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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934**

From the transition period from to .

Commission File Number 001-35798

Humanigen, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**77-0557236**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

533 Airport Boulevard, Suite 400 Burlingame, CA 94010
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: **(650) 243-3100**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of August 7, 2018, there were 109,696,119 shares of common stock of the issuer outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Humanigen, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share data)
(Unaudited)

	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 267	$ 737
Prepaid expenses and other current assets	665	813
Total current assets	932	1,550
Property and equipment, net	-	19
Restricted cash	71	101
Total assets	$ 1,003	$ 1,670
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 3,242	$ 3,330
Accrued expenses	3,020	3,307
Advance notes	400	-
Term loans payable	-	18,018
Notes payable to vendors	1,410	-
Total current liabilities	8,072	24,655
Notes payable to vendors	-	1,351
Total liabilities	8,072	26,006
Stockholders' deficit:		
Common stock, $0.001 par value: 225,000,000 and 85,000,000 shares authorized at June 30, 2018 and December 31, 2017, respectively; 109,696,119 and 14,946,712 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	110	15
Additional paid-in capital	263,173	238,246
Accumulated deficit	(270,352)	(262,597)
Total stockholders' deficit	(7,069)	(24,336)
Total liabilities and stockholders' deficit	$ 1,003	$ 1,670

See accompanying notes.

Humanigen, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating expenses:				
Research and development	$ 577	$ 3,852	$ 1,273	$ 6,521
General and administrative	2,032	1,545	5,989	3,994
Total operating expenses	2,609	5,397	7,262	10,515
Loss from operations	(2,609)	(5,397)	(7,262)	(10,515)
Other income (expense):				
Interest expense	(32)	(685)	(426)	(976)
Other income (expense), net	2	(9)	(1)	(24)
Reorganization items, net	(29)	(63)	(66)	(187)
Net loss	(2,668)	(6,154)	(7,755)	(11,702)
Other comprehensive income	-	-	-	-
Comprehensive loss	$ (2,668)	$ (6,154)	$ (7,755)	$ (11,702)
Basic and diluted net loss per common share	$ (0.02)	$ (0.41)	$ (0.10)	$ (0.78)
Weighted average common shares outstanding used to calculate basic and diluted net loss per common share	109,377,584	14,977,397	79,517,510	14,977,397

See accompanying notes.

Humanigen, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Six Months Ended June 30,	
	2018	**2017**
Operating activities:		
Net loss	$ (7,755)	$ (11,702)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	19	27
Noncash interest expense	422	971
Stock based compensation expense	3,455	1,428
Change in fair value of warrants issued in connection with acquisition of licenses	-	(38)
Issuance of common stock in exchange for services	51	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	149	(33)
Accounts payable	(88)	(434)
Accrued expenses	16	1,733
Liabilities subject to compromise	-	(255)
Net cash used in operating activities	(3,731)	(8,303)
Investing activities:		
Changes in restricted cash	30	-
Net cash provided by investing activities	30	-
Financing activities:		
Net proceeds from issuance of common stock	2,781	-
Net proceeds from term loan	50	5,500
Net proceeds from issuance of advance notes	400	-
Net cash provided by financing activities	3,231	5,500
Net decrease in cash and cash equivalents	(470)	(2,803)
Cash and cash equivalents, beginning of period	737	2,906
Cash and cash equivalents, end of period	$ 267	$ 103
Supplemental cash flow disclosure:		
Cash paid for interest	$ 3	$ 2
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of notes payable and related accrued interest and fees to common stock	$ 18,432	$ -
Change in fair value of warrants issued in connection with acquisition of licenses	$ -	$ (38)
Issuance of stock options in lieu of cash compensation	$ 303	$ -
Issuance of common stock in exchange for services	$ 31	$ -

See accompanying notes.

Humanigen, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Nature of Operations

Description of the Business

Humanigen, Inc. (the "Company") was incorporated on March 15, 2000 in California and reincorporated as a Delaware corporation in September 2001 under the name KaloBios Pharmaceuticals, Inc. The Company completed its initial public offering in January 2013. Effective August 7, 2017, the Company changed its legal name to Humanigen, Inc.

As disclosed in the Company's 2017 Form 10-K, since August 29, 2017 the Company has shifted its primary focus toward developing its proprietary monoclonal antibody portfolio, which comprises lenzilumab, ifabotuzumab and HGEN005, for use in addressing significant, serious and potentially life-threatening unmet needs in oncology and immunology. These product candidates are at various stages of development and will require substantial time, expenses, clinical development, testing, and regulatory approval prior to commercialization, if they are approved at all. Furthermore, none of these product candidates has advanced into a pivotal registration study and it may be years before any such studies are initiated, if at all.

Lenzilumab is a recombinant monoclonal antibody, or mAb, that neutralizes soluble granulocyte-macrophage colony-stimulating factor, or GM-CSF, a critical cytokine in the inflammatory cascade associated with serious and potentially life-threatening CAR-T-related side effects and in the growth of certain hematologic malignancies, solid tumors and other serious conditions. The Company expects to study lenzilumab's potential to reduce the side effects associated with CAR-T therapy and potentially improve efficacy. Pre-clinical work has been completed to explore lenzilumab's effectiveness in preventing or ameliorating neurotoxicity and cytokine release syndrome ("CRS") associated with CAR-T therapy. Pre-clinical animal data shows that there may be an increase in CAR-T cell expansion when CAR-T is combined with lenzilumab, which potentially could translate into improved CAR-T efficacy. This is likely to be an area of further study. In addition, the Company has completed enrollment of patients in a Phase 1 clinical trial for chronic myelomonocytic leukemia ("CMML"), to identify the maximum tolerated dose, ("MTD"), or recommended Phase 2 dose ("RPTD") of lenzilumab and to assess lenzilumab's safety, pharmacokinetics, and clinical activity. Fifteen patients in the 200, 400 and 600 mg dose cohorts of the CMML trial have been enrolled, and the Company is evaluating subjects in the highest dose cohort of 600 mg for continuing accrual of up to 18 patients. The Company also plans to review preliminary safety and potential efficacy and may use interim data from the lenzilumab CMML Phase 1 study to determine the feasibility of commencing a Phase 1 study in juvenile myelomonocytic leukemia ("JMML") patients, or to explore a Phase 2 CMML study. JMML is a rare pediatric cancer, is associated with poor outcomes and a very high unmet medical need, for which there are no Unites States Food and Drug Administration ("FDA") -approved therapies.

Ifabotuzumab is an anti-Eph Type-A receptor 3, or EphA3, mAb that has the potential to offer a novel approach to treating solid tumors and hematologic malignancies, serious pulmonary conditions and as a CAR construct. EphA3 is aberrantly expressed on the surface of tumor cells and stroma cells in certain cancers. The Company completed the Phase 1 dose escalation portion of a Phase 1/2 clinical trial for ifabotuzumab in multiple hematologic malignancies for which the preliminary results were published in the journal Leukemia Research in 2016. An investigator-sponsored Phase 0/1 radio-labeled imaging trial of ifabotuzumab in glioblastoma multiforme, a particularly aggressive and deadly form of brain cancer, has begun at the Olivia-Newton John Cancer Institute in Melbourne, Australia. The trial has enrolled 4 patients to date, with more expected. The Company is also in discussions with a leading center in the U.S. to develop a series of CAR constructs based on ifabotuzumab and may take these constructs, if developed, into pre-clinical testing for a range of cancer types. The Company is continuing to explore partnering opportunities to enable further development of ifabotuzumab.

HGEN005 is a pre-clinical stage anti-human epidermal growth factor-like module containing mucin-like hormone receptor 1, or EMR1, mAb. EMR1 is a therapeutic target for eosinophilic disorders. Eosinophils are a type of white blood cell. If too many are produced in the body, chronic inflammation and tissue and organ damage may result. Analysis of blood and bone marrow shows that surface expression of EMR1 is restricted to mature eosinophils and correlated with eosinophilia. Tissue eosinophils also express EMR1. In pre-clinical work, the Company has demonstrated that eosinophil killing is enhanced in the presence of HGEN005 and immune effector cells. A major limitation of current eosinophil targeted therapies is incomplete depletion of tissue eosinophils and/or lack of cell selectivity, which may mean that HGEN005 could offer promise in a range of eosinophil-driven diseases, such as eosinophilic asthma, eosinophilic esophagitis and eosinophilic granulomatosis with polyangiitis. The Company is in discussion with a leading center in the U.S. to develop a series of CAR constructs based on HGEN005 and may take these constructs, if developed, into pre-clinical testing for eosinophilic leukemia, an orphan condition with significant unmet need.

The Company's monoclonal antibody portfolio was developed with its proprietary, patent-protected Humaneered® technology, which consists of methods for converting antibodies (typically murine) into engineered, high-affinity antibodies designed for human therapeutic use.

Liquidity and Going Concern

The Company has incurred significant losses since its inception in March 2000 and had an accumulated deficit of $270.4 million as of June 30, 2018. At June 30, 2018, the Company had a working capital deficit of $7.1 million. On February 27, 2018, the Company issued 91,815,517 shares of common stock in exchange for the extinguishment of all term loans, related fees and accrued interest and received $1.5 million in cash proceeds. See Note 8 for a more detailed discussion of these restructuring transactions. On March 12, 2018 the Company issued 2,445,557 shares of common stock for proceeds of $1.1 million to accredited investors. On June 4, 2018, the Company issued 400,000 shares of common stock for proceeds of $0.2 million to an accredited investor. On June 29, 2018 the Company received aggregate proceeds of $0.4 million from advances made to the Company (the "Advance Notes") by Dr. Cameron Durrant, the Company's Chairman and Chief Executive Officer; Cheval Holdings, Ltd., an affiliate of Black Horse Capital, L.P., the Company's controlling stockholder; and Ronald Barliant, a director of the Company. See Note 6 for further description of the Advance Notes. To date, none of the Company's product candidates has been approved for sale and therefore the Company has not generated any revenue from product sales. Management expects operating losses to continue for the foreseeable future. The Company will require additional financing in order to meet its anticipated cash flow needs during the next twelve months. As a result, the Company will continue to require additional capital through equity offerings, debt financing and/or payments under new or existing licensing or collaboration agreements. If sufficient funds are not available on acceptable terms when needed, the Company could be required to significantly reduce its operating expenses and delay, reduce the scope of, or eliminate one or more of its development programs. The Company's ability to access capital when needed is not assured and, if not achieved on a timely basis, could materially harm its business, financial condition and results of operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Condensed Consolidated Financial Statements for the six months ended June 30, 2018 were prepared on the basis of a going concern, which contemplates that the Company will be able to realize assets and discharge liabilities in the normal course of business. The ability of the Company to meet its total liabilities of $8.1 million at June 30, 2018 and to continue as a going concern is dependent upon the availability of future funding. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Basis of Presentation

The accompanying interim unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and on a basis consistent with the annual consolidated financial statements and include all adjustments necessary for the presentation of the Company's condensed consolidated financial position, results of operations and cash flows for the periods presented. The Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. These financial statements have been prepared on a basis that assumes that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The December 31, 2017 Condensed Consolidated Balance Sheet was derived from the audited financial statements but does not include all disclosures required by U.S. GAAP. These interim financial results are not necessarily indicative of the results to be expected for the year ending December 31, 2018, or for any other future annual or interim period. The accompanying unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto included in the Company's 2017 Form 10-K.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the Condensed Consolidated Financial Statements and accompanying notes. Actual results could differ materially from those estimates. The Company believes judgment is involved in determining the valuation of the fair value-based measurement of stock-based compensation, accruals and warrant valuations. The Company evaluates its estimates and assumptions as facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates and assumptions, and those differences could be material to the Condensed Consolidated Financial Statements.

2. Chapter 11 Filing

On December 29, 2015, the Company filed a voluntary petition for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. The filing was made in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") (Case No. 15-12628 (LSS) (the "Bankruptcy Case").

Plan of Reorganization

On May 9, 2016, the Company filed with the Bankruptcy Court a Plan of Reorganization and related amended disclosure statement (the "Plan") pursuant to Chapter 11 of the Bankruptcy Code. On June 16, 2016, the Bankruptcy Court entered an order confirming the Plan.

The Plan became effective on June 30, 2016 (the "Effective Date") and the Company emerged from its Chapter 11 bankruptcy proceedings.

Bankruptcy Claims Administration

The reconciliation of certain proofs of claim filed against the Company in the Bankruptcy Case, including certain General Unsecured Claims, Convenience Class Claims and Other Subordinated Claims, is substantially complete. As a result of its examination of the claims, the Company has asked the Bankruptcy Court to disallow, reduce, reclassify, subordinate or otherwise adjudicate certain claims the Company believes are subject to objection or otherwise improper. Under the terms of the Plan, the Company had until December 27, 2016 to file additional objections to disputed claims, subject to the Company's right to seek an extension of this deadline from the Bankruptcy Court. The deadline has been extended by the Bankruptcy Court, most recently by Order dated July 13, 2018, under which the Bankruptcy Court extended the claims objection deadline through September 24, 2018. On July 11, 2018, the Company filed an objection to the remaining claims. By objection, the Company seeks to disallow in their entirety the remaining claims totaling approximately $0.5 million. The Bankruptcy Court has scheduled a hearing on the objection for August 10, 2018. The resolution of such claims could result in material adjustments to the Company's financial statements. As of June 30, 2018, the Company has recorded $0.06 million related to these claims in Accounts payable and Notes payable to vendors, which represents management's best estimate of claims to be allowed by the Bankruptcy Court.

Although the Bankruptcy Case remains open, other than with respect to certain matters relating to the implementation of the Plan, the administration of certain claims, or over which the Bankruptcy Court may have otherwise retained jurisdiction, the Company is no longer operating under the direct supervision of the Bankruptcy Court. The Company anticipates that the Bankruptcy Case will be closed following the completion of the claims reconciliation process and will seek to close the Bankruptcy as soon as possible.

Financial Reporting in Reorganization

The Company applied Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 852, *Reorganizations*, which is applicable to companies under bankruptcy protection, and requires amendments to the presentation of key financial statement line items. It requires that the financial statements for periods subsequent to the Chapter 11 filing distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Revenues, expenses, realized gains and losses, and provisions for losses that can be directly associated with the reorganization and restructuring of the business must be reported separately as reorganization items in the Condensed Consolidated Statements of Operations and Comprehensive Loss. The balance sheet must distinguish pre-petition liabilities subject to compromise from both those pre-petition liabilities that are not subject to compromise and from post-petition liabilities. Liabilities that may be subject to a plan of reorganization must be reported at the amounts expected to be allowed in the Company's Chapter 11 case, even if they may be settled for lesser amounts as a result of the plan of reorganization or negotiations with creditors.

As of June 30, 2018, approximately $0.06 million of pre-petition liabilities remain in Accounts payable and Notes payable to vendors. For the six months ended June 30, 2017, the Company wrote off approximately $0.2 million in claims that had been reduced or for which a settlement had been reached at a lower amount than had been previously accrued. Remaining amounts will be paid based on terms of the Plan.

For the three and six months ended June 30, 2018 and 2017, Reorganization items, net consisted of the following charges:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Legal fees	$ 23	$ 53	$ 53	$ 166
Professional fees	6	10	13	21
Total reorganization items, net	**$ 29**	**$ 63**	**$ 66**	**$ 187**

Cash payments for reorganization items totaled $0.07 million and $0.09 million for the three and six months ended June 30, 2018, respectively. Cash payments for reorganization items totaled $0.3 million and $0.6 million for the three and six months ended June 30, 2017, respectively.

3. Summary of Significant Accounting Policies

There have been no material changes in the Company's significant accounting policies since those previously disclosed in the 2017 Annual Report.

4. Potentially Dilutive Securities

The Company's potentially dilutive securities, which include stock options, restricted stock units and warrants, have been excluded from the computation of diluted net loss per common share as the effect of including those securities would be to reduce the net loss per common share and be antidilutive. Therefore, the denominator used to calculate both basic and diluted net loss per common share is the same in each period presented.

The following outstanding potentially dilutive securities have been excluded from the computations of diluted net loss per common share:

	As of June 30,	
	2018	2017
Options to purchase common stock	15,651,023	2,428,948
Warrants to purchase common stock	331,193	356,193
	15,982,216	2,785,141

5. Fair Value of Financial Instruments

Cash, accounts payable and accrued liabilities are carried at cost, which approximates fair value given their short-term nature. Marketable securities and cash equivalents are carried at fair value. The Company has money market funds of $71 and $101 at June 30, 2018 and December 31, 2017, respectively, that are reported as restricted cash on the balance sheet. The amortized cost of these funds equals their fair value as there were no unrealized gains or losses at June 30, 2018 or December 31, 2017.

The fair value of financial instruments reflects the amounts that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value hierarchy is based on three levels of inputs that may be used to measure fair value, of which the first two are considered observable, and the third is considered unobservable, as follows:

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

Level 2 — Inputs other than those included in Level 1 that are directly or indirectly observable, such as 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; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company measures the fair value of financial assets and liabilities using the highest level of inputs that are reasonably available as of the measurement date. The following tables summarize the fair value of financial assets that are measured at fair value and the classification by level of input within the fair value hierarchy:

	Fair Value Measurements as of June 30, 2018			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Money market funds	$ 71	$ —	$ —	$ 71
Total assets measured at fair value	$ 71	$ —	$ —	$ 71

	Fair Value Measurements as of December 31, 2017			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Money market funds	$ 101	$ —	$ —	$ 101
Total assets measured at fair value	$ 101	$ —	$ —	$ 101

6. Debt

Notes Payable to Vendors

On June 30, 2016, the Company issued promissory notes in an aggregate principal amount of approximately $1.2 million to certain claimants in accordance with the Plan. The notes are unsecured, bear interest at 10% per annum and are due and payable in full, including principal and accrued interest on June 30, 2019. As of June 30, 2018 and 2017, the Company has accrued $0.2 million and $0.1 million in interest related to these promissory notes, respectively.

Term Loans

Term Loans consisted of the following at December 31, 2017:

As of December 31, 2017

	Original Principal Amount	Accrued Interest	Loan Balance	Fees	Balance Due
December 2016 Loan	$ 3,315	$ 324	$ 3,639	$ 153	$ 3,792
March 2017 Loan	5,978	452	6,430	275	6,705
July 2017 Loan	5,435	249	5,684	250	5,934
Bridge Loan	1,500	6	1,506	-	1,506
Claims Advances Loan	80	1	81	-	81
Totals	$ 16,308	$ 1,032	$ 17,340	$ 678	$ 18,018

On December 21, 2016, the Company entered into a Credit and Security Agreement, as amended on March 21, 2017 and on July 8, 2017 (as amended, the "Term Loan Credit Agreement"), with Black Horse Capital Master Fund ("BHCMF") as administrative agent and lender, and lenders Black Horse Capital ("BHC"), Cheval Holdings, Ltd. ("Cheval" and collectively with BHCMF and BHC, the "Black Horse Entities") and Nomis Bay LTD ("Nomis Bay") (collectively the "Lenders"). The Term Loan Credit Agreement provided for the December 2016 Loan, the March 2017 Loan and the July 2017 Loan (the "Term Loans").

In accordance with the terms of the Term Loan Credit Agreement, the Company used the proceeds of the Term Loans for general working capital, the payment of certain fees and expenses owed to BHCMF and the Lenders and other costs incurred in the ordinary course of business. Dr. Dale Chappell, one of the Company's former directors, is an affiliate of each of BHCMF, BHC and Cheval.

The Term Loans bore interest at 9.00% and were subject to certain customary representations, warranties and covenants, as set forth in the Term Loan Credit Agreement.

On December 1, 2017 the Term Loans matured and began bearing interest at the default rate of 14.00%. The Company's obligations under the Term Loan Credit Agreement were secured by a first priority interest in all of the Company's real and personal property, subject only to certain carve outs and permitted liens, as set forth in the agreement.

On December 21, 2017, the Company entered into a Forbearance and Loan Modification Agreement, where among other things, it obtained a $1.5 million bridge loan (the "Bridge Loan") from Cheval and a credit facility with Nomis Bay (the "Claims Advances Loan"). Both loans bear interest at 14.00% and are treated as secured loans under the Term Loan Credit Agreement.

On February 27, 2018 the Term Loans, the Bridge Loan and the Claims Advances Loan along with all related fees and accrued interest, were extinguished in connection with the Restructuring Transactions described in Note 8.

Advance Notes

On June 29, 2018 the Company received an aggregate of $0.4 million of proceeds from advances made to the Company (the "Advance Notes") by Dr. Cameron Durrant, the Company's Chairman and Chief Executive Officer; Cheval Holdings, Ltd., an affiliate of Black Horse Capital, L.P., the Company's controlling stockholder; and Ronald Barliant, a director of the Company (collectively the "Lenders"). The Advance Notes will accrue interest at a rate of 7% per year, compounded annually.

The intention of the parties is that the amounts due under the Advance Notes will be converted automatically into the same type and class of securities as may be sold by the Company in a future financing transaction with an aggregate sales price of at least $5 million (a "Qualifying Financing").

The Advance Notes generally are not convertible at the option of the lender into the Company's common stock until June 21, 2019 (the "Expiration Date"); however, if prior to completing a Qualifying Financing, the Company experiences a change of control or makes a public announcement that it has entered into a collaboration arrangement with a strategic partner relating to clinical studies of lenzilumab in connection with certain CAR-T therapies in a transaction that would not otherwise constitute a Qualifying Financing, the lenders may elect to convert the amounts due under the Advance Notes into the Company's common stock at a conversion price of $0.45 per share. Additionally, if neither a Qualifying Financing nor a change of control has occurred by the Expiration Date, then at any time from and after the Expiration Date the Lenders may, at their option, convert the Advance Notes, plus any accrued and unpaid interest, into a number of shares of the Company's common stock at the lesser of (i) the volume weighted average sales price per share over the 20 most recent trading days prior to the conversion or (ii) $0.45 per share.

7. Commitments and Contingencies

Contractual Obligations and Commitments

As of June 30, 2018, other than the Restructuring Transactions described in Note 6, there were no material changes to the Company's contractual obligations from those set forth in the 2017 Annual Report.

Guarantees and Indemnifications

The Company has certain agreements with service providers with which it does business that contain indemnification provisions pursuant to which the Company typically agrees to indemnify the party against certain types of third-party claims. The Company accrues for known indemnification issues when a loss is probable and can be reasonably estimated. The Company would also accrue for estimated incurred but unidentified indemnification issues based on historical activity. As the Company has not incurred any indemnification losses to date, there were no accruals for or expenses related to indemnification issues for any period presented.

8. Stockholders' Equity

This summarizes the activity in Stockholders' Equity discussed below:

	Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Deficit
Balances at December 31, 2017	14,946,712	$ 15	$ 238,246	$ (262,597)	$ (24,336)
Conversion of notes payable and related accrued interest and fees to common stock	76,007,754	76	18,356	-	18,432
Issuance of common stock	18,653,320	19	2,762	-	2,781
Issuance of stock options in lieu of cash compensation	-	-	303	-	303
Stock-based compensation expense	-	-	3,455	-	3,455
Issuance of common stock in exchange for services	88,333	-	51	-	51
Comprehensive loss	-	-	-	(7,755)	(7,755)
Balances at June 30, 2018	109,696,119	$ 110	$ 263,173	$ (270,352)	$ (7,069)

Restructuring Transactions

On December 21, 2017, the Company entered into a Securities Purchase and Loan Satisfaction Agreement (the "Purchase Agreement") and a Forbearance and Loan Modification Agreement (the "Forbearance Agreement" and, together with the Purchase Agreement, the "Agreements"), each with the Lenders. The Agreements provided for a series of transactions (the "Restructuring Transactions") pursuant to which, at the closing of the Restructuring Transactions (the "Transaction Closing"), which occurred on February 27, 2018, the Company would: (i) in exchange for the satisfaction and extinguishment of the entire balance of the Term Loans, (a) issue to the Lenders an aggregate of 59,786,848 shares of Common Stock (the "New Lender Shares"), and (b) transfer and assign to Madison Joint Venture LLC ("Madison"), an affiliate of Nomis Bay, all of the assets of the Company related to benznidazole (the "Benz Assets"), the Company's former drug candidate; and (ii) issue to Cheval an aggregate of 32,028,669 shares of Common Stock (the "New Black Horse Shares" and, collectively with the New Lender Shares, the "New Common Shares") for total consideration of $3.0 million.

Issuance of the New Lender Shares

Under the Purchase Agreement, at the Transaction Closing, the Company issued to the Lenders the New Lender Shares, of which 29,893,424 shares of Common Stock were issued to the Black Horse Entities and 29,893,424 shares of Common Stock were issued to Nomis Bay. The issuance of the New Lender Shares to the Lenders and the assignment of the Benz Assets to Madison resulted in the satisfaction and extinguishment of the Company's outstanding obligations under the Credit Agreement and the cancellation of the Term Loans, including the Bridge Loan and the Claims Advances Loan, described below and all security interests of the Lenders in the Company's assets were released. The conversion of the Term Loans, Bridge Loan and Claims Advances Loan was accounted for as a decrease to Long-term debt and an increase to Common stock and Additional paid-in capital in the amount of the liabilities outstanding at the time of conversion.

Transfer of the Benz Assets; Claims Advances

Under the Purchase Agreement, at the Transaction Closing, the Company transferred and assigned the Benz Assets to Madison. The Company also agreed to retain, but provide Madison the benefits of, any Benz Assets which are not permitted to be assigned absent receipt of third-party consents. Madison (at the election of Nomis Bay, which controls Madison) has 180 days from the Transaction Closing to decide, in its sole discretion, whether to elect to keep the Benz Assets (a "Positive Election"). The Benz Assets will revert back to the Company in the event that Madison (at the election of Nomis Bay) elects not to make a Positive Election.

In connection with the transfer of the Benz Assets to Madison, Nomis Bay paid certain amounts incurred by the Company and Madison after December 21, 2017 and prior to the Transaction Closing in investigating certain causes of action and claims related to or in connection with the Benz Assets (the "Claims Advances Loan"), including the right to pursue causes of action and claims related to potential misappropriation of the Company's trade secrets by a competitor in connection with such competitor's submissions to the U.S. Food and Drug Administration (the "Claims"). In addition, if Madison (at the election of Nomis Bay) makes a Positive Election: (i) Nomis Bay will assume certain legal fees and expenses owed by the Company to its litigation counsel, and (ii) the Company will be entitled to receive 30% of any amounts realized from the successful prosecution of the Claims or otherwise from the Benz Assets, after Nomis Bay is reimbursed for certain expenses in connection with funding the Claims Advances Loan and after giving effect to any payments that Madison may be required to make to any third parties.

Nomis Bay will have full control, in its sole discretion, over the management of Madison, any development of or realization on the Benz Assets and the prosecution of the Claims. Since the Benz Assets had no carrying value on the Company's Condensed Consolidated Balance Sheet, the initial investment in Madison was recorded at $0.

Issuance of the New Black Horse Shares; Bridge Loan

Under the Purchase Agreement, at the Transaction Closing, the Company issued to Cheval the New Black Horse Shares for total consideration of $3.0 million, including extinguishment of the Bridge Loan. The Company used the proceeds from the issuance of the New Black Horse Shares for working capital and other costs incurred in the ordinary course of business. At the Transaction Closing, the entire amount of the Bridge Loan was credited to Cheval's $3.0 million payment obligation and was converted into New Black Horse Shares and all security interests of Cheval in the non-benznidazole assets was released.

Equity Financings

On March 12, 2018, the Company issued 2,445,557 shares of its common stock for total proceeds of $1.1 million to accredited investors.

On June 4, 2018, the Company issued 400,000 shares of its common stock for total proceeds of $0.2 million to an accredited investor.

Amendments to Articles of Incorporation

Effective February 26, 2018, the Company amended its Amended and Restated Certificate of Incorporation, as amended (the "Charter"), to amend Article IV of the Charter to (i) increase the number of authorized shares of Common Stock from 85,000,000 to 225,000,000, and (ii) authorize the issuance of 25,000,000 shares of preferred stock of the Company, par value $0.001 (the "Preferred Stock"), with such powers, rights, terms and conditions as may be designated by the Company's board of directors upon the issuance of shares of Preferred Stock at one or more times in the future (the "Charter Amendment"). The Charter Amendment was approved and adopted by the written consent of a majority of the stockholders of the Company in accordance with the applicable provisions of the Delaware General Corporation Law, the Charter, and the Company's Second Amended and Restated Bylaws.

Termination of Equity Financing Facility

On August 24, 2017, the Company entered into a Common Stock Purchase Agreement, dated as of August 23, 2017 (the "ELOC Purchase Agreement"), with Aperture Healthcare Ventures Ltd. ("Aperture") pursuant to which the Company may, subject to certain conditions and limitations set forth in the ELOC Purchase Agreement, require Aperture to purchase up to $15 million worth of newly issued shares (the "Put Shares") of the Company's common stock, over the 36-month term.

The Company terminated the ELOC Purchase Agreement on March 12, 2018. No Put Shares were issued pursuant to the ELOC Purchase Agreement prior to such termination.

2012 Equity Incentive Plan

Under the Company's 2012 Equity Incentive Plan, the Company may grant shares, stock units, stock appreciation rights, performance cash awards and/or options to employees, directors, consultants, and other service providers. For options, the per share exercise price may not be less than the fair market value of a Company common share on the date of grant. Awards generally vest and become exercisable over three to four years and expire 10 years from the date of grant. Options generally become exercisable as they vest following the date of grant.

On March 9, 2018, the Board of Directors of the Company approved an amendment to the Company's 2012 Equity Incentive Plan (the "Equity Plan") to increase the number of shares of the Company's common stock authorized for issuance under the Equity Plan by 16,050,000 shares, and to increase the annual maximum aggregate number of shares subject to stock option awards that may be granted to any one person under the Equity Plan during a calendar year to 7,500,000.

A summary of stock option activity for the six months ended June 30, 2018 under all of the Company's options plans is as follows:

	Options	Weighted Average Exercise Price
Outstanding at December 31, 2017	2,448,383	$ 3.67
Granted	13,575,038	0.66
Cancelled (forfeited)	(331,269)	3.21
Cancelled (expired)	(41,129)	37.82
Outstanding at June 30, 2018	15,651,023	$ 0.98

The weighted average fair value of options granted during the six months ended June 30, 2018 was $0.51 per share.

The Company valued the options granted using the Black-Scholes options pricing model and the following weighted-average assumption terms for the six months ended June 30, 2018:

	Six months ended June 30, 2018
Exercise price	$0.45 - $0.67
Market value	$0.45 - $0.67
Risk-free rate	2.74% - 2.80%
Expected term	6 years
Expected volatility	92.6% - 96.9%
Dividend yield	-

Stock-Based Compensation

The Company recorded stock-based compensation expense in the Condensed Consolidated Statements of Operations and Comprehensive Loss as follows:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
General and administrative	$ 780	$ 276	$ 3,254	$ 1,199
Research and development	-	66	201	229
Total stock-based compensation	$ 780	$ 342	$ 3,455	$ 1,428

At June 30, 2018, the Company had $4.2 million of total unrecognized stock-based compensation expense, net of estimated forfeitures, related to outstanding stock options that will be recognized over a weighted-average period of 1.3 years.

9. Savant Arrangements

On February 29, 2016, the Company entered into a binding letter of intent (the "LOI") with Savant Neglected Diseases, LLC ("Savant"). The LOI provided that the Company would acquire certain worldwide rights relating to benznidazole (the "Compound") from Savant.

On the Effective Date, as authorized by the Plan and the Confirmation Order, the Company and Savant entered into an Agreement for the Manufacture, Development and Commercialization of Benznidazole for Human Use (the "MDC Agreement"), pursuant to which the Company acquired certain worldwide rights relating to the Compound. The MDC Agreement consummates the transactions contemplated by the LOI.

In addition, on the Effective Date the Company and Savant also entered into a Security Agreement (the "Security Agreement"), pursuant to which the Company granted Savant a continuing senior security interest in the assets and rights acquired by the Company pursuant to the MDC Agreement and certain future assets developed from those acquired assets.

On the Effective Date, the Company issued to Savant a five year warrant (the "Warrant") to purchase 200,000 shares of the Company's Common Stock, at an exercise price of $2.25 per share, subject to adjustment. The Warrant is exercisable for 25% of the shares immediately and exercisable for the remaining shares upon reaching certain regulatory related milestones. As of June 30, 2018 the number of shares for which the Warrant is currently exercisable totals 100,000 shares at an exercise price of $2.25 per share.

The Company reevaluated the performance conditions and expected vesting of the Warrant as of June 30, 2017 and recorded a reduction in expense of approximately $0.01 and $0.04 million during the three and six months ended June 30, 2017, respectively, due to a decline in the fair value, which reduction is included in Research and development expense in the accompanying Condensed Consolidated Statement of Operations and Comprehensive Loss. As a result of the FDA granting accelerated and conditional approval of a benznidazole therapy manufactured by a competitor for the treatment of Chagas disease and awarding such competitor a neglected tropical disease PRV in August 2017, the Company re-evaluated the final two vesting milestones and concluded that the probability of achievement of these milestones had decreased to 0%.

Before a compound receives regulatory approval, the Company records upfront and milestone payments made to third parties under licensing arrangements as expense. Upfront payments are recorded when incurred and milestone payments are recorded when the specific milestone has been achieved.

On May 26, 2017, the Company submitted its benznidazole IND to FDA which became effective on June 26, 2017. The Company recorded expense of $1.0 million during the year ended December 31, 2017 as Research and development expense related to the milestone achievement associated with the IND being declared effective.

On July 10, 2017 FDA notified the Company that it granted Orphan Drug Designation to benznidazole for the treatment of Chagas disease. The Company recorded expense of $1.0 million during the year ended December 31, 2017 as Research and development expense related to the milestone achievement associated with Orphan Drug Designation.

In July 2017, the Company commenced litigation against Savant alleging that Savant breached the MDC Agreement and seeking a declaratory judgement. Savant has asserted counterclaims for breaches of contract under the MDC Agreement and the Security Agreement. The dispute primarily concerns the Company's right under the MDC Agreement to offset certain costs incurred by the Company in excess of the agreed upon budget against payments due Savant. See Note 10, below, for more information regarding the Savant litigation. The aggregate cost overages as of June 30, 2017 that the Company asserts are Savant's responsibility total approximately $3.4 million, net of a $0.5 million deductible. The Company asserts that it is entitled to offset $2.0 million in milestone payments due Savant against the cost overages, such that as of June 30, 2017, Savant owed the Company approximately $1.4 million. As of June 30, 2018, the cost overages totaled $4.1 million such that Savant owed the Company approximately $2.1 million in cost overages. Such cost overages have been charged to Research and development expense as incurred. Recovery of such cost overages, if any, will be recorded as a reduction of Research and development expense in the period received.

The $2.0 million in milestone payments due Savant are included in Accrued expenses in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2018 and December 31, 2017

10. Litigation

Bankruptcy Proceeding

The Company filed for protection under Chapter 11 of Title 11 of the United States Bankruptcy Code on December 29, 2015. See Note 2 for additional information related to the bankruptcy.

Savant Litigation

On July 10, 2017, the Company filed a complaint against Savant Neglected Diseases, LLC ("Savant") in the Superior Court for the State of Delaware, New Castle County (the "Delaware Court"). *KaloBios Pharmaceuticals, Inc. v. Savant Neglected Diseases, LLC*, No. N17C-07-068 PRW-CCLD. The Company asserted breach of contract and declaratory judgment claims against Savant arising under the MDC Agreement. See Note 9 - "Savant Arrangements" for more information about the MDC Agreement. The Company alleges that Savant has breached its MDC Agreement obligations to pay cost overages that exceed a budgetary threshold as well as other related MDC Agreement representations and obligations. In the litigation, the Company has alleged that as of June 30, 2017, Savant was responsible for aggregate cost overages of approximately $3.4 million, net of a $0.5 million deductible under the MDC. The Company asserts that it is entitled to offset $2.0 million in milestone payments due Savant against the cost overages, such that as of June 30, 2017 Savant owed the Company approximately $1.4 million.

On July 12, 2017, Savant removed the case to the Bankruptcy Court, claiming that the action is related to or arises under the Bankruptcy Case from which we emerged in July 2016. On July 27, 2017, Savant filed an Answer and Counterclaims. Savant's filing alleges breaches of contracts under the MDC Agreement and the Security Agreement, claiming that the Company breached its obligations to pay the milestone payments and other related representations and obligations.

On August 1, 2017, the Company moved to remand the case back to the Delaware Court (the "Motion to Remand").

On August 2, 2017, Savant sent a foreclosure notice to the Company, demanding that it provide the Collateral as defined in the Security Agreement for inspection and possession on August 9, 2017, with a public sale to be held on September 1, 2017. The Company moved for a Temporary Restraining Order (the "TRO") and Preliminary Injunction in the Bankruptcy Court on August 4, 2017. Savant responded on August 7, 2017. On August 7, 2017, the Bankruptcy Court granted the Company's motion for a TRO, entering an order prohibiting Savant from collecting on or selling the Collateral, entering our premises, issuing any default notices to us, or attempting to exercise any other remedies under the MDC Agreement or the Security Agreement. The parties have stipulated to continue the provisions of the TRO in full force and effect until further order of the appropriate court.

On January 22, 2018, Savant wrote to the Bankruptcy Court requesting dissolution of the TRO. On January 29, 2018, the Bankruptcy Court granted the Motion to Remand and denied Savant's request to dissolve the TRO, ordering that any request to dissolve the TRO be made to the Delaware Court.

On February 13, 2018 Savant made a letter request to the Delaware Superior Court to dissolve the TRO. Also on February 13, 2018, Humanigen filed its Answer and Affirmative defenses to Savant's Counterclaims. On February 15, 2018 Humanigen filed a letter opposition to Savant's request to dissolve the TRO and requesting a status conference. A hearing on Savant's request to dissolve the TRO was held before the Delaware Superior Court on March 19, 2018. The Delaware Superior Court denied Savant's request to dissolve the TRO and the TRO remains in effect.

On April 11, 2018, Humanigen advised the Delaware Superior Court that it would meet and confer with Savant regarding a proposed case management order and date for trial. On April 26, 2018 the Delaware Superior Court so-ordered a proposed case management order submitted by the Company and Savant.

There have been no further proceedings in this matter to date.

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

You should read the following discussion and analysis together with our financial statements and the notes to those statements included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. This Quarterly Report on Form 10-Q contains statements that discuss future events or expectations, projections of results of operations or financial condition, trends in our business, business prospects and strategies and other "forward-looking" information. In some cases, you can identify "forward-looking statements" by words like "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "potential" or "continue" or the negative of those words and other comparable words. These statements may relate to, among other things, our expectations regarding the scope, progress, expansion, and costs of researching, developing and commercializing our product candidates; our opportunity to benefit from various regulatory incentives; expectations for our financial results, revenue, operating expenses and other financial measures in future periods; and the adequacy of our sources of liquidity to satisfy our working capital needs, capital expenditures, and other liquidity requirements. Actual events or results may differ materially due to known and unknown risks, uncertainties and other factors such as:

- *our lack of revenues, history of operating losses, bankruptcy, limited cash reserves and ability to obtain additional capital to develop and commercialize our product candidates, including the additional capital which will be necessary to complete the clinical trials that we have initiated or plan to initiate, and continue as a going concern;*
- *the effect on our stock price and the significant dilution to the share ownership of our existing stockholders that resulted from conversion of the term loans into equity of the company or that may result in the future upon additional issuances of our equity securities;*
- *our ability to execute our new strategy and business plan focused on developing our proprietary monoclonal antibody portfolio;*
- *our ability to preserve our stock quotation on the OTCQB Venture Market or, in the future, to list our common stock on a national securities exchange, whether through a new listing or by completing a reverse merger or other strategic transaction;*
- *the success, progress, timing and costs of our efforts to evaluate or consummate various strategic alternatives if in the best interests of our stockholders;*
- *the potential timing and outcomes of pre-clinical and clinical studies of lenzilumab, ifabotuzumab, HGEN005 or any other product candidates and the uncertainties inherent in pre-clinical and clinical testing;*
- *our ability to timely source adequate supply of our development products from third-party manufacturers on which we depend;*
- *the potential, if any, for future development of any of our present or future products;*
- *our ability to successfully progress, partner or complete further development of our programs;*
- *our ability to identify and develop additional products;*
- *our ability to attain market exclusivity or to protect our intellectual property;*
- *our ability to reach agreement with a partner to effect a successful commercialization of any of our product candidates;*
- *the outcome of pending or future litigation;*
- *the ability of the Black Horse Entities (as defined below) to exert control over all matters of the Company, including their ability to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction;*
- *competition; and*
- *changes in the regulatory landscape that may prevent us from pursuing or realizing any of the expected benefits from the various regulatory incentives, or the imposition of regulations that affect our products.*

These are only some of the factors that may affect the forward-looking statements contained in this Form 10-Q. For a discussion identifying additional important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see "Risk Factors" in Item 1A of Part I of our 2017 Form 10-K. You should review these risk factors for a more complete understanding of the risks associated with an investment in our securities. However, we operate in a competitive and rapidly changing environment and new risks and uncertainties emerge, are identified or become apparent from time to time. It is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Form 10-Q. You should be aware that the forward-looking statements contained in this Form 10-Q are based on our current views and assumptions. We undertake no obligation to revise or update any forward-looking statements made in this Form 10-Q to reflect events or circumstances after the date hereof or to reflect new information or the occurrence of unanticipated events, except as required by law. The forward-looking statements in this Form 10-Q are intended to be subject to protection afforded by the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Overview

We were incorporated on March 15, 2000 in California and reincorporated as a Delaware corporation in September 2001 under the name KaloBios Pharmaceuticals, Inc. We completed our initial public offering in January 2013. Effective August 7, 2017, we changed our legal name to Humanigen, Inc.

As disclosed in our 2017 Form 10-K, since August 29, 2017, we have shifted our primary focus toward developing our proprietary monoclonal antibody portfolio, which comprises lenzilumab, ifabotuzumab and HGEN005, for use in addressing significant unmet needs in oncology and immunology. These product candidates are at various stages of development and will require substantial time, expenses, clinical development, testing, and regulatory approval from the FDA prior to commercialization, if they are approved at all. Furthermore, none of these product candidates has advanced into pivotal registration studies and it may be years before any such studies are initiated, if at all.

Lenzilumab is a recombinant mAb that neutralizes soluble GM-CSF, a critical cytokine in the inflammatory cascade associated with serious and potentially life-threatening CAR-T-related side effects and in the growth of certain hematologic malignancies, solid tumors and other serious conditions. We expect to study lenzilumab's potential in reducing the side effects associated with CAR-T therapy and potentially improving efficacy. We have begun to explore lenzilumab's effectiveness in preventing or ameliorating neurotoxicity and CRS associated with CAR-T therapy. Pre-clinical animal data suggests there may be an increase in CAR-T cell expansion when combined with lenzilumab, which potentially could translate into improved CAR-T efficacy and this is likely to be an area of further study. In addition, we have completed enrollment of patients in a Phase 1 clinical trial for CMML to identify the MTD, or RPTD of lenzilumab and to assess lenzilumab's safety, pharmacokinetics, and clinical activity. Fifteen patients in the 200, 400 and 600 mg dose cohorts of the CMML trial have been enrolled, and we are evaluating subjects in the highest dose cohort of 600 mg for continuing accrual of up to 18 patients. We also plan to review preliminary safety and potential efficacy results and may use the interim data from the lenzilumab CMML Phase 1 study to determine the feasibility of commencing a Phase 1 study in JMML patients, or to explore progressing a Phase 2 CMML study. JMML is a rare pediatric cancer, is associated with a very high unmet medical need and there are no FDA-approved therapies.

Ifabotuzumab is an EphA3 mAb that has the potential to offer a novel approach to treating solid tumors and hematologic malignancies, serious pulmonary conditions and as a CAR construct. EphA3 is aberrantly expressed on the surface of tumor cells and stroma cells in certain cancers. We completed the Phase 1 dose escalation portion of a Phase 1/2 clinical trial for ifabotuzumab in multiple hematologic malignancies for which the preliminary results were published in the journal Leukemia Research in 2016. An investigator-sponsored Phase 0/1 radio-labeled imaging trial of ifabotuzumab in glioblastoma multiforme, a particularly aggressive and deadly form of brain cancer, has begun at the Olivia-Newton John Cancer Institute in Melbourne, Australia. We are also in discussions with a leading center in the U.S. to develop a series of CAR constructs based on ifabotuzumab and may take these constructs, if developed, into pre-clinical testing for a range of cancer types. We will also continue to explore partnering opportunities to enable further development of ifabotuzumab.

HGEN005 is a pre-clinical stage anti-EMR1 mAb. EMR1 is a therapeutic target for eosinophilic disorders. Eosinophils are a type of white blood cell. If too many are produced in the body, chronic inflammation and tissue and organ damage may result. Analysis of blood and bone marrow shows that surface expression of EMR1 is restricted to mature eosinophils and correlated with eosinophilia. Tissue eosinophils also express EMR1. In pre-clinical work, we demonstrated that eosinophil killing is enhanced in the presence of HGEN005 and immune effector cells. A major limitation of current eosinophil targeted therapies is incomplete depletion of tissue eosinophils and/or lack of cell selectivity, which may mean that HGEN005 could offer promise in a range of eosinophil-driven diseases, such as eosinophilic asthma, eosinophilic esophagitis and eosinophilic granulomatosis with polyangiitis. We are in discussion with a leading center in the U.S. to develop a series of CAR constructs based on HGEN005 and may take these constructs, if developed, into pre-clinical testing for eosinophilic leukemia, an orphan condition with significant unmet need.

Our monoclonal antibody portfolio was developed with our proprietary, patent-protected Humaneered® technology, which consists of methods for converting antibodies (typically murine) into engineered, high-affinity antibodies designed for human therapeutic use.

We have incurred significant losses and had an accumulated deficit of $270.4 million as of June 30, 2018. We expect to continue to incur net losses for the foreseeable future as we develop our drug candidates, expand pre-clinical and clinical trials for our drug candidates currently in development, expand our development activities and seek regulatory approvals. Significant capital is required to continue to develop and to launch a product and many expenses are incurred before revenue is received, if any. We are unable to predict the extent of any future losses or when we will receive revenue or become profitable, if at all.

Despite completing the Restructuring Transactions, the common stock financings and the Advance Note financings (as discussed below), we will require substantial additional capital to continue as a going concern and to support our business efforts, including obtaining regulatory approvals for our product candidates, clinical trials and other studies, and, if approved, the commercialization of our product candidates. We anticipate that we will seek additional financing from a number of sources, including, but not limited to, the sale of equity or debt securities, strategic collaborations, and licensing of our product candidates. Additional funding may not be available to us on a timely basis or at acceptable terms, if at all. Our ability to access capital when needed is not assured and, if not achieved on a timely basis, would materially harm our business, financial condition and results of operations. If adequate funds are not available, we may be required to delay, reduce the scope of, or eliminate one or more of our development programs. We may also be required to sell or license to others our technologies, product candidates, or development programs that we would have preferred to develop and commercialize ourselves and on less than favorable terms, if at all. If in the best interests of our stockholders, we may also find it appropriate to enter into a strategic transaction that could result in, among other things, a sale, merger, consolidation or business combination.

If management is unsuccessful in efforts to raise additional capital, based on our current levels of operating expenses, our current capital is not expected to be sufficient to fund our operations for the next twelve months. These conditions raise substantial doubt about our ability to continue as a going concern.

The consolidated financial statements for the three and six months ended June 30, 2018 were prepared on the basis of a going concern, which contemplates that we will be able to realize our assets and discharge liabilities in the normal course of business. Our ability to meet our liabilities and to continue as a going concern is dependent upon the availability of future funding. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our Condensed Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of our financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates. Our management believes judgment is involved in determining revenue recognition, valuation of financing derivative, the fair value-based measurement of stock-based compensation, accruals and warrant valuations. Our management evaluates estimates and assumptions as facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates and assumptions, and those differences could be material to the Condensed Consolidated Financial Statements. If our assumptions change, we may need to revise our estimates, or take other corrective actions, either of which may also have a material adverse effect on our statements of operations, liquidity and financial condition.

We are an emerging growth company under the JOBS Act. Emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, we may not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

There were no significant and material changes in our critical accounting policies and use of estimates during the three months ended June 30, 2018, as compared to those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates" in our 2017 Form 10-K, filed with the SEC on March 27, 2018.

Results of Operations

General

We have not generated net income from operations for any periods presented. At June 30, 2018, we had an accumulated deficit of $270.4 million primarily as a result of research and development and general and administrative expenses. While we may in the future generate revenue from a variety of sources, including license fees, milestone payments, and research and development payments in connection with strategic partnerships, our product candidates may never be successfully developed or commercialized and we may therefore never realize revenue from any product sales, particularly because most of our product candidates are at an early stage of development. Accordingly, we expect to continue to incur substantial losses from operations for the foreseeable future, and there can be no assurance that we will ever generate significant revenue or profits.

Research and Development Expenses

Conducting research and development is central to our business model. We expense both internal and external research and development costs as incurred. We track external research and development costs incurred by project for each of our clinical programs. Our external research and development costs consist primarily of:

- expenses incurred under agreements with contract research organizations, investigative sites, and consultants that conduct our clinical trials and a substantial portion of our preclinical activities;
- the cost of acquiring and manufacturing clinical trial and other materials; and
- other costs associated with development activities, including additional studies.

Other research and development costs consist primarily of internal research and development costs such as salaries and related fringe benefit costs for our employees (such as workers compensation and health insurance premiums), stock-based compensation charges, travel costs, lab supplies, overhead expenses such as rent and utilities, and external costs not allocated to one of our clinical programs. Internal research and development costs generally benefit multiple projects and are not separately tracked per project.

The following table shows our total research and development expenses for the three and six months ended June 30, 2018 and 2017:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
External Costs				
Lenzilumab	$ 476	$ 1,116	$ 937	$ 1,185
Ifabotuzumab	25	31	50	95
Benznidazole	-	1,936	-	3,816
Internal costs	76	769	286	1,425
Total research and development	$ 577	$ 3,852	$ 1,273	$ 6,521

General and Administrative Expenses

General and administrative expenses consist principally of personnel-related costs, professional fees for legal, consulting, audit and tax services, rent and other general operating expenses not otherwise included in research and development.

Comparison of Three Months Ended June 30, 2018 and 2017

(in thousands)	Three Months Ended June 30, 2018	2017	Increase/(Decrease) $'s	%
Operating expenses:				
Research and development	$ 577	$ 3,852	$ (3,275)	(85)
General and administrative	2,032	1,545	487	32
Loss from operations	(2,609)	(5,397)	(2,788)	(52)
Interest expense	(32)	(685)	(653)	(95)
Other income (expense), net	2	(9)	(11)	(122)
Reorganization items, net	(29)	(63)	(34)	(54)
Net loss	$ (2,668)	$ (6,154)	$ (3,486)	(57)

Research and development expenses decreased by $3.3 million, from $3.9 million for the three months ended June 30, 2017 to $0.6 million for the three months ended June 30, 2018. The decrease is primarily due to the discontinuation of the development of benznidazole in August 2017, lower internal costs, and lower spending on the development of lenzilumab, primarily in connection with the CMML trial.

General and administrative expenses increased $0.5 million from $1.5 million for the three months ended June 30, 2017 to $2.0 million for the three months ended June 30, 2018. The increase is primarily due to a $0.5 million increase in stock-based compensation expense related to the issuance of options to management, consultants and board members subsequent to the completion of the Restructuring Transactions.

Reorganization items, net, decreased $0.03 million for the three months ended June 30, 2018 versus the three months ended June 30, 2017. The decrease is primarily related to the decrease in legal and professional fees in the current three-month period.

Interest expense decreased $0.7 million from $0.7 million recognized for the three months ended June 30, 2017 to $0.03 million for the three months ended June 30, 2018. The decrease in interest expense was related to the conversion of the Term Loans in February 2018 related to the Restructuring Transactions.

Comparison of Six Months Ended June 30, 2018 and 2017

(in thousands)	Six Months Ended June 30, 2018	2017	Increase/(Decrease) $'s	%
Operating expenses:				
Research and development	$ 1,273	$ 6,521	$ (5,248)	(80)
General and administrative	5,989	3,994	1,995	50
Loss from operations	(7,262)	(10,515)	(3,253)	(31)
Interest expense	(426)	(976)	(550)	(56)
Other expense, net	(1)	(24)	(23)	(96)
Reorganization items, net	(66)	(187)	(121)	(65)
Net loss	$ (7,755)	$ (11,702)	$ (3,947)	(34)

Research and development expenses decreased by $5.2 million, from $6.5 million for the six months ended June 30, 2017 to $1.3 million for the six months ended June 30, 2018. The decrease is primarily due to the discontinuation of the development of benznidazole in August 2017 and lower internal costs.

General and administrative expenses increased $2.0 million from $4.0 million for the six months ended June 30, 2017 to $6.0 million for the six months ended June 30, 2018. The increase is primarily due to a $2.0 million increase in stock-based compensation expense related to the issuance of options to management, consultants and board members subsequent to the completion of the Restructuring Transactions.

Reorganization items, net, decreased $0.1 million for the six months ended June 30, 2018 versus the six months ended June 30, 2017. The decrease is primarily related to the decrease in legal and professional fees in the current six-month period.

Interest expense decreased $0.6 million from $1.0 million recognized for the six months ended June 30, 2017 to $0.4 million for the six months ended June 30, 2018. The decrease in interest expense was related to lower average Term Loans balances for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 as a result of the conversion of the Term Loans in February 2018 related to the Restructuring Transactions.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through proceeds from the public offerings of our common stock, private placements of our preferred stock, debt financings, interest income earned on cash, and cash equivalents, and marketable securities, and borrowings against lines of credit. At June 30, 2018, we had cash and cash equivalents of $0.3 million. As of August 7, 2018, we had cash and cash equivalents of $0.2 million.

The following table sets forth the primary sources and uses of cash and cash equivalents for each of the periods presented below:

	Six Months Ended June 30,	
(in thousands)	**2018**	**2017**
Net cash (used in) provided by:		
Operating activities	$ (3,731)	$ (8,303)
Investing activities	30	-
Financing activities	3,231	5,500
Net decrease in cash and cash equivalents	$ (470)	$ (2,803)

Net cash used in operating activities was $3.7 million and $8.3 million for the six months ended June 30, 2018 and 2017, respectively. Cash used in operating activities of $3.7 million for the six months ended June 30, 2018 primarily related to our net loss of $7.8 million, adjusted for non-cash items, such as $3.5 million in stock-based compensation, $0.4 million in noncash interest expense, and net decreases in working capital items of $0.1 million.

Cash used in operating activities of $8.3 million for the six months ended June 30, 2017 primarily related to our net loss of $11.7 million, adjusted for non-cash items, such as $1.4 million in stock-based compensation, $1.0 million in noncash interest expense, and net cash outflows of $1.0 million related to changes in operating assets and liabilities, primarily Prepaid expenses and other assets, Liabilities subject to compromise, Accounts payable and Accrued expenses.

Net cash provided by financing activities was $3.2 million for the six months ended June 30, 2018. This amount consists primarily of $1.5 million received from Cheval related to the Restructuring Transactions (see “Restructuring Transactions” below), $1.1 million from the issuance of 2,445,557 shares of our common stock to accredited investors on March 12, 2018, $0.2 million received from the issuance of 400,000 shares of our common stock to an accredited investor on June 4, 2018 and $0.4 million received from the issuance of the Advance Notes on June 29, 2018. Net cash provided by financing activities was $5.5 million for the six months ended June 30, 2017 related to the March 2017 Term Loan.

Restructuring Transactions

On December 1, 2017, our obligations matured under the Term Loan Credit Agreement with the Term Loan Lenders. On December 21, 2017, we entered into the Restructuring Agreements, each with the Term Loan Lenders, in connection with a series of transactions providing for, among other things, the satisfaction and extinguishment of our outstanding obligations under the Term Loan Credit Agreement and the infusion of $3.0 million of new capital. As of February 27, 2018, the date the Restructuring Transactions were completed, the aggregate amount of our obligations under the Term Loan Credit Agreement, including the Bridge Loan, the Claims Advances Loan (each as discussed below) and all accrued interest and fees, approximated $18.4 million.

On February 27, 2018 (the "Restructuring Effective Date"), the Restructuring Transactions were completed in accordance with the Restructuring Agreements. As a result, on the Restructuring Effective Date, we: (i) in exchange for the satisfaction and extinguishment of the entire $18.4 million balance of the Term Loans, including the Bridge Loan, the Claims Advances Loan and all accrued interest and fees, (a) issued to the Term Loan Lenders an aggregate of 59,786,848 shares of our common stock (the "New Lender Shares"), and (b) transferred and assigned to Madison, an entity owned 70% by Nomis Bay and 30% by us, the Benz Assets, our former drug candidate, capable of being so assigned; and (ii) issued to Cheval an aggregate of 32,028,669 shares of our common stock (the "New Black Horse Shares" and, collectively with the New Lender Shares, the "New Common Shares") for total consideration of $3.0 million (collectively, the "Restructuring Transactions"), $1.5 million of which we received on December 22, 2017 in the form of a bridge loan (the "Bridge Loan").

On the Restructuring Effective Date, the aggregate amount of the Term Loans that were deemed to be satisfied and extinguished (i) previously owed to the Black Horse Entities, including the Bridge Loan and all accrued interest and fees, totaled $9.9 million, and (ii) previously owed to Nomis Bay, including the Claims Advances Loan totaling $0.1 million and all accrued interest and fees, totaled $8.5 million. In addition, on the Restructuring Effective Date, (i) each of the Term Loan Credit Agreement, all promissory notes issued thereunder and the Intellectual Property Security Agreement, dated as of December 21, 2016, by and between us and the Term Loan Lenders, were terminated and are of no further force or effect, and (ii) all security interests of the Black Horse Entities and Nomis Bay in our assets were released. Although the Term Loans were satisfied and extinguished, if Madison (at the election of Nomis Bay) elects to keep the Benz Assets after the Restructuring Effective Date, Nomis Bay will be obligated to pay or cause Madison to pay $0.3 million in legal fees and expenses owed by us to our litigation counsel, which remain unpaid in our Accounts payable as of June 30, 2018.

Upon completion of the Restructuring Transactions, the Black Horse Entities collectively held 66,870,851 shares of our common stock, or approximately 62.6% of our outstanding common stock. Accordingly, the completion of the Restructuring Transactions on the Restructuring Effective Date resulted in a change in control of our company, as the Black Horse Entities and their affiliates owning more than a majority of our outstanding common stock. Dr. Dale Chappell, a member of our board of directors from June 30, 2016 until November 10, 2017, controls the Black Horse Entities and accordingly, will be able to exert control over matters of our company and will be able to determine all matters of our company requiring stockholder approval.

Despite completing the Restructuring Transactions, the March 12, 2018 and the June 4, 2018 common stock issuances and the June 29, 2018 Advance Notes, we will require substantial additional capital to continue as a going concern and to support our business efforts, including obtaining regulatory approvals for our product candidates, clinical trials and other studies, and, if approved, the commercialization of our product candidates. The amount of capital we will require and the timing of our need for additional capital will depend on many factors, including:

- the type, number, timing, progress, costs, and results of the product candidate development programs that we are pursuing or may choose to pursue in the future;
- the scope, progress, expansion, costs, and results of our pre-clinical and clinical trials;
- the timing of and costs involved in obtaining regulatory approvals;
- the success, progress, timing and costs of our efforts to evaluate or consummate various strategic alternatives if in the best interests of our stockholders;
- our ability to preserve our stock quotation on the OTCQB Venture Market or, in the future, to list our common stock on a national securities exchange, whether through a new listing or by completing a strategic transaction;
- our ability to establish and maintain development partnering arrangements and any associated funding;
- the emergence of competing products or technologies and other adverse market developments;
- the costs of maintaining, expanding, and protecting our intellectual property portfolio, including potential litigation costs and liabilities;
- the resources we devote to marketing, and, if approved, commercializing our product candidates;
- the scope, progress, expansion and costs of manufacturing our product candidates; and
- the costs associated with being a public company.

We are pursuing efforts to raise additional capital from a number of sources, including, but not limited to, the sale of equity or debt securities and strategic collaborations. Additional funding may not be available to us on a timely basis or at acceptable terms, if at all. Our ability to access capital when needed is not assured and, if not achieved on a timely basis, would materially harm our business, financial condition and results of operations. Any financing we may obtain may be dilutive to existing stockholders. If adequate funds are not available, we may be required to delay, reduce the scope of, or eliminate one or more of our development programs. We may also be required to sell or license to others our technologies, product candidates, or development programs that we would have preferred to develop and commercialize ourselves and on less than favorable terms, if at all. If in the best interests of our stockholders, we may also find it appropriate to enter into a strategic transaction that could result in, among other things, a sale, merger, consolidation or business combination.

If management is unsuccessful in efforts to raise additional capital, based on our current levels of operating expenses, our current capital will not be sufficient to fund our operations for the next twelve months. These conditions raise substantial doubt about our ability to continue as a going concern.

Our common stock currently trades on the OTCQB Venture Market under the ticker symbol "HGEN". Although our common stock is listed for quotation on the OTCQB Venture Market, trading is limited and an active market for our common stock may never develop in the future, which could harm our ability to raise capital to continue to fund operations.

Termination of Equity Financing Facility

On March 12, 2018, we notified Aperture of our decision to terminate the ELOC Purchase Agreement, pursuant to which Aperture had agreed to provide us with an equity line of credit. We did not sell any shares pursuant to the equity line of credit prior to its termination.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements, such as structured finance, special purpose entities or variable interest entities.

Item 4. Controls and Procedures.

Management's Evaluation of our Disclosure Controls and Procedures

"Disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Disclosure controls and procedures include, without limitation, those designed to ensure that this information is accumulated and communicated to our management to allow timely decisions regarding required disclosure. Management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon the evaluation our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were not effective as of June 30, 2018 to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is (i) recorded, processed, summarized and reported as and when required and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely discussion regarding required disclosure.

Changes in Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). Our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of our internal control over financial reporting as of June 30, 2018. In making this assessment, our Chief Executive Officer and Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in *Internal Control—Integrated Framework*. Based on that assessment and using the COSO criteria, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2018, our internal control over financial reporting was not effective because of the material weaknesses described below.

A material weakness is defined as "a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis."

The ineffectiveness of our internal control over financial reporting at June 30, 2018, was due to an insufficient degree of segregation of duties among our accounting and financial reporting personnel.

During 2018, we intend to work to remediate the material weaknesses identified above, which could include the addition of accounting and financial reporting personnel and/or the engagement of accounting and personnel consultants on a limited-time basis until we add a sufficient number of personnel. However, our current financial position could make it difficult for us to add the necessary resources.

Inherent Limitations of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. 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. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Please see Note 10 to the Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for a summary of legal proceedings and developments during the quarter ended June 30, 2018.

Item 6. Exhibits.

Exhibit No.	Exhibit Description
2.1	Findings of Fact, Conclusions of Law, and Order Confirming Second Amended Chapter 11 Plan of Reorganization of the Registrant (incorporated by reference to Exhibit 2.1 to the Registrantâ€™s Current Report on Form 8-K (File No. 001-035798) filed on June 22, 2016).
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrantâ€™s Current Report on Form 8-K (File No. 001-035798) filed on July 6, 2016).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.4 to the Registrantâ€™s Current Report on Form 8-K (File No. 001-035798) filed on August 7, 2017).
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant, as amended (incorporated by reference to Exhibit 3.1 to the Registrantâ€™s Current Report on Form 8-K (File No. 001-035798) filed on February 28, 2018).
3.4	Second Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrantâ€™s Current Report on Form 8-K (File No. 001-035798) filed on August 7, 2017).
4.1	Specimen of Stock Certificate evidencing shares of Common Stock (incorporated by reference to Exhibit 4.1 to the Registrantâ€™s Registration Statement on Form S-1 (File No. 333-184299) filed on January 15, 2013).
4.2	Warrant to Purchase Stock, by and between the Registrant and MidCap Financial SBIC, LP, dated as of June 19, 2013 (incorporated by reference to Exhibit 10.2 to the Registrantâ€™s Current Report on Form 8-K (File No. 001-35798) filed on June 24, 2013).
4.3	Registration Rights Agreement, dated December 3, 2015, between the Registrant and each of the several purchasers signatory thereto (incorporated by reference to Exhibit 4.1 to the Registrantâ€™s Current Report on Form 8-K (File No. 001-35798) filed on December 9, 2015).
4.4	Common Stock Purchase Warrant, by and between the Registrant and Armistice Capital Fund, dated as December 4, 2015 (incorporated by reference to Exhibit 4.2 to the Registrantâ€™s Current Report on Form 8-K (File No. 001-35798) filed on December 9, 2015).
4.5†	Common Stock Purchase Warrant, dated June 30, 2016, by and between the Registrant and Savant Neglected Diseases, LLC (incorporated by reference to Exhibit 4.1 to the Registrantâ€™s Quarterly Report on Form 10-Q (File No. 001-035798) filed on September 23, 2016, as amended by Amendment No. 1 filed on December 30, 2016).
4.6	Registration Rights Agreement, dated December February 27, 2018 between the Registrant and Black Horse Capital Master Fund, Black Horse Capital, Cheval Holdings, Ltd., and Nomis Bay LTD.
10.1	Form of Advance Note
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. §1350.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. §1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

† Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

** The Certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Humanigen, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

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.

HUMANIGEN, INC.

Date: August 7, 2018

By: /s/ Cameron Durrant
Cameron Durrant
Chief Executive Officer
(Principal Executive Officer)

Date: August 7, 2018

By: /s/ Greg Jester
Greg Jester
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

THIS INSTRUMENT AND ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE " **SECURITIES ACT**"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

HUMANIGEN, INC.

Form of Advance Note

June 29, 2018

For value received, Humanigen, Inc., a Delaware corporation (the "***Company***"), promises to pay to _____ ("***Lender***") the aggregate unpaid principal amount of the advances made by Lender to Company from time to time (in aggregate, the "***Advance Amount***") as set forth on Exhibit A of this Advance Note (this "***Note***") together with accrued and unpaid interest thereon, each due and payable on the date and in the manner set forth below. Interest shall accrue on the Advance Amount at a rate of 7% per annum, compounded annually.

1. ***Events.***

(a) **Financing**. If a Financing is completed before the Expiration Date or termination of this Note, upon the completion thereof the Lender will automatically be deemed to have purchased such amount of Company Securities as the Advance Amount, plus any accrued and unpaid interest thereon (the "***Conversion Amount***"), would purchase if invested in the Financing, and thereupon this Note shall be deemed canceled and the obligations of the Company hereunder shall be extinguished.

Notwithstanding the foregoing, in connection with the issuance of such Company Securities to the Lender pursuant to this Section 1(a), the Lender will execute and deliver to the Company all transaction documents related to the Financing; *provided,* that such documents are the same documents to be entered into with the other purchasers of Company Securities in the Financing.

(b) **Change of Control**. If a Change of Control is proposed before the Expiration Date or termination of this Note, the Company shall offer the Lender the option to elect to receive either (i) a cash payment equal to the Advance Amount, plus any accrued and unpaid interest thereon (subject to the following paragraph) upon completion of such Change of Control, or (ii) immediately prior to the completion of such Change of Control, a number of shares of Common Stock equal to the Conversion Amount divided by $0.45. If the Lender fails to make such election timely, the Lender shall be deemed to select the cash option under Section 1(b)(i) hereof.

In connection with Section 1(b)(1), the Advance Amount, plus any accrued and unpaid interest thereon, will be due and payable by the Company to the Lender immediately prior to, or concurrent with, the consummation of the Change of Control. If there are not enough funds to pay the Lender and holders of other Notes similarly electing or defaulting to receive the cash option (collectively, the "**Cash-Out Lenders**") the full amount of their respective Advance Amounts plus accrued but unpaid interest thereon, then all of the Company's available funds will be distributed with equal priority and *pro rata* among the Cash-Out Lenders in proportion to their Advance Amounts, plus any accrued and unpaid interest thereon. In connection with a Change of Control intended to qualify as a tax-free reorganization, the Company may reduce, *pro rata*, the Advance Amounts payable to the Cash-Out Lenders by the amount determined by the Board in good faith to be advisable for such Change of Control to qualify as a tax-free reorganization for U.S. federal income tax purposes.

(c) **Dissolution Event**. If there is a Dissolution Event before this instrument expires or terminates, the Company will pay an amount equal to the Advance Amount, plus any accrued and unpaid interest thereon, due and payable to the Lender immediately prior to, or concurrent with, the consummation of the Dissolution Event. The Advance Amount will be paid prior and in preference to any Distribution of any of the assets of the Company to holders of outstanding Capital Stock by reason of their ownership thereof. If immediately prior to the consummation of the Dissolution Event, the assets of the Company legally available for distribution to the Lender and all holders of all other Notes (the "**Dissolving Lenders**"), as determined in good faith by the Board, are insufficient to permit the payment to the Dissolving Lenders of their respective Purchase Amounts, then the entire assets of the Company legally available for distribution will be distributed with equal priority and *pro rata* among the Dissolving Lenders in proportion to the Advance Amounts they would otherwise be entitled to receive pursuant to this Section 1(c).

(d) **Collaboration**. If the Company makes a public announcement that it has entered into a Collaboration with a Strategic Partner before the Expiration Date or the termination of this Note, the Conversion Amount will be converted automatically into a number of shares of the Company's Common Stock determined by dividing the Conversion Amount by $0.45.

2. ***Optional Conversion to Common Stock.*** If neither a Financing nor a Change of Control has occurred by the Expiration Date, then, at any time from and after the Expiration Date the Lender may, at its option, deliver to the Company written notice (the "**Conversion Notice**") of the Lender's election to convert the Advance Amount, plus any accrued and unpaid interest thereon, into a number of shares of Common Stock determined by dividing the Advance Amount, plus any accrued and unpaid interest thereon, by the Common Conversion Rate as calculated on the date five (5) days' prior to the date of the Conversion Notice.

3. ***Termination.*** This instrument will expire and terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this instrument) upon the earliest of (i) the issuance of Company Securities to the Lender pursuant to Section 1(a), Section 1(b)(ii) or Section 2; or (ii) the payment, or setting aside for payment, of amounts due to the Lender pursuant to Section 1(b)(i) or Section 1(c).

4. ***Definitions.***

"**Capital Stock**" means the capital stock of the Company, including, without limitation, the Common Stock.

"**Change of Control**" means (i) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (ii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

"**Collaboration**" means an arrangement between the Company and a Strategic Partner pursuant to which, among other things, such Strategic Partner may agree to fund or finance all or substantially all of a clinical study conducted by the Company, with support and input from the Strategic Partner, intended to assess the efficacy of the Company's lenzilumab monoclonal antibody in reducing adverse effects from neurotoxicity and cytokine release syndrome when used as a companion therapy in certain CAR-T cell therapies in a transaction that would not constitute a Financing.

"**Common Conversion Rate**" means, as of any date of calculation, the lesser of (i) the volume weighted average sales price per share of the Common Stock, as reported on the OTCQB Venture marketplace over the 20 most recent trading days prior to such date of calculation, or (ii) $0.45.

"**Common Stock**" means the Company's common stock, par value $0.001 per share.

"**Company Securities**" means any equity or debt security of the Company, or any securities convertible into or exchangeable for any debt or equity securities of the Company, whether issued alone or in combination with any other security in the form of a unit thereof.

"**Distribution**" means the transfer to holders of Capital Stock by reason of their ownership thereof of cash or other property without consideration whether by way of dividend or otherwise, other than dividends on Common Stock payable in Common Stock, or the purchase or redemption of Capital Stock by the Company or its subsidiaries for cash or property other than: (i) repurchases of Common Stock held by employees, officers, directors or consultants of the Company or its subsidiaries pursuant to an agreement providing, as applicable, a right of first refusal or a right to repurchase shares upon termination of such service provider's employment or services; or (ii) repurchases of Capital Stock in connection with the settlement of disputes with any stockholder.

"**Dissolution Event**" means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company's creditors or (iii) any other liquidation, dissolution or winding up of the Company (**excluding** a Change of Control), whether voluntary or involuntary.

"**Expiration Date**" means June 21, 2019.

"**Financing**" means a bona fide transaction with the principal purpose of raising capital, pursuant to which the Company issues and sells Company Securities with an aggregate sales price of not less than $5,000,000 (five million dollars).

"**Strategic Partner**" means a pharmaceutical manufacturer.

5. ***Company Representations.***

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Company of this instrument is within the power of the Company and, other than with respect to the actions to be taken when equity is to be issued to the Lender, has been duly authorized by all necessary actions on the part of the Company. This instrument constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. To the knowledge of the Company, it is not in violation of (i) its current certificate of incorporation or bylaws, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material indenture or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(c) The performance and consummation of the transactions contemplated by this instrument do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material indenture or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

(d) No consents or approvals are required in connection with the performance of this instrument, other than: (i) the Company's corporate approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Capital Stock issuable pursuant to Section 1.

(e) To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others.

6. ***Lender Representations.***

(a) The Lender has full legal capacity, power and authority to execute and deliver this instrument and to perform its obligations hereunder. This instrument constitutes valid and binding obligation of the Lender, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(b) The Lender is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act. The Lender has been advised that this instrument and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Lender is purchasing this instrument and the securities to be acquired by the Lender hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Lender has no present intention of selling, granting any participation in, or otherwise distributing the same. The Lender has such knowledge and experience in financial and business matters that the Lender is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Lender's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

6. ***Miscellaneous***

(a) Any provision of this Note may be amended, waived or modified upon the written consent of the Company and the Lender.

(b) Any notice required or permitted by this instrument will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

(c) The Lender is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of Capital Stock for any purpose, nor will anything contained herein be construed to confer on the Lender, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise until shares have been issued upon the terms described herein.

(d) Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this instrument and/or the rights contained herein may be assigned without the Company's consent by the Lender to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Lender, including, without limitation, any general partner, managing member, officer or director of the Lender, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Lender; and *provided, further*, that the Company may assign this instrument in whole, without the consent of the Lender, in connection with a reincorporation to change the Company's domicile.

(e) In the event any one or more of the provisions of this instrument is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this instrument operate or would prospectively operate to invalidate this instrument, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this instrument and the remaining provisions of this instrument will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(f) All rights and obligations hereunder will be governed by the laws of the State of Delaware, without regard to the conflicts of law provisions of such jurisdiction.

(*Signature page follows*)

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed and delivered.

HUMANIGEN, INC.

By: /s/ Greg Jester
Name: Greg Jester
Title: Chief Financial Officer

Address: 533 Airport Blvd., Suite 400

Burlingame, CA 94010

Email: gjester@humanigen.com

LENDER:

By:
Name:
Title:

Address:

Email:

[***Signature Page to Advance Note***]

EXHIBIT A

Advance Amount under Advance Note

Date of Advance Amount	Principal Amount of Advance Amount

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
CERTIFICATIONS

I, Cameron Durrant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Humanigen, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 7, 2018

/s/ Cameron Durrant
Cameron Durrant,
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
CERTIFICATIONS

I, Greg Jester, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Humanigen, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 7, 2018

/s/ Greg Jester
Greg Jester
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

I, Cameron Durrant, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Humanigen, Inc. for the quarter ended June 30, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Humanigen, Inc.

Date: August 7, 2018

By: /s/ Cameron Durrant
Name: Cameron Durrant
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 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

I, Greg Jester, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Humanigen, Inc. for the quarter ended June 30, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Humanigen, Inc.

Date: August 7, 2018

By: /s/ Greg Jester
Name: Greg Jester
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)