeitures, was approximately $0.5 million to be recognized over a weighted-average remaining vesting period of approximately 2.50 years.

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

	Nine months ended September 30, 2017
Stock price	$ 4.16
Risk-free interest rate	1.92%
Dividend yield	—
Expected volatility	72.7%
Expected term (in years)	5.0

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 then adjusted to 3% through the end of the fiscal year June 30, 2016 based on the aforementioned historical analysis. The forefeiture rate was 3% for the year ended June 30, 2017 and the transition period ended December 31, 2017. There were 22,621 forfeitures for the nine months ended September 30, 2018 due to employee terminations. The Company will continue to analyze the forefeiture 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		Nine months ended	
Basic net (loss) income per common share	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Numerator:				
Net (loss) income	$ (157,058)	$ (5,774,176)	$ (6,876,621)	$ (11,342,842)
Preferred stock deemed dividend	(8,805,809)	—	(8,805,809)	—
Net loss attributable to common stockholders	$ (8,962,867)	$ (5,774,176)	$ (15,682,430)	$ (11,342,842)
Denominator:				
Weighted average common shares outstanding	14,171,577	7,506,702	11,688,078	6,123,294
Net loss per share of common stock—basic and diluted	$ (0.63)	$ (0.77)	$ (1.34)	$ (1.85)

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

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Common shares issuable upon conversion of Series A preferred stock	222,867	270,867
Common shares issuable upon conversion of Series C preferred stock	1,453,550	—
Stock options	830,027	833,898
Warrants	7,558,052	1,426,848
Total	10,064,496	2,531,613

The liability classified warrants disclosed above have 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 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 $1.0 million, subsequent milestone payments of $3.0 million and $6.0 million, respectively, covering (i) marketing (FDA) approval and (ii) on achieving the milestone of aggregate net sales equal to or greater than $125.0 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 $50,000 for the nine months ended September 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 im 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 October18, 2018, the Company reached a major clinical milestone of Positive Data from a Phase I trial of CRV431 in humans. This achievement triggered the first milestone payment as stated in the Merger Agreement for the acquisition of Ciclofilin Pharmaceuticals, Inc. ("Ciclofilin") in June 2016. The Company also paid related milestone payment of $1,000,000 to the Ciclofilin shareholders and has initiated the process to issue 2.5% of the issued and outstanding Company's Common as of June, 2016.

On October 15, 2018 the Company entered into a Settlement Agreement and General Release with Theresa Matkovits, the Company's former Chief Operating Officer (the "Matkovits Agreement") pursuant to which, among other things, Ms. Matkovits was paid three months of salary plus three months of COBRA health benefit payments in exchange for a general release. On October 18, 2018, the Company entered into a Separation Agreement and General Release with James Sapirstein, the Company's former Chief Executive Officer (the "Sapirstein Agreement") pursuant to which, among other things, the Company paid Mr. Sapirstein 18 months of salary as per his employment agreement and agreed to pay 18 months of COBRA health benefit payments in exchange for a general release.

The Company also terminated four employees in October 2018 and expects to pay approximately $1.3 million of severance costs during the fourth quarter of 2018.

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. CRV431 is a novel drug candidate also designed for the treatment of HBV infection.. CRV431, a non-immunosuppressive analog of cyclosporine 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 parients with severe renal impairment during the fourth quarter of 2017. The study comprised 16 subjects including 8 healthy subjects with normal kidney functions 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 steamline the development and registration of TXL B. The 505(b)(2) regulatory pathway allows us to reply 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 completed the first segment of our Phase 1 clinical activities for CRV431 in October 2018.

On October18, 2018, the Company reached a major clinical milestone of Positive Data from a Phase I trial of CRV431 in humans. This achievement triggered the first milestone payment as stated in the Merger Agreement for the acquisition of Ciclofilin Pharmaceuticals, Inc. ("Ciclofilin") in June 2016. The Company also paid related milestone payment of $1,000,000 to the Ciclofilin shareholders and has initiated the process to issue 2.5% of the issued and outstanding Company's Common as of June, 2016.

FINANCIAL OPERATIONS OVERVIEW

As of September 30, 2018, our accumulated deficit was approximately $73.9 million. From inception through September 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.

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 note dates 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 September 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 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 February 2016, the FASB issued ASU No. 2016-02*, Leases (Topic 842)* ("ASU 2016-02"). 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 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 the Company 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 September 30, 2018 and 2017

	Three months ended		
	September 30, 2018	September 30, 2017	Change
Revenues	$ —	$ —	$ —
Costs and Expenses:			
Research and development	2,167,951	3,963,477	(1,795,526)
General and administrative	1,684,594	1,874,895	(190,301)
Loss from operations	(3,852,545)	(5,838,372)	1,985,827
Other income (expense):			
Change in fair value of debt	(14,542)	—	(14,542)
Interest expense	(55,458)	—	(55,458)
Change in fair value of derivative instruments-warrants and contingent consideration	3,765,487	64,196	3,701,291
Loss before taxes	(157,058)	(5,774,176)	5,617,118
Income tax benefit	—	—	
Net Loss	$ (157,058)	$ (5,774,176)	$ 5,617,118

We had no revenues during the three months ended September 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 decreased approximately $1.8 million from $4.0 million for the three months ended September 30, 2017 to $2.2 million for the three months ended September 30, 2018. The decrease was primarily comprised of $0.8 million lower costs associated with Valnivudine operations, $0.2 million lower costs for manufacturing operations, $0.4 million less associated with lab supplies, $0.4 million less TXL clinical trial costs, $0.3 million less payroll and related expense $0.1 million decrease in Stock Compensation expense for employees and $0.1 of other research and development expenses partially offset by a $0.5 million increase in clinical trial costs related to CRV431.

General and administrative expenses decreased approximately $0.2 million from $1.9 million for the three months ended September 30, 2017 to $1.7 million for the three months ended September 30, 2018. The decrease of $0.2 million is primarily due to $0.2 million decrease in Stock Compensation expense for employees, $0.2 million decrease in professional fees, $0.2 million decrease in payroll and related costs, offset by a $0.4 million increase in outside services.

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

The increase in the change in fair value of derivative instruments and contingent consideration liabilities from the three months ended September 30, 2017 compared to the three months ended September 30, 2018 was due to the mark to market of our outstanding warrants and contingent consideration.

Comparison of Nine Months Ended September 30, 2018 and 2017

	Nine months ended		
	September 30, 2018	September 30, 2017	Change
Revenues	$ —	$ —	$ —
Costs and Expenses:			
Research and development	6,551,553	10,168,112	(3,616,559)
General and administrative	5,047,000	5,794,755	(747,755)
Loss from operations	(11,598,553)	(15,962,867)	4,364,314
Other income (expense):			
Change in fair value of debt	17,406	—	17,406
Interest expense	(287,406)	—	(164,093)
Change in fair value of derivative instruments-warrants and contingent consideration	4,455,932	4,620,025	(164,093)
(Loss) income before taxes	(7,412,621)	(11,342,842)	3,930,221
Income tax benefit	536,000	—	536,000
Net loss	$ (6,876,621)	$ (11,342,842)	$ 4,466,221

We had no revenues during the nine months ended September 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 decreased approximately $3.6 million from $6.6 million for the nine months ended September 30, 2018 and $10.2 million for the nine months ended Sepetmber 30, 2017 The decrease was primarily due to a $2.1 million decrease in clinical development costs associated with our Valnivudine clinical trials, a $0.6 million decrease in purchases of

lab supplies, a $0.3 million decrease in stock based compensation, a $0.6 million decreased in payroll and related costs, a $0.4 million decrease in outside services, $0.3 million lower costs for manufacturing costs, and $0.4 million decrease in clinical trial costs related to TXL partially offset by a $1.1 million increase in clinical trial costs related to CRV431.

General and administrative expenses for the nine months ended September 30, 2018 and 2017 amounted to $5.0 million and $5.8 million, respectively. The decrease of $0.7 million is primarily due to a $0.5 million decrease in stock based compensation expense, a $0.4 million decrease in payroll related costs, and $0.4 million decrease in professional fees partially offset by a 0.3 increase in outside services, a $0.2 million increase in investor relations and $0.1 million of other administrative expenses.

Other income (expense) for the nine months ended September 30, 2018 and 2017 amounted to $4.5 million and $4.6 million, respectively. The activity consisted of an decrease of $0.2 million primarily related to the mark to market of warrants and a $0.3 million of non cash interest expense.

Net loss for the nine months ended September 30, 2018 and 2017 was approximately $6.9 million and $11.3 million, respectively, which was a result of the operating expenses discussed above, offset by other expense resulting from the change in fair value of derivative instruments-warrants of approximately of $0.2 million, partially offset by a $0.5 million income tax benefit resulting from the sale of our state net operating losses to a third party.

LIQUIDITY AND CAPITAL RESOURCES

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

	Nine months ended	
	September 30, 2018	September 30, 2017
Net cash (used in) provided by:		
Operating activities	$ (10,553,537)	$ (14,837,292)
Investing activities	900	(2,425)
Financing activities	13,630,888	13,066,695
Net increase (decrease) in cash	$ 3,078,251	$ (1,773,022)

As of September 30, 2018, we had $9.0 million in cash. Net cash used in operating activities was approximately $10,6 million for the nine months ended September 30, 2018. As of September 30, 2018, we had working capital of $3.5 million compared to working capital of $6.1 million as of September 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 6,223,950 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.

Each share of Series C Preferred Stock (“Series C”) will be convertible, at the Company’s option at any time on or after the first anniversary of the closing of the Rights Offering (as defined below) or at the option of the holder at any time, into the number of shares of the Company’s common stock, par value $0.0001 per share (the “Common Stock”) determined by dividing the $1,000 stated value per share of the Series C by a conversion price of $1.55 per share. In addition, the conversion price per share is subject to adjustment for stock dividends, distributions, subdivisions, combinations or reclassifications. Subject to limited exceptions, a holder of the Series C Preferred Stock will not have the right to convert any portion of the Series C to the extent that, after giving effect to the conversion, the holder, together with its affiliates, would beneficially own in excess of 4.99% of the number of shares of the Company’s Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of the holder’s shares of Series C. The holder upon notice to the Company, may increase or decrease the beneficial ownership limitation applicable to its shares of Series C, provided that in no event shall the limitation exceed 9.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of the holder’s shares of Series C.

In the event the Company effects certain mergers, consolidations, sales of substantially all of its assets, tender or exchange offers, reclassifications or share exchanges in which its Common Stock is effectively converted into or exchanged for other securities, cash or property, the Company consummates a business combination in which another person acquires 50% of the outstanding shares of its Common Stock, or any person or group becomes the beneficial owner of 50% of the aggregate ordinary voting power represented by the Company’s issued and outstanding Common Stock, then, upon any subsequent conversion of the Series C, the holders of the Series C will have the right to receive any shares of the acquiring corporation or other consideration it would have been

entitled to receive if it had been a holder of the number of shares of Common Stock then issuable upon conversion in full of the Series C.

Holders of Series C shall be entitled to receive dividends (on an as-if-converted-to-common-stock basis) in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of Common Stock. Except as otherwise provided in the Certificate of Designation or as otherwise required by law, the Series C has no voting rights. Upon the Company's liquidation, dissolution or winding-up, whether voluntary or involuntary, holders of Series C will be entitled to receive out of the assets, whether capital or surplus, of the Company the same amount that a holder of Common Stock would receive if the Series C were fully converted (disregarding for such purpose any conversion limitations thereunder) to Common Stock, which amounts shall be paid pari passu with all holders of Common Stock. The Company is not obligated to redeem or repurchase any shares of Series C. Shares of Series C are not otherwise entitled to any redemption rights, or mandatory sinking fund or analogous fund provisions.

There are no stated dividends or redemption features associated with the Series C. The Series C have no voting rights. Each share of the Series C is convertible at the option of the holder into the number of shares of common stock determined by dividing the stated value of such share by the conversion price that is subject to adjustment. The Series C conversion price is currently $1.55. The preferred stock is automatically convertible into common stock in the event of a fundamental transaction to the Company. Based on these facts, the Series C is classified as permanent equity.

Beneficial Conversion Feature- Series C Preferred Stock

Each share of Series C is convertible into shares of common stock, at any time at the option of the holder at a conversion price of $1.55 per share. Based on the guidance in ASC 470-20-20, the Company determined that a beneficial conversion feature exists, as the effective conversion price for the Series C preferred shares at issuance was less than the fair value of the common stock into which the preferred shares are convertible. A beneficial conversion feature based on the intrinsic value of the date of issuances for the Series C was $3.8 million and the preferred stock was discounted by this amount. The beneficial conversion amount of $3.8 million was then accreted back to the preferred stock as a dividend charged to accumulated deficit as the preferred stock was 100% convertible immediately.

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 September 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 September 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 25, 2017 we closed on a public offering of 12,000,000 shares of our common stock and warrants to purchase up to 6,000,000 shares of common stock, at a fixed combined price to the public of $1.00 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 $1.25 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 nine months ended September 30, 2018 and 2017, we sold approximately 6.1 and 2.7 million shares, respectively, of our common stock resulting in net proceeds of approximately $1.6 and $2.0 million,respectively, under the Controlled Equity Offering Sales Agreement with Cantor Fitzgerald & Co., as sales agent.

On October 18, 2018, we reached a major clinical milestone of Positive Data from a Phase I trial of CRV431 in humans triggering the first milestone payment as stated in the Merger Agreement for the acquisition of Ciclofilin Pharmaceuticals, Inc. ("Ciclofilin") in June 2016. We paid $1,000,000 by wire transfer of immediately available funds to the Ciclofilin shareholders as listed in the Merger Agreement and we have initiated the process to issue a number of shares equal to 2.5% of our issued and outstanding common stock as of June, 2016.

On October 15, 2018 we entered into a Settlement Agreement and General Release with Theresa Matkovits, our former Chief Operating Officer (the "Matkovits Agreement") pursuant to which, among other things, Ms. Matkovits was paid three months of salary plus three months of COBRA health benefit payments in exchange for a general release amounting to approximately $0.1 million . On October 18, 2018, we entered into a Separation Agreement and General Release with James Sapirstein, our former Chief Executive Officer (the "Sapirstein Agreement") pursuant to which, among other things, we paid Mr. Sapirstein 18 months of salary as per his employment agreement and agreed to pay 18 months of COBRA health benefit payments totaling approximately $0.8 million, in exchange for a general release.

In November 2018, we received approval from the New Jersey Economic Development Authority's (NJEDA) Technology Business Tax Certificate Transfer (NOL) program to sell a percentage of our unused New Jersey net operating losses (NOL's) and R&D tax credits. As a result, we expect to receive approximately $1.1 million of net cash proceeds prior to the end of 2018.

Operating and Capital Expenditure Requirements

As of September 30, 2018, we had an accumulated deficit of $73.9 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 September 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 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 funded its operations through issuances of debt, common and preferred stock.

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 forseeable 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 chief financial officer evaluated the effectiveness of our disclosure controls and procedures as of September 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 September 30, 2018, our principal executive officer and principal financial officer concluded that our disclosure 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. 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 our principal financial officer, conducted an evaluation of the internal control over financial reporting to determine whether any changes occurred during the quarter ended September 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 September 30, 2018.

PART II. OTHER INFORMATION

ITEM 1a. RISK FACTORS

There have been no material changes in our risk factors since the filing on March 26, 2018 of our Form 10-KT for the year ended December 31, 2017, except for the following:

If we fail to comply with the continued minimum closing bid requirements of the NASDAQ Capital Market LLC ("NASDAQ") or other requirements for continued listing, our common stock may be delisted and the price of our common stock and our ability to access the capital markets could be negatively impacted.

On August 29, 2018, we received a written notice (the "Notice") from the NASDAQ Stock Market LLC ("NASDAQ") that we were not in compliance with NASDAQ Listing Rule 5550(a)(2),(the "Rule") as the minimum bid price of our common stock had been below $1.00 per share for 30 consecutive business days. The Notice had no immediate effect on the listing of our common stock, and our common stock continues to trade on the NASDAQ Capital Market under the symbol "CTRV". In accordance with NASDAQ Listing Rule 5810(c)(3)(A), we have until February 25, 2019, to regain compliance with the minimum bid price requirement. To regain compliance, the closing bid price of our common stock must meet or exceed $1.00 per share for at least 10 consecutive business days during this 180 calendar day period. In the event we do not regain compliance by February 25, 2019, we may be eligible for an additional 180 calendar day grace period if we meet the initial listing standards, with the exception of bid price, for the NASDAQ Capital Market, and provide written notice to NASDAQ of our intention to cure the deficiency during the second compliance period, by effecting a reverse stock split, if necessary. If we do not regain compliance within the allotted compliance period(s), including any extensions that may be granted by NASDAQ, NASDAQ will provide notice that our common stock will be subject to delisting. We would then be entitled to appeal the determination to a NASDAQ Listing Qualifications Panel and request a hearing.

A delisting of our common stock from the NASDAQ Capital Market could materially reduce the liquidity of our common stock and result in a corresponding material reduction in the price of our common stock. In addition, delisting could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, employees and fewer business development opportunities.

ITEM 6. EXHIBITS

10.1	Settlement Agreement and General Release between ContraVir Pharmaceuticals, Inc. and Theresa Matkovits dated as of October 15, 2018.
10.2	Separation Agreement and General Release between ContraVir Pharmaceuticals, Inc. and James Sapirstein dated as of October 18, 2018.
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

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: November 14, 2018

By: /s/ ROBERT FOSTER
Robert Foster
President and Chief Executive Officer

Date: November 14, 2018

By: /s/ JOHN CAVAN
John Cavan
Chief Financial Officer

Exhibit 10.1

SETTLEMENT AGREEMENT AND GENERAL RELEASE

1. This Separation Agreement and General Release ("Agreement") is between Theresa Matkovits ("Employee") and ContraVir Pharmaceuticals, Inc. (the "Company") to resolve any and all outstanding issues between the parties and to set forth all of the obligations between the parties.

2. Employee has resigned from her employment with the Company without "Good Reason" as such term is defined in Employee's Executive Agreement, dated June 1, 2015 (the "Employment Agreement"). Employee's resignation took effect on October 12, 2018 (the "Release Date"). Employee acknowledges and agrees that the Company has paid her all accrued compensation or benefits that accrued through the Release Date.

3. In exchange for Employee's execution and non-revocation of this Agreement within thirty (30) days after the Release Date and in exchange for the other obligations that Employee owes to the Company under this Agreement, the Company agrees to deliver a check made payable to "Theresa Matkovits" in the amount of Eighty Five Thousand Dollars ($85,000), less applicable withholdings and deductions, no later than five (5) business days after Employee executes and does not revoke her execution of this Agreement.

4. Employee acknowledges that she has been advised that she may be able to continue her health benefits pursuant to COBRA following the Release Date and that Employee will receive additional information regarding COBRA under separate cover. If Employee signs and does not revoke this Agreement on or within thirty (30) days after the Release Date and if Employee elects to receive benefits pursuant to COBRA, the Company agrees to reimburse Employee's COBRA premium for up to three (3) months (the "COBRA Payment Period"). Employee agrees that in the event she accepts full-time employment at any time during the COBRA Payment Period and such employment offers Employee health insurance benefits, Employee will notify the Company in writing. The Company's obligation to pay Employee's COBRA premium under this Agreement shall cease upon the earlier of: (i) the Company's receipt of the written notice described in the immediately preceding sentence; or (ii) the end of the COBRA Payment Period. To the extent that Employee elects to continue to receive COBRA benefits in accordance with applicable laws after the COBRA Payment Period, Employee shall be responsible for the entire COBRA premium to the extent permitted by applicable laws.

5. The exercise period of each option to purchase shares of Company common stock granted to Employee pursuant to the Company's 2013 Equity Incentive Plan (the "Equity Plan") and applicable award agreements (an "Option") that is vested as of the Release Date shall be extended to the earlier of (i) the expiration of the original term of such Option, and (ii) 2 years following the Release Date. All Options that are unvested on the Release Date shall be cancelled for no consideration on the Release Date and Employee shall have no further rights with respect thereto. All other terms of the Options shall continue to be governed by the Plan and applicable award agreements.

6. Employee agrees that she is not entitled to and will not seek any further consideration, including but not limited to, any wages, vacation pay, sick pay, disability pay, bonus compensation, profit sharing contributions, restricted stock, stock options, payment or benefit from Releasees (as defined in paragraph 7 of this Agreement) other than that to which she is entitled pursuant to paragraphs 3 and 4 of this Agreement.

7. In consideration of the payments provided herein, Employee agrees to and hereby does release and discharge the Company, its agents, parents, subsidiaries, affiliates and its successors or assigns, directors, officers, consultants, attorneys, representatives and employees (collectively "Releasees") from any and all claims, causes of action, arbitrations and demands, whether known or unknown, which she has or ever had, which are based on acts or omissions occurring up to and including the date this Agreement is fully executed, except as to the enforcement of this Agreement and any rights which cannot be waived as a matter of law. In this release, Employee further releases Releasees from any and all compensation owed to her, including vacation pay, attorneys' fees, bonuses, and any damages and costs Employee could recover under any statute or common law theory. Included within this release, without limiting its scope, are claims arising out of Plaintiff's employment or the termination of her employment based on Title VII of the Civil Rights Acts of 1964 as amended, the Civil Rights Act of 1870, the Americans with Disabilities Act of 1990 as amended, the Age Discrimination in Employment Act, as amended, the Older Workers Benefit Protection Act, the Fair Labor Standards Act of 1938 as amended by the Equal Pay Act of 1963, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974, the Civil Rights Act of 1991, the New Jersey Conscientious Employee Protection Act, the New Jersey Law Against Discrimination, the New Jersey Wage and Hour Law, the New Jersey Family Leave Act, the U.S. Patriot Act, the Sarbanes-Oxley Act of 2002, the Dodd—Frank Wall Street Reform and Consumer Protection Act and any other federal, state or local civil rights, disability, discrimination, retaliation or labor law, or any theory of contract, criminal, arbitral or tort law.

8. This Agreement is not an admission by the Company of any liability. The Company specifically denies and disclaims any discrimination, retaliation or injury to any person.

9. The parties agree that this Agreement may not be introduced in any proceeding, except to establish the settlement and release, the breach of this Agreement, or as may be required by law or judicial directive.

10. Employee agrees not to directly or indirectly take, support, encourage or participate in any activity or attempted activity which in any way would disparage the Releasees. Employee agrees not to write or speak about the Releasees in negative terms.

11. The parties acknowledge that the terms of this Agreement and all discussions relating to it are confidential and agree that no party will divulge the terms of this Agreement to any third party, except that Employee may divulge such terms to her immediate family, financial advisor, attorney or as required by court order, and the Company may do so to financial advisors, attorneys, to such individuals necessary for carrying out the terms and conditions of the Agreement, or as required by applicable laws, rules, regulations or court order.

12. Employee acknowledges and agrees that she shall continue to be bound by her post-employment obligations set forth in Sections 12 and 13 of the Employment Agreement. Employee represents and warrants that as of her Release Date Employee has returned to the Company all property of the Company in Employee's possession, including, but not limited to, all office equipment, computer equipment and peripherals (such as laptops, printers and memory sticks), cell phones, credit cards, keys, documents, manuals, procedures, notebooks and any other Company property or "Confidential Information" as such term is defined in Section 12 of the Employment Agreement. In addition, Employee represents and warrants that she has deleted all of the Company's Confidential Information from Employee's personal computers, other memory devices and/or records.

13. Except as specifically set forth herein, this Agreement contains the complete understanding of the parties. No other promises or agreements including, but not limited to, the Employment Agreement shall be binding or shall modify this Agreement unless reduced to writing and signed by the parties hereto or counsel for the parties.

14. Employee agrees to cooperate with the Company with respect to any past, present or future legal matters that relate to or arise out of Employee's employment with the Company or in the event that any claim or action is brought against the Company concerning which Employee may have knowledge or information. Employee's cooperation may take the form of, among other things, Employee making herself reasonably available for interviews by the Company's counsel, providing copies of any relevant documents Employee may have, and preparing to testify and testifying at depositions, informal and formal hearings, and trials. Such cooperation should not adversely interfere with any future positions Employee may obtain. Nothing in the Agreement shall be construed to prohibit Employee from cooperating with and participating in any investigation by or action taken by federal, state, or local administrative agencies, regulatory agencies, or law enforcement agencies. Furthermore, Employee's cooperation with and participation in any investigation by, or action taken by, federal, state or local administrative agencies, regulatory agencies, or law enforcement agencies will not violate any provision of this Agreement.

15. This Agreement shall be governed by New Jersey law without regard to conflicts of laws principles, and any action to enforce this Agreement must be brought and heard in a court within the State of New Jersey. The parties to this Agreement consent to personal jurisdiction in New Jersey in any action commenced to enforce its terms.

16. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

17. Employee shall not institute nor be represented as a party in any lawsuit, claim, complaint or other proceeding against or involving Releasees based on Employee's employment with the Company or upon any act or omission occurring up to and including the date this Agreement is fully executed, whether as an individual or class action, under any federal, state or local laws, rules, regulations or any other basis. Further, Employee shall not seek or accept any award or settlement from any such source or proceeding (not including unemployment insurance proceedings). In the event that Employee institutes, is a knowing

participant, or is a willing member of a class that institutes any such action, Employee's claims shall be dismissed or class membership terminated with prejudice immediately upon presentation of this Agreement. This Agreement does not affect Employee's right to file a charge with the Equal Employment Opportunity Commission ("EEOC"), or any similar state or local agency, or to participate in any investigation conducted by the EEOC, or any similar state or local agency, but Employee acknowledges that she is not entitled to any monies other than those payments described in this Agreement.

18. Nothing in this Agreement prohibits Employee from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Employee does not need the prior authorization of the Company to make any such reports or disclosures and Employee is not required to notify the Company that Employee has made such reports or disclosures. Further, this Agreement does not limit Employee's right to receive an award for information provided to any governmental agency or entity.

19. The payments provided hereunder are intended to comply with, or be exempt from, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury regulations, notices and guidance promulgated thereunder (collectively, "Section 409A"). In no event will the Company be liable for any additional tax, interest or penalties that may be imposed on Employee under Section 409A or any damages for failing to comply with Section 409A, whether pursuant to the Employment Agreement, this Agreement or otherwise.

20. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall be deemed to constitute one instrument. A signature produced by facsimile, PDF or other electronic transmission shall be deemed to be an original signature.

21. Employee warrants that she is fully competent to enter into this Agreement and acknowledges that she has been afforded the opportunity to review this Agreement with an attorney for at least twenty-one (21) calendar days, that she has consulted with an attorney prior to executing this Agreement, that she has read and understands this Agreement, and that she has signed this Agreement freely and voluntarily. Further, Employee acknowledges that she has the opportunity to revoke this Agreement within seven (7) days of signing it. If Employee timely revokes her execution of this Agreement, then Employee acknowledges that this Agreement shall be of no force or effect and Employee must return any amount received hereunder. **This Agreement must be (i) executed by Employee no sooner than the Release Date, and (ii) executed by Employee and no longer subject to revocation no later than November 11, 2018.** Employee's execution of this Agreement prior to the Release Date or after November 11, 2018 shall render this Agreement null and void and Employee will automatically forfeit the right to receive all payments provided pursuant to paragraphs 3 and 4 of this Agreement.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. To signify their assent to the terms of this Agreement, the parties have executed this Agreement on the dates set forth under their signatures which appear below.

THERESA MATKOVITS
/s/ Theresa Matkovits

Date: 10/15/18

CONTRAVIR PHARMACEUTICALS, INC.

By: /s/ John Cavan

Its: CFO

Date: 10/15/18

Exhibit 10.2

SETTLEMENT AGREEMENT AND GENERAL RELEASE

1. This Separation Agreement and General Release ("Agreement") is between James Sapirstein ("Employee") and ContraVir Pharmaceuticals, Inc. (the "Company") to resolve any and all outstanding issues between the parties and to set forth all of the obligations between the parties.

2. The Company terminated Employee's employment effective as of October 15, 2018 (the "Release Date") without "Cause" as such term is defined in the Amended and Restated Executive Agreement, effective as of May 25, 2017, by and between Employee and the Company (the "Employment Agreement"). The Company provided Employee with notice of such termination without Cause on October 1, 2018 (the "Notice Date") and Employee resigned as a member of the Company's Board of Directors on October 2, 2018. Employee acknowledges and agrees that, except as provided in the following sentence, the Company has paid him all accrued compensation or benefits that accrued through the Release Date including, but not limited to, Employee's Base Salary (as such term is defined in the Employment Agreement) through and including the Release Date. The Company and Employee acknowledge that Employee is owed an additional $36,923.00, which represents Employee's twenty (20) accrued, but unused, vacation days as of the Release Date, and the Company agrees to make such $36,923.00 payment to Employee by not later than October 31, 2018.

3. In exchange for Employee's execution and non-revocation of this Agreement on or within sixty (60) days after the Release Date and in exchange for the other obligations that Employee owes to the Company under this Agreement, the Company agrees to:

(i) deliver a check made payable to "James Sapirstein" in the amount of Fifty Nine Thousand One Hundred Seventy Eight Dollars and Eight Cents ($59,178.08), which constitutes forty-five (45) days of Employee's Base Salary and is being paid to Employee in lieu of the remaining notice obligations, if any, set forth in the Employment Agreement; and

(ii) deliver a check made payable to "James Sapirstein" in the amount of Seven Hundred and Twenty Thousand Dollars ($720,000.00), less applicable withholdings and deductions.

The payments set forth in this paragraph 3 shall be delivered to Employee within five (5) business days after the expiration of the revocation period set forth in paragraph 21 of this Agreement below.

4. Employee acknowledges that he has been advised that his participation as an active employee in the Company's health insurance plans will end on October 31, 2018. Employee further acknowledges that he has been advised that he may be able to continue his health benefits pursuant to COBRA following October 31, 2018 and that Employee will receive additional information regarding COBRA under separate cover. If Employee signs and does not revoke this Agreement on or within sixty (60) days after the Release Date and if Employee elects to receive benefits pursuant to COBRA, the Company agrees to reimburse Employee's COBRA premium for up to eighteen (18) months beginning on November 1, 2018 (the "COBRA Payment Period"). Employee agrees that in the event he accepts full-time employment at any time during

the COBRA Payment Period and such employment offers Employee health insurance benefits, Employee will notify the Company in writing. Notwithstanding anything set forth in this paragraph 4 to the contrary, the Company's obligation to pay Employee's COBRA premium under this Agreement shall cease upon the earlier of (a) the Company's receipt of the written notice described in the immediately preceding sentence or (b) the end of the COBRA Payment Period. To the extent that Employee elects to continue to receive COBRA benefits in accordance with applicable laws after the COBRA Payment Period, Employee shall be responsible for the entire COBRA premium to the extent permitted by applicable laws.

5. The exercise period of each option to purchase shares of Company common stock granted to Employee pursuant to the Company's 2013 Equity Incentive Plan (the "Equity Plan") and applicable award agreements (an "Option") that is vested as of the Release Date shall be extended to the earlier of (a) the expiration of the original term of such Option, and (b) 2 years following the Release Date. All Options that are unvested on the Release Date shall be cancelled for no consideration on the Release Date and Employee shall have no further rights with respect thereto. All other terms of the Options shall continue to be governed by the Equity Plan and applicable award agreements.

6. Employee agrees that the value of the consideration provided to him pursuant to paragraphs 2, 3, 4 and 5 of this Agreement exceed any payment or remuneration to which Employee was already entitled. Employee agrees that he is not entitled to and will not seek any further consideration, including but not limited to, any wages, vacation pay, sick pay, disability pay, bonus compensation, profit sharing contributions, restricted stock, stock options, payment or benefit from Releasees (as defined in paragraph 7 of this Agreement) other than that to which he is entitled (a) pursuant to paragraphs 2, 3, 4 and 5 of this Agreement and (b) under any retirement and/or employee benefits plans (subject to the terms and conditions of such plans).

7. In consideration of the payments provided herein, Employee agrees to and hereby does release and discharge the Company, its agents, parents, subsidiaries, affiliates and its successors or assigns, directors, officers, consultants, attorneys, representatives and employees (collectively "Releasees") from any and all claims, causes of action, arbitrations and demands, whether known or unknown, which he has or ever had, which are based on acts or omissions occurring up to and including the date this Agreement is fully executed. In this release, Employee further releases Releasees from any and all compensation owed to him, including vacation pay, attorneys' fees, bonuses, and any damages and costs Employee could recover under any statute or common law theory. Included within this release, without limiting its scope, are claims arising out of the Employee's employment or the termination of his employment based on Title VII of the Civil Rights Acts of 1964 as amended, the Civil Rights Act of 1870, the Americans with Disabilities Act of 1990 as amended, the Age Discrimination in Employment Act, as amended, the Older Workers Benefit Protection Act, the Fair Labor Standards Act of 1938 as amended by the Equal Pay Act of 1963, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974, the Civil Rights Act of 1991, the New Jersey Conscientious Employee Protection Act, the New Jersey Law Against Discrimination, the New Jersey Wage and Hour Law, the New Jersey Family Leave Act, the U.S. Patriot Act, the Sarbanes-Oxley Act of 2002, the Dodd—Frank Wall Street Reform and Consumer Protection Act and any other federal, state or local civil rights, disability, discrimination, retaliation or labor

law, or any theory of contract, criminal, arbitral or tort law. Notwithstanding the foregoing, or anything in this Agreement to the contrary, Employee does not waive, release or discharge any of his rights with respect to (a) the enforcement of this Agreement (b) any rights which cannot be waived as a matter of law (c) Employee's equity ownership in the Company (d) Employee's options to purchase shares of Company common stock granted pursuant to the Equity Plan and applicable award agreements that are vested as of the Release Date, subject to the terms of the Plan and applicable award agreements (as amended pursuant to paragraph 5 above) (e) retirement benefits accrued and vested as of the Release Date (f) participation in the Company's employee benefits plans to the extent provided in such plans and all accrued and unpaid welfare benefits incurred prior to the termination of Employee's participation in such plans (g) Employee's indemnification rights pursuant to Section 11 of the Employment Agreement, the Company's by-laws and the Company's Certificate of Incorporation and (h) director's and liability insurance coverage pursuant to Section 11 of the Employment Agreement and his rights as insured under any such director's and officer's liability insurance policy.

8. This Agreement is not an admission by the Company of any liability. The Company specifically denies and disclaims any discrimination, retaliation or injury to any person.

9. The parties agree that this Agreement may not be introduced in any proceeding, except to establish the settlement and release, the breach of this Agreement, or as may be required by law or judicial directive.

10. Employee agrees not to directly or indirectly take, support, encourage or participate in any activity or attempted activity which in any way would disparage the Releasees. Employee agrees not to write or speak about the Releasees in negative terms. The Company shall instruct each member of the Company's current Board of Directors not to (a) directly or indirectly take, support, encourage or participate in any activity or attempted activity which in any way would disparage Employee; and (b) not to write or speak about Employee in negative terms. Notwithstanding the foregoing, nothing in this paragraph 10 shall preclude Employee, the Company or the other Releasees from providing (a) truthful testimony in any judicial or administrative proceeding, (b) factually accurate statements in connection with a subpoena, regulatory inquiry or other legal process, or in legal or public filings, or (c) truthful statements made to rebut any statement regarding him.

11. The parties acknowledge that the terms of this Agreement and all discussions relating to it are confidential and agree that no party will divulge the terms of this Agreement to any third party, except that Employee may divulge such terms to (a) his immediate family, financial advisor, attorney, (b) as required by applicable laws, rules, regulations or court order or (c) as necessary to enforce his rights under this Agreement, and the Company may do so to financial advisors, attorneys, such individuals necessary for carrying out the terms and conditions of the Agreement, or as required by applicable laws, rules, regulations or court order.

12. Employee acknowledges and agrees that he shall continue to be bound by his post-employment obligations set forth in Sections 14 and 15 of the Employment Agreement. Employee represents and warrants that, except as set forth in the following sentence, as of his Release Date Employee has returned to the Company all property of the Company in Employee's

possession, including, but not limited to, all office equipment, computer equipment and peripherals (such as laptops, printers and memory sticks), cell phones, credit cards, keys, documents, manuals, procedures, notebooks and any other Company property or "Confidential Information" as such term is defined in Section 14 of the Employment Agreement. The Company acknowledges and agrees that Employee is permitted to retain the "Surface" tablet/electronic device provided to him by the Company. In addition, Employee represents and warrants that he has (a) delivered to the Company any and all information in his possession, custody or control related to Arielle Roman's employment at the Company and (b) deleted all of the Company's Confidential Information from Employee's personal computers, other memory devices including the "Surface" and/or records.

13. Except as specifically set forth herein, this Agreement contains the complete understanding of the parties. No other promises or agreements including, but not limited to, the Employment Agreement shall be binding or shall modify this Agreement unless reduced to writing and signed by the parties hereto or counsel for the parties.

14. Employee agrees to reasonably cooperate with the Company with respect to any past, present or future legal matters that relate to or arise out of Employee's employment with the Company or in the event that any claim or action is brought against the Company concerning which Employee may have knowledge or information. Employee's cooperation may take the form of, among other things, Employee making himself reasonably available for interviews by the Company's counsel, providing copies of any relevant documents Employee may have, and preparing to testify and testifying at depositions, informal and formal hearings, and trials. Such cooperation should not adversely interfere with any future positions Employee may obtain or with any personal commitments. Nothing in the Agreement shall be construed to prohibit Employee from cooperating with and participating in any investigation by or action taken by federal, state, or local administrative agencies, regulatory agencies, or law enforcement agencies. Furthermore, Employee's cooperation with and participation in any investigation by, or action taken by, federal, state or local administrative agencies, regulatory agencies, or law enforcement agencies will not violate any provision of this Agreement.

15. This Agreement shall be governed by New Jersey law without regard to conflicts of laws principles, and any action to enforce this Agreement must be brought and heard in a court within the State of New Jersey. The parties to this Agreement consent to personal jurisdiction in New Jersey in any action commenced to enforce its terms.

16. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

17. Employee shall not institute nor be represented as a party in any lawsuit, claim, complaint or other proceeding against or involving Releasees based on Employee's employment with the Company or upon any act or omission occurring up to and including the date this Agreement is fully executed, whether as an individual or class action, under any federal, state or local laws, rules, regulations or any other basis. Further, Employee shall not seek or accept any award or settlement from any such source or proceeding (not including unemployment insurance proceedings). In the event that Employee institutes, is a knowing

participant, or is a willing member of a class that institutes any such action, Employee's claims shall be dismissed or class membership terminated with prejudice immediately upon presentation of this Agreement. This Agreement does not affect Employee's right to file a charge with the Equal Employment Opportunity Commission ("EEOC"), or any similar state or local agency, or to participate in any investigation conducted by the EEOC, or any similar state or local agency, but Employee acknowledges that he is not entitled to any monies other than those payments described in this Agreement.

18. Nothing in this Agreement prohibits Employee from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Employee does not need the prior authorization of the Company to make any such reports or disclosures and Employee is not required to notify the Company that Employee has made such reports or disclosures. Further, this Agreement does not limit Employee's right to receive an award for information provided to any governmental agency or entity.

19. In accordance with the terms of the Employment Agreement, the payments provided hereunder are intended to comply with, or be exempt from, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). In no event will the Company be liable for any additional tax, interest or penalties that may be imposed on Employee under Section 409A or any damages for failing to comply with Section 409A.

20. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall be deemed to constitute one instrument. A signature produced by facsimile, PDF or other electronic transmission shall be deemed to be an original signature.

21. Employee warrants that he is fully competent to enter into this Agreement and acknowledges that he has been afforded the opportunity to review this Agreement with an attorney for at least twenty-one (21) calendar days, that he has consulted with an attorney prior to executing this Agreement, that he has read and understands this Agreement, and that he has signed this Agreement freely and voluntarily. Further, Employee acknowledges that he has the opportunity to revoke this Agreement within seven (7) days of signing it. If Employee timely revokes his execution of this Agreement, then Employee acknowledges that this Agreement shall be of no force or effect and Employee must return any amount received hereunder. **This Agreement must be executed by Employee and no longer subject to revocation no later than November 30, 2018.** Employee's execution of this Agreement after November 30, 2018 shall render this Agreement null and void and Employee will automatically forfeit the right to receive all payments provided pursuant to paragraphs 3, 4 and 5 of this Agreement.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. To signify their assent to the terms of this Agreement, the parties have executed this Agreement on the dates set forth under their signatures which appear below.

JAMES SAPIRSTEIN
/s/ James Sapirstein

Date: 10/18/2018

CONTRAVIR PHARMACEUTICALS, INC.

By: /s/ Robert Foster

Its: Acting CEO

Date: 10/18/2018

EXHIBIT 31.1

CERTIFICATIONS

I, Robert Foster, 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: November 14, 2018

/s/ ROBERT FOSTER
Robert Foster
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: November 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 SEPTEMBER 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 September 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: November 14, 2018

/s/ ROBERT FOSTER
Robert Foster
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 SEPTEMBER 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 September 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: November 14, 2018

/s/ JOHN CAVAN
John Cavan
Chief Financial Officer