

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

FORM 10-Q

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

For the quarterly period ended **December 31, 2016**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **000-\_\_\_\_\_**

**Relmada Therapeutics, Inc.**  
(Exact name of registrant as specified in its charter)

**Nevada**

(State or Other Jurisdiction of  
Incorporation or Organization)

**45-5401931**

(I.R.S. Employer  
Identification No.)

**275 Madison Avenue, Suite 702**  
**New York, NY**

(Address of Principal Executive Offices)

**10016**

(Zip Code)

**(646)-677-3853**

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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

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

As of February 10, 2017, there were 12,035,912 shares of common stock outstanding.

**Relmada Therapeutics, Inc.**  
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ITEM 1. FINANCIAL STATEMENTS

**Relmada Therapeutics, Inc.  
Consolidated Balance Sheets  
(Unaudited)**

	<u>December 31,</u> 2016	<u>June 30,</u> 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,714,293	\$ 8,500,207
Other receivables	2,350	-
Prepaid expenses	578,979	798,094
Total current assets	<u>5,295,622</u>	<u>9,298,301</u>
Fixed assets, net	514,865	531,348
Other assets	<u>414,811</u>	<u>414,355</u>
Total assets	<u>\$ 6,225,298</u>	<u>\$ 10,244,004</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 307,235	\$ 1,259,711
Accrued expenses	472,480	634,853
Notes payable	110,033	273,670
Derivative liabilities	<u>523,505</u>	<u>892,503</u>
Total current liabilities	1,413,253	3,060,737
Other long-term liabilities	<u>137,078</u>	<u>140,914</u>
Total liabilities	<u>1,550,331</u>	<u>3,201,651</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 200,000,000 shares authorized, no shares issued or outstanding	-	-
Class A convertible preferred stock, \$0.001 par value, 3,500,000 shares authorized, and no shares issued and outstanding	-	-
Common stock, \$0.001 par value, 100,000,000 shares authorized, 12,035,912 and 12,035,037 shares issued and outstanding, respectively	12,036	12,035
Additional paid-in capital	86,431,275	86,127,252
Accumulated deficit	<u>(81,768,344)</u>	<u>(79,096,934)</u>
Total stockholders' equity	<u>4,674,967</u>	<u>7,042,353</u>
Total liabilities and stockholders' equity	<u>\$ 6,225,298</u>	<u>\$ 10,244,004</u>

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

**Relmada Therapeutics, Inc.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Operating expenses:				
Research and development	\$ 254,105	\$ 2,118,204	\$ 618,257	\$ 4,983,790
General and administrative	1,282,296	3,604,109	2,534,740	5,368,122
Total Operating Expenses	<u>1,536,401</u>	<u>5,722,313</u>	<u>3,152,997</u>	<u>10,351,912</u>
Loss from Operations	<u>(1,536,401)</u>	<u>(5,722,313)</u>	<u>(3,152,997)</u>	<u>(10,351,912)</u>
Other income (expenses):				
Change in fair value of derivative liabilities	449,041	3,261,980	368,998	12,555,319
Net interest (expense)	(378)	(329)	(1,229)	(927)
Other income	56,909	-	113,818	-
Total other income (expenses)	<u>505,572</u>	<u>3,261,651</u>	<u>481,587</u>	<u>12,554,392</u>
Net (Loss) Income	<u>\$ (1,030,829)</u>	<u>\$ (2,460,662)</u>	<u>\$ (2,671,410)</u>	<u>\$ 2,202,480</u>
Net (Loss) Income per common share – basic	<u>\$ (0.09)</u>	<u>\$ (0.22)</u>	<u>\$ (0.22)</u>	<u>\$ 0.20</u>
Net (Loss) Income per common share - diluted	<u>\$ (0.09)</u>	<u>\$ (0.22)</u>	<u>\$ (0.22)</u>	<u>\$ 0.19</u>
Weighted average common shares outstanding:				
Basic	<u>12,035,912</u>	<u>11,420,179</u>	<u>12,035,625</u>	<u>11,184,064</u>
Diluted	<u>12,035,912</u>	<u>11,420,179</u>	<u>12,035,625</u>	<u>11,856,985</u>

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

**Relmada Therapeutics, Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Six Months Ended December 31,	
	2016	2015
<b>Cash flows from operating activities</b>		
Net (loss) income	\$ (2,671,410)	\$ 2,202,480
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation expense	43,744	5,908
Common stock issued for services	-	180,870
Stock-based compensation	304,024	571,214
Change in fair value of derivative liabilities	(368,998)	(12,555,319)
Deferred rent liability	(3,836)	54,830
Changes in operating assets and liabilities:		
Prepaid expenses, other current assets and other assets	216,309	957,806
Accounts payable	(952,476)	810,803
Accrued expenses	(162,373)	1,080,409
Net cash used in operating activities	(3,595,016)	(6,690,999)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(27,261)	(476,105)
Net cash used in investing activities	(27,261)	(476,105)
<b>Cash flows from financing activities</b>		
Principal payments of note payable	(163,637)	(175,219)
Net cash used in financing activities	(163,637)	(175,219)
Net decrease in cash and cash equivalents	(3,785,914)	(7,342,323)
<b>Cash and cash equivalents at beginning of the period</b>	<b>8,500,207</b>	<b>22,469,960</b>
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 4,714,293</b>	<b>\$ 15,127,637</b>

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

**Relmada Therapeutics, Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

Six Months Ended  
December 31,  
2016      2015

Supplemental disclosure of cash flow information:

Cash paid during the period for:

Income taxes	\$	-	\$	-
Interest	\$	2,227	\$	2,814

Non-cash investing and financing transactions:

Payable incurred for purchases of fixed assets	\$	-	\$	41,632
Conversion of Class A convertible preferred stock to common stock	\$	-	\$	72
Issuances of common stock resulting from cashless exercise of warrants	\$	-	\$	1,094

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

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 1 - BUSINESS**

Relmada Therapeutics, Inc. (“Relmada” or the “Company”) (a Nevada corporation), is a clinical-stage, publicly traded biotechnology company developing new chemical entities (NCEs) together with novel versions of proven drug products that potentially address areas of high unmet medical need in the treatment of central nervous system (CNS) diseases - primarily depression and chronic pain. The Company has a diversified portfolio of four products at various stages of development, including d-Methadone (dextromethadone, REL-1017), an N-methyl-D-aspartate (NMDA) receptor antagonist for treating depression and neuropathic pain; LevoCap ER (REL-1015), an abuse resistant, sustained release dosage form of the opioid analgesic levorphanol; BuTab (oral buprenorphine, REL-1028), an oral dosage form of the opioid analgesic buprenorphine; and MepiGel (topical mepivacaine, REL-1021), an orphan drug designated topical formulation of the local anesthetic mepivacaine.

In addition to the normal risks associated with a new business venture, there can be no assurance that the Company’s research and development will be successfully completed or that any product will be approved or commercially viable. The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, dependence on collaborative arrangements, development by the Company or its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, and compliance with the FDA and other governmental regulations and approval requirements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying unaudited consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim unaudited consolidated financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete consolidated financial statements. The unaudited consolidated financial statements furnished reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2016 and notes thereto contained in the Company’s Annual Report on Form 10-K.

**Principles of Consolidation**

The unaudited consolidated financial statements include the Company’s accounts and those of the Company’s wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Use of Estimates**

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents**

The Company considers cash deposits and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company's cash deposits are held at two high-credit-quality financial institutions. The Company's cash deposits at these institutions exceed federally insured limits.

**Patents**

Costs related to filing and pursuing patent applications are recorded as general and administrative expense and expensed as incurred since recoverability of such expenditures is uncertain.

**Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Fixed assets are comprised of Computers and Software, Leasehold Improvements and Furniture and Fixtures. Depreciation is calculated using the straight-line method over the estimated useful life of the assets. Computers and software have an estimated useful life of three years. Furniture and Fixtures have an estimated useful life of approximately seven years. Leasehold improvements are amortized over the lesser of the estimated life of the asset and the lease term (approximately seven years).

**Fair Value of Financial Instruments**

The Company's financial instruments primarily include cash, accounts payable, derivative liabilities and note payable. Due to the short-term nature of cash, accounts payable, derivative liabilities and note payable, the carrying amounts of these assets and liabilities approximate their fair value. Derivatives are recorded at fair value at each period end. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date.

A fair value hierarchy has been established for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include 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, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

**Fair Value on a Recurring Basis**

As required by Accounting Standard Codification ("ASC") Topic No. 820 - 10 *Fair Value Measurement*, financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. The estimated fair value of the derivative instruments which include warrants with down-round protection provisions is calculated with the Black Scholes option pricing model. Sensitivity Analysis for the Black-Scholes has many inputs and is subject to judgement which includes volatility. Volatility and the expected term is based upon the Company's peer group and the expected term is based upon expiration date of the warrants.



**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair Value of Financial Instruments (continued)**

The following table sets forth, by level within the fair value hierarchy, the Company's financial liabilities that were accounted for at fair value on a recurring basis as of December 31, 2016 and June 30, 2016:

Description	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value as of December 31, 2016
Derivative liabilities - warrant instruments	\$ -	\$ -	\$ 523,505	\$ 523,505

Description	Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value as of June 30, 2016
Derivative liabilities - warrant instruments	\$ -	\$ -	\$ 892,503	\$ 892,503

The following table sets forth a reconciliation of changes in the fair value of financial liabilities classified as level 3 in the fair value hierarchy:

	Significant Unobservable Inputs (Level 3)	
	December 31, 2016	December 31, 2015
Beginning balance	\$ 892,503	\$ 14,001,369
Change in fair value of derivative liabilities	(368,998)	(12,555,319)
Ending balance	<u>\$ 523,505</u>	<u>\$ 1,446,050</u>

**Derivatives**

All derivatives are recorded at fair value on the balance sheet date. Fair values for securities traded in the open market and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

**Income Taxes**

The Company accounts for income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rate is recognized in income or expense in the period that the change is effective. Tax benefits are recognized when it is probable that the deduction will be sustained. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain. As of December 31, 2016 and June 30, 2016, the Company had recognized a valuation allowance to the full extent of the Company's net deferred tax assets since the likelihood of realization of the benefit does not meet the more likely than not threshold.

The Company files a U.S. Federal, various states and a local income tax returns. Uncertain tax positions taken on the Company's tax returns will be accounted for as liabilities for unrecognized tax benefits. The Company will recognize interest and penalties, if any, related to unrecognized tax benefits in general and administrative expenses in the statements of operations. There were no liabilities recorded for uncertain tax positions at December 31, 2016 and June 30, 2016. The open tax years, subject to potential examination by the applicable taxing authority, for the Company are for the year ended June 30, 2012 and all subsequent years.

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Research and Development**

Research and development costs primarily consist of research contracts for the advancement of product development, salaries and benefits, stock-based compensation, and consultants. The Company expenses all research and development costs in the period incurred. The Company makes an estimate of costs in relation to clinical study contracts. The Company analyzes the progress of studies, including the progress of clinical studies and phases, invoices received and contracted costs when evaluating the adequacy of the amount expensed and the related prepaid asset and accrued liability.

**Stock-Based Compensation**

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the period during which an employee is required to provide service in exchange for the award over the requisite service period. The grant-date fair value of employee share options is estimated using the Black-Scholes option pricing model adjusted for the unique characteristics of those instruments. Compensation expense for warrants granted to non-employees is determined by the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measured, and is recognized over the service period. The expense is subsequently adjusted to fair value at the end of each reporting period until such warrants vest, and the fair value of such instruments, as adjusted, is expensed over the related vesting period. Adjustments to fair value at each reporting date may result in income or expense, depending upon the estimate of fair value and the amount of expense recorded prior to the adjustment. The Company reviews its agreements and the future performance obligation with respect to the unvested warrants for its vendors or consultants. When appropriate, the Company will expense the unvested warrants at the time when management deems the service obligation for future services has ceased.

**Net Income (Loss) per Common Share**

Basic net income or loss per common share attributable to common stockholders is calculated by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net income per common share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method. Dilutive common stock equivalents are comprised of Class A convertible preferred stock, restricted stock, warrants for the purchase of common stock and stock options.

For the three months ended December 31, 2016 and 2015, potentially dilutive securities were not included in the calculation of diluted net loss per share because to do so would be anti-dilutive. For the six months ended December 31, 2016 potentially dilutive securities were not included in the calculation of dilutive net loss per share because they would be antidilutive. Following is a reconciliation of basic earnings per common share ("EPS") and diluted EPS for the six months ended December 31, 2015:

	Six months ended December 31, 2015		
	Net Income	Shares	Per Share Amount
Basic EPS	\$ 2,202,480	11,184,064	\$ 0.20
Dilutive effect of warrants	-	669,546	(0.01)
Restricted common stock	-	3,375	-
Diluted EPS	<u>\$ 2,202,480</u>	<u>11,856,985</u>	<u>\$ 0.19</u>

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

For the three and six months ended December 31, 2016, the following potentially dilutive securities were excluded from the computation of diluted net loss per share, as the inclusion of such shares would be anti-dilutive:

	Three and Six Months ended December 31, 2016
Stock options	559,969
Restricted common stock	42,625
Common stock warrants	4,224,573
Total	<u>4,827,167</u>

**Recent Accounting Pronouncements**

In August 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-15, Presentation of Financial Statements- Going Concern. The Update provides U.S. GAAP guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendments in this update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company is currently evaluating the effects of this pronouncement on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases" (Topic 842), whereby lessees will be required to recognize for all leases at the commencement date a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. A modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements must be applied. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Companies may not apply a full retrospective transition approach. ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018. Early application is permitted. The Company is currently evaluating the effects of this pronouncement on the consolidated financial statements.

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 3 - PREPAID EXPENSES**

Prepaid expenses consisted of the following (rounded to nearest \$00):

	December 31, 2016	June 30, 2016
Research and development	\$ 14,700	\$ 17,600
Insurance	155,100	346,100
Biotechnology tax credit receivable	232,000	231,900
Legal	166,400	171,100
Other	10,800	31,400
<b>Total</b>	<b>\$ 579,000</b>	<b>\$ 798,100</b>

New York City allows investors and owners of merging technology companies focused on biotechnology to claim a tax credit against the General Corporation Tax and Unincorporated Business Tax for amounts paid or incurred for certain facilities, operations, and employee training in New York City. During the years ended June 30, 2016 and 2015, the Company obtained certificates of biotechnology tax credit from New York City of approximately \$149,000 and \$82,000, respectively.

**NOTE 4 - FIXED ASSETS**

Fixed assets, net of accumulated depreciation, consist of the following (rounded to nearest \$00):

	Useful lives	December 31, 2016	June 30, 2016
Computer and Software	3 years	\$ 47,400	\$ 48,200
Furniture and Fixtures	7 years	187,200	160,000
Leasehold Improvements	7 years	386,900	386,900
Total		\$ 621,500	\$ 595,100
Less accumulated depreciation		(106,600)	(63,700)
Fixed Assets, Net		<b>\$ 514,900</b>	<b>\$ 531,400</b>

**NOTE 5 - ACCRUED EXPENSES**

Accrued expenses consisted of the following (rounded to nearest \$00):

	December 31, 2016	June 30, 2016
Research and development	\$ 49,300	\$ 49,300
Professional fees	112,700	310,000
Accrued vacation	65,000	66,700
Board fees	225,000	150,000
Other	20,500	58,900
<b>Total</b>	<b>\$ 472,500</b>	<b>\$ 634,900</b>

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 6 - NOTES PAYABLE**

In June 2016, the Company entered into a note for approximately \$273,700 in conjunction with a renewal of its director and officer insurance policy. The interest rate was 2.1% per annum.

In June 2015, the Company entered into a note for approximately \$263,800 in conjunction with a renewal of its director and officer insurance policy. The interest rate was 2.8% per annum. This note has been paid in full.

At December 31, 2016 and June 30, 2016, the note payable outstanding balances were approximately \$110,000 and \$273,700, respectively.

**NOTE 7 - DERIVATIVE LIABILITIES**

The estimated fair value of the derivative liabilities included B warrants and agent warrants that have a down-round protection provision was calculated with the Black-Scholes Option pricing model. The following is a summary of the assumptions used in the valuation model of the derivative liabilities at December 31, 2016 and June 30, 2016:

	December 31, 2016	June 30, 2016
Common stock issuable upon exercise of warrants	2,574,570	2,574,570
Market value of common stock on measurement date (1)	\$ 1.09	\$ 2.28
Exercise price	\$ 7.50 and 11.25	\$ 7.50 and 11.25
Risk free interest rate (2)	1.47%	0.71%
Expected life in years	2.44	2.95
Expected volatility (3)	108%	75%
Expected dividend yields (4)	None	None

- (1) Quoted market value of the common stock, reflects a one-for-five reverse stock split.
- (2) The risk-free interest rate was determined by management using the applicable Treasury Bill as of the measurement date.
- (3) The historical trading volatility was determined by calculating the volatility of the Company's stock at December 31, 2016 and the Company's peer group at June 30, 2016.
- (4) The Company does not expect to pay a dividend in the foreseeable future.

**NOTE 8 – STOCKHOLDERS' EQUITY**

Exercise of warrants for non-cash

During the six months ended December 31, 2015, the Company issued approximately 1,094,000, shares of common stock resulting from the exercise on a non-cash basis of approximately 1,138,000 warrants.

Common stock issued for services

During the six months ended December 31, 2016 and 2015, the Company issued zero and 46,664 shares of common stock for consulting services, respectively, that had a fair market of approximately zero and approximately \$180,800, respectively, based upon the stock price at the date of issuances. The Company recorded stock-based compensation to general and administrative expense.

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 8 – STOCKHOLDERS EQUITY (continued)**

Options

In December 2014, the Board of Directors adopted and the shareholders approved Relmada’s 2014 Stock Option and Equity Incentive Plan, as amended (the “Plan”), which allows for the granting of common stock awards, stock appreciation rights, and incentive and nonqualified stock options to purchase shares of the Company’s common stock to designated employees, non-employee directors, and consultants and advisors. The Plan allows for the granting of 1,611,769 options or stock awards. In August 2015, the board approved an amendment to the Plan. Among other things, the Plan Amendment updates the definition of “change of control” and provides for accelerated vesting of all awards granted under the plan in the event of a change of control of the Company. At December 31, 2016, no stock appreciation rights have been issued. Stock options are exercisable generally for a period of 10 years from the date of grant and generally vest over four years. As of December 31, 2016, 963,162 shares were available for future grants under the Plan.

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of stock options and warrants. The price of common stock prior to the Company being public was determined from a third party valuation. The risk-free interest rate assumptions were based upon the observed interest rates appropriate for the expected term of the equity instruments. The expected dividend yield was assumed to be zero as the Company has not paid any dividends since its inception and does not anticipate paying dividends in the foreseeable future. The expected volatility was based upon its peer group. The Company routinely reviews its calculation of volatility changes in future volatility, the Company’s life cycle, its peer group, and other factors.

The Company uses the simplified method for share-based compensation to estimate the expected term for employee option awards for stock-based compensation in its option-pricing model. The Company uses the contractual term for non-employee options to estimate the expected term, for share-based compensation in its option-pricing model.

The company did not grant any options during the six months ended December 31, 2016.

At December 31, 2016, the Company has unrecognized stock-based compensation expense of approximately \$862,700 related to unvested stock options over the weighted average remaining service period of 2.1 years.

A summary of the changes in options during the six months ended December 31, 2016 is as follows:

	Number of Options	Weighted Average Exercise Price For Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at June 30, 2016	642,204	\$ 6.41	7.7	\$ 21,500
Forfeited	(82,232)	6.41	-	-
Outstanding and expected to vest at December 31, 2016	<u>559,972</u>	\$ 6.41	7.2	-
Options exercisable at December 31, 2016	<u>383,202</u>	\$ 5.79	8.04	-

For the six-month period ended December 31, 2016, the Company did not grant any stock options. For the six-month period ended December 31, 2015 the Company granted 77,295 options to purchase common stock. The options have a ten year term and an excise price ranging between \$3.45 and \$8.45 per share. 25% of options vest on the one year anniversary of the grant date and the remaining options vest quarterly over the following three years. Following is the Black-Scholes option pricing model assumptions used to determine the fair value of options granted during the six months ended December 31, 2015:

	For the Six Months Ended December 31, 2015
Risk free interest rate	1.7%
Dividend yield	0%
Volatility	74%
Expected term (in years)	6.25

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 8 – STOCKHOLDERS EQUITY (continued)**

Restricted stock

A summary of the changes in restricted stock awards during the six months ended December 31, 2016, is as follows:

	Number of Shares	Weighted Average Price Per Share
Unvested restricted stock awards at June 30, 2016	49,625	14.10
Forfeited	(7,000)	13.45
Outstanding and expected to issue at December 31, 2016	42,625	14.21

There were no restricted stock awards granted during the six months ended December 31, 2016. Restricted stock grants vest over four years. The Company has an unrecognized expense of approximately \$140,000 related to unvested restricted stock grants which will be recognized over the remaining weighted average service period of 1.8 years. During the six months ended December 31, 2016, the Company issued 875 shares in relation to vested restricted stock and 4,000 were vested and are to be issued.

Warrants

There are no changes to outstanding warrants during the six months ended December 31, 2016. There were no common stock warrants granted by the Company during the six months ended December 31, 2016 and 2015.

At December 31, 2016, the Company does not have any unrecognized stock-based compensation expense related to outstanding warrants. At December 31, 2016, the aggregate intrinsic value of warrants that have vested and outstanding is approximately \$729,000.

The following summarizes the components of stock-based compensation expense which includes stock options, warrants and restricted stock in the consolidated statements of operations for the three and six months ended December 31, 2016 and 2015 (rounded to nearest \$00):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Research and development	\$ 21,500	52,200	\$ 64,100	104,500
General and administrative	110,500	235,500	240,000	466,700
Total	\$ 132,000	287,700	\$ 304,100	571,200

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 9 - RELATED PARTY TRANSACTIONS**

**Placement Agent**

On February 18, 2014 and May 19, 2014, the Company entered into two engagement agreements with the Placement Agent for the May 2014 offering. The Company agreed to pay Placement Agent: (a) a cash commission in the amount of ten percent (10%) of the gross proceeds of the Offering received from investors at a Closing as well as a non-accountable expense reimbursement equal to two percent; and (b) (2%) of the gross proceeds of the Offering received from investors at a Closing and an activation fee of \$25,000. The Placement Agent or its designees also received five-year warrants to purchase 858,190 shares of Relmada's common stock at a price of \$7.50 per share. The Placement Agent shall also be entitled to the compensation set forth above as well for any cash exercise of Warrants within six (6) months of the final closing of the Offering as well as a five percent (5%) solicitation fee for any Warrants exercised as a result of any redemption of any Warrants. If the Company elects to call the warrants, the Placement Agent shall receive a warrant solicitation fee equal to 5% of the funds solicited by the Placement Agent upon exercise of the warrants. The Company shall pay the Placement Agent a nonrefundable financial advisory fee to be paid monthly, at the rate of \$25,000 per month for a period of six months commencing after the May offerings. The Company extended the monthly \$25,000 financial advisory fee to May 2015 and the Company did not renew the agreement.

**Sublease**

On March 10, 2016 and effective as of January 1, 2016, the Company entered into an Office Space License Agreement (the "License") with Actinium Pharmaceuticals, Inc. ("Actinium"), with whom we share two common board members, for office space located at 275 Madison Avenue, 7th Floor, New York, NY 10016. The term of the License is three years from the effective date, with an automatic renewal provision. The cost of the License is approximately \$16,620 per month for Actinium, subject to customary escalations and adjustments. The Company records the license fees as other income in the consolidated income statements. During the year ended June 30, 2016, the Company received and recorded a lease deposit of approximately \$40,000 in long-term liabilities.

**Advisory Firm**

On August 4, 2015, the Company entered into an Advisory and Consulting Agreement (the "Consulting Agreement") with Sandesh Seth, the Company's Chairman of the Board. The effective date of the Consulting Agreement is June 30, 2015. Mr. Seth has substantial experience in, among other matters, business development, corporate planning, corporate finance, strategic planning, investor relations and public relations, and an expansive network of connections spanning the biopharmaceutical industry, accounting, legal and corporate communications professions. Mr. Seth will provide advisory and consulting services to assist the Company with strategic advisory services, assist in prioritizing product development programs per strategic objectives, assist in recruiting of key personnel and directors, corporate planning, business development activities, corporate finance advice, and assist in investor and public relations services. In consideration for the services to be provided, the Company agrees to pay Mr. Seth \$12,500 per month on an ongoing basis.



**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**Legal**

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business. Except as disclosed below, the Company is currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on its business, financial condition, operating results, or cash flows.

*Lawsuit Brought by a Former Officer:* In 2014, Relmada dismissed with prejudice its lawsuit against Najib Babul, which had sought to compel Mr. Babul, Relmada's former President, to account for questionable expenditures of Relmada funds made while Babul controlled the Company. Relmada's decision to surrender its claims was informed by the fact that Babul came forward with plausible explanations for some of the expenditures, and the fact that, because Babul was a former officer and director of Relmada being sued for his conduct in office, the Company was required to advance his expenses of the litigation; hence, Relmada was paying all the lawyers and consultants on both sides of the dispute. Relmada also agreed to reinstate certain stock purchase warrants in Babul's name, which had been cancelled during the pendency of the litigation, and offered Babul the right to exchange his shares in RTI for shares in the Company.

Babul has brought a second lawsuit against Relmada. Ruling on Relmada's motion, the United States District Court for the Eastern District of Pennsylvania dismissed Babul's claims for breach of contract and intentional infliction of emotional distress, and left intact his claims for defamation, and wrongful use of civil process. Management believes that the Company has good defenses to all of Babul's claims, and that the outcome of the Babul litigation, even if unfavorable, would not materially affect the Company's operations or financial position or cash flows. However, litigation is an inherently uncertain process, and there can be no assurances with respect to either the outcome or the consequences of this litigation.

*Proceeding with Laidlaw:*

On December 9, 2015, Relmada filed a lawsuit in the U.S. District Court for the District of Nevada (the "Court") against Laidlaw & Company (UK) Ltd. and its two principals, Matthew Eitner and James Ahern (collectively, the "Defendants"), Relmada Therapeutics, Inc. v. Laidlaw & Company (UK) Ltd., et al. (Case No. 15-cv-2338) (the "Lawsuit"). The Lawsuit alleges that the press release issued by the Defendants on December 4, 2015, which was subsequently filed with the Securities and Exchange Commission ("SEC") on Schedule 14A, contained materially misleading proxy statements regarding, among other things, Defendants' ability to nominate directors at Relmada's December 30, 2015 annual stockholders' meeting (the "Meeting"), in violation of Section 14(a) of the Securities Exchange Act of 1934 and SEC Rule 14a-9. Relmada sought a temporary restraining order and preliminary injunction to enjoin the Defendants from continuing to disseminate false and misleading proxy statements.

On December 10, 2015, the Court issued a temporary restraining order and associated injunction to enjoin the Defendants from "continuing to disseminate false and misleading proxy materials" and require that Defendants, among other things, "immediately must retract or correct its false and misleading proxy materials" (the "Temporary Restraining Order"). The Temporary Restraining Order was set to expire on December 22, 2015, when the parties were scheduled to appear for a hearing before the Court.

On December 16, 2015, the Defendants filed an answer in response to the Lawsuit as well as a counterclaim against Relmada and its Board of Directors (the "Counterclaim"). The Counterclaim alleges that (i) Relmada has disseminated materially false and misleading proxy statements concerning Defendants' previous actions and conduct, in violation of Section 14(a) of the Securities Exchange Act of 1934 and SEC Rule 14a-9, and (ii) members of Relmada's Board of Directors breached their fiduciary duties by, among other things, approving certain changes to Relmada's stockholder election procedures. The Counterclaim sought the dissolution of the Temporary Restraining Order and injunctive relief that would postpone the Meeting.

On December 22, 2015, after a hearing before the Court, the Court entered the Company's requested preliminary injunction, ordering the Defendants to continue to comply with similar terms to the Temporary Restraining Order (the "Preliminary Injunction Order"). The Preliminary Injunction Order will remain in place pending a full trial on the merits.

On February 18, 2016, Relmada filed an amended complaint in connection with the Lawsuit. The amended complaint includes an additional legal claim based on the Defendants' breach of the fiduciary duty that they owed to Relmada when the Defendants disclosed and mischaracterized confidential information that they acquired in their capacity as Relmada's investment banker. Relmada is also seeking monetary damages arising from fees and costs that it incurred responding to the Defendants' false and misleading proxy materials in December 2015.

On April 4, 2016, Laidlaw filed a motion to dismiss Relmada's amended complaint. On April 15, 2016, Relmada filed a partial motion to dismiss the Counterclaim and Laidlaw filed a motion to transfer venue to the U.S. District Court for the Southern District of New York. Relmada's motion to dismiss was mooted by stipulation.

On September 6, 2016, Relmada moved for leave to amend the complaint for a second time to allege additional claims against Defendants, including defamation/business disparagement, defamation per se, tortious interference with prospective economic advantage, violations of sections 1962(c) and 1692(d) of the Racketeer Influenced and Corrupt Organizations Act, and violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The Court granted Relmada's motion to amend on September 27, 2016, which mooted the pending motion to dismiss the amended complaint. Shortly thereafter, on September 29, 2016, the Court granted Defendants' motion to transfer venue to the U.S. District Court for the Southern District of New York (the "SDNY Court"). Relmada filed its second amended complaint on or about October 5, 2016, the same date on which the Lawsuit was officially transferred to the SDNY Court.

The SDNY Court held an initial pretrial conference on October 21, 2016 during which it set a briefing schedule for Defendants' contemplated motion to dismiss. During the conference, Defendants' counsel represented that Defendants have no pending counterclaims against Relmada as of that time. As of January 6, 2017, Defendants' motion to dismiss was fully briefed and submitted to the SDNY Court for decision.

**Relmada Therapeutics, Inc.**  
**Notes to Unaudited Consolidated Financial Statements**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)**

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**Leases and Sublease**

On October 1, 2015, the Company commenced a lease with a term of seven years and three months for office space in a building in New York City. Rent expense is recognized on a straight-line basis over the term of the lease. Accordingly, rent expense recognized in excess of rent paid is reflected as a liability in the accompanying consolidated balance sheets. Rent expense for the three and six months ended December 31, 2016 was \$82,461 and \$164,923, respectively.

**Contractual Obligations**

The following tables sets forth our contractual obligations for the next five years and thereafter:

	<b>Total</b>	<b>Less than 1 year</b>	<b>1 – 2 years</b>	<b>3 – 5 years</b>	<b>More than 5 years</b>
Office lease	\$ 2,108,785	\$ 352,172	\$ 671,543	\$ 1,085,070	-
Note payable	110,033	110,033	-	-	-
<b>Total obligations</b>	<b>\$ 2,218,818</b>	<b>\$ 462,205</b>	<b>\$ 671,543</b>	<b>\$ 1,085,070</b>	<b>\$ -</b>

On March 10, 2016 and effective as of January 1, 2016, Relmada entered into an Office Space License Agreement (the “License”) with Actinium Pharmaceuticals, Inc. (“Actinium”), with whom we share two common board members, for office space located at 275 Madison Avenue, 7<sup>th</sup> Floor, New York, NY 10016 - The term of the License is three years from the effective date, with an automatic renewal provision. The cost of the License is approximately \$16,620 per month for Actinium, subject to customary escalations and adjustments.

**Letter Of Credit**

The Company has an outstanding letter of credit of approximately \$392,600 in connection with the Company’s New York City corporate office lease. The letter of credit is secured by a restricted certificate of deposit in the same amount which is included in other assets at December 31, 2016 and June 30, 2016. On the second anniversary of the lease commencement date, the letter of credit will be reduced to approximately \$234,400. In October 2022, the letter of credit will be reduced to approximately \$156,000.

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

### FORWARD-LOOKING STATEMENT NOTICE

This Quarterly Report on Form 10-Q (this "Report") contains forward looking statements that involve risks and uncertainties, principally in the sections entitled "Description of Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." All statements other than statements of historical fact contained in this Quarterly Report, including statements regarding future events, our future financial performance, business strategy and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," or "will" or the negative of these terms or other comparable terminology. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under "Risk Factors" or elsewhere in this Quarterly Report, which may cause our or our industry's actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements.

You should not place undue reliance on any forward-looking statement, each of which applies only as of the date of this Quarterly Report on Form-10-Q. Before you invest in our securities, you should be aware that the occurrence of the events described in the section entitled "Risk Factors" and elsewhere in this Quarterly Report could negatively affect our business, operating results, financial condition and stock price. Except as required by law, we undertake no obligation to update or revise publicly any of the forward-looking statements after the date of this Quarterly Report on Form-10-Q to conform our statements to actual results or changed expectations.

### BUSINESS OVERVIEW

Relmada Therapeutics is a clinical-stage, publicly traded biotechnology company developing new chemical entities (NCEs) together with novel versions of proven drug products that potentially address areas of high unmet medical need in the treatment of central nervous system (CNS) diseases – primarily depression and chronic pain. The Company has a diversified portfolio of four products at various stages of development, including d-Methadone (dextromethadone, REL-1017), an N-methyl-D-aspartate (NMDA) receptor antagonist for treating depression and neuropathic pain; LevoCap ER (REL-1015), an abuse resistant, sustained release dosage form of the opioid analgesic levorphanol; BuTab (oral buprenorphine, REL-1028), an oral dosage form of the opioid analgesic buprenorphine; and MepiGel (topical mepivacaine, REL-1021), an orphan drug designated topical formulation of the local anesthetic mepivacaine.

Our lead product candidate, d-Methadone, is a NCE being developed as a rapidly acting, oral agent for the treatment of depression, neuropathic pain, and/or other potential CNS pathological conditions. We have completed Phase I single and multiple ascending dose studies and have confirmed safety, tolerability, and dose range for a planned Phase II program in treatment-resistant depression (TRD).

In addition to the clinical development of d-Methadone, we are focused on advancing three additional products combining proven drug candidates with novel delivery methods to create new drugs and/or indications through the 505(b)(2) regulatory pathway. Product development plans for some of our products, such as BuTab, require the completion of a Phase I program before entering Phase III pivotal clinical trials using the 505(b)(2) regulatory pathway, subject to U.S. Food and Drug Administration (FDA) approval.

We believe that our CNS-centric pipeline is diversified by mechanism of action, development stage, and regulatory strategy, which mitigates risk while offering significant upside. Our highly experienced drug development leadership and world-class scientific and business advisors provide the expertise to efficiently advance product development.

Our four development projects are briefly described below:

#### **d-Methadone (dextromethadone, REL-1017)**

##### *Background*

In 2014, the National Institute of Mental Health (NIMH) estimated that 15.7 million adults aged 18 or older in the United States had at least one major depressive episode in the past year. According to data from nationally representative surveys supported by NIMH, only about half of Americans diagnosed with major depression in a given year receive treatment. Of those receiving treatment with as many as four different standard antidepressants, 33% of drug-treated depression patients do not achieve adequate therapeutic benefits according to the Sequenced Treatment Alternatives to Relieve Depression (STAR\*D) trial published in the American Journal of Psychiatry. Accordingly, we believe that approximately 3 million patients with such treatment-resistant depression are in need of new treatment options.

In addition to the high failure rate, none of the marketed products for depression can demonstrate rapid antidepressant effects and most of the products take up to a month to show effectiveness. The urgent need for improved, faster acting antidepressant treatments is underscored by the fact that severe depression can be life-threatening, due to heightened risk of suicide.

Recent studies have shown that ketamine, a drug known previously as an anesthetic, can lift depression in many patients within hours. However, it is unlikely that ketamine itself will become a practical treatment for most cases of depression. It must be administered through intravenous infusion, requiring a hospital setting, and more importantly can potentially trigger adverse side effects including psychedelic symptoms (hallucinations, memory defects, panic attacks), nausea/vomiting, somnolence, cardiovascular stimulation and, in a minority of patients, hepatotoxicity. Ketamine also hasn't been thoroughly studied for long-term safety and effectiveness, and the FDA hasn't approved it to treat depression.

#### **d-Methadone Overview and Mechanism of Action**

d-Methadone's mechanism of action, as a non-competitive NMDA channel blocker or antagonist, is fundamentally differentiated from all currently FDA-approved antidepressants, as well as all atypical antipsychotics used adjunctively with standard, FDA-approved antidepressants. Working through the same brain mechanisms as ketamine but potentially lacking its adverse side effects, Relmada's d-Methadone is being developed as a rapidly acting, oral agent for the treatment of depression, neuropathic pain, and/or other potential CNS pathological conditions.

In chemistry an enantiomer, also known as an optical isomer, is one of two stereoisomers that are mirror images of each other that are non-superposable (not identical), much as one's left and right hands are the same except for being reversed along one axis. A racemic compound, or racemate, is one that has equal amounts of left- and right-handed enantiomers of a chiral molecule. For racemic drugs, often only one of a drug's enantiomers is responsible for the desired physiologic effects, while the other enantiomer is less active or inactive.

Racemic methadone has been used since the 1950s as a treatment for opioid addiction and has remained the primary therapy for this condition for more than 40 years. Recently, methadone has been used to manage cancer pain and other chronic pain states. Methadone is a highly lipophilic molecule that is suitable for a variety of administration routes, with oral bioavailability close to 80% compared with 26% for morphine.

As a single isomer of racemic methadone, d-Methadone has been shown to possess NMDA antagonist properties with virtually no traditional opioid or ketamine-like adverse events at the expected therapeutic doses. In contrast, racemic methadone is associated with common opioid side effects that include anxiety, nervousness, restlessness, sleep problems (insomnia), nausea, vomiting, constipation, diarrhea, drowsiness, and others. It has been shown that the left (levo) isomer, l-Methadone, is largely responsible for methadone's opioid activity, while the right (dextro) isomer, d-Methadone, is much less active as an opioid while maintaining affinity for the NMDA receptor.

NMDA receptors are present in many parts of the central nervous system and play important roles in neuronal plasticity and other functions that are important for cognitive functions such as learning and memory. They also contribute to the maladaptive plasticity, which results in neuropathic pain. Based on these premises, d-Methadone is potentially a platform that could be developed and could show benefits in several different indications.

#### **d-Methadone Phase I Clinical Safety Studies**

##### *Summary*

The safety data from two Company-funded d-Methadone Phase I clinical safety studies and a third study conducted by researchers at Memorial Sloan-Kettering Cancer Center indicate that d-Methadone was safe and well tolerated in both healthy subjects and cancer patients at all projected therapeutic doses tested.

In November 2014, Health Canada approved a Clinical Trial Application ("CTA") to conduct the first Phase I study with d-Methadone. This was a Single Ascending Dose ("SAD") study and was followed by a Multiple Ascending Dose ("MAD") study, both in healthy volunteers. The two studies were designed to assess the safety, tolerability and pharmacokinetics of d-Methadone in healthy, opioid-naïve subjects. The SAD study included single escalating oral doses of d-Methadone to determine the maximum tolerated dose, defined as the highest dose devoid of significant opioid- or ketamine-like adverse events. In the MAD study, healthy subjects received daily oral doses of d-Methadone for several days to assess its safety, pharmacokinetics and tolerability. In March 2015, we reported that d-Methadone demonstrated a safe profile with no dose limiting side effects after four cohorts were exposed to increasing higher doses. In April 2015, the Company received clearance from Health Canada to continue with dose escalation and explore even higher single doses of d-Methadone. In June 2015, the Company successfully completed the SAD study and subsequently received a No Objection Letter (NOL) from Health Canada to conduct the MAD clinical study in August 2015. The MAD study was completed in January 2016 and the results successfully demonstrated a potential therapeutic dosing regimen for d-Methadone with a favorable side effect and tolerability profile. The data from these studies will inform the design of a subsequent Phase II proof-of-concept study in patients with depression and/or other suitable indications.

## **d-Methadone In Vivo Study for Depression**

In May 2016, we announced the results of an in vivo study showing that administration of d-Methadone results in antidepressant-like effects in a well-validated treatment model, known as the forced swim test (FST), providing preclinical support for its potential as a novel treatment of depression.

According to the Journal of Visualized Experiments, the FST is based on the assumption that when placing an animal in a container filled with water, it will first make efforts to escape by swimming or climbing, but eventually will exhibit “immobility” that may be considered to reflect a measure of behavioral despair. This test has been extensively used because it involves the exposure of the animals to stress, which was shown to have a role in the tendency for major depression. Additionally, the FST has been shown to share some of the factors that are influenced or altered by depression in humans, including changes in food consumption and sleep abnormalities. The main advantages of this procedure are that it is relatively easy to perform and that its results are easily and quickly analyzed. Importantly, the FST’s sensitivity to a broad range of antidepressant drugs makes it a suitable screening test and is one of the most important features leading to its high predictive validity.

In the Company’s FST study, male Sprague Dawley rats were administered single doses of placebo, ketamine, or d-Methadone on day one (after habituation; 24 hours prior to forced swim testing). At all doses tested, d-Methadone significantly decreased immobility of the rats compared to the placebo, suggesting antidepressant-like activity. In addition, the effect of d-Methadone on immobility at the two highest doses tested was larger than the effect seen with ketamine. Moreover, the effects of d-Methadone in the forced swim test were not caused by a stimulant effect on spontaneous locomotor activity of the rats. Locomotor activity of lab animals is often monitored to assess the behavioral effects of drugs.

A separate in vitro electrophysiology study of d-Methadone was conducted using 2 subtypes of cloned human NMDA receptors. The results of this study demonstrated functional antagonist activity with d-Methadone comparable to that of both racemic ketamine and the isomer [S]-ketamine.

## **Planned Phase II Program for d-Methadone**

Combined with the results of our Phase I studies, the encouraging results of in vivo and in vitro studies support our belief that d-Methadone warrants further evaluation in a Phase II program as a rapidly acting, oral agent for the treatment of depression. Relmada filed an Investigational New Drug (“IND”) application for the Phase II program with the FDA before the end of December 2016, which was accepted on January 25, 2017. The Company expects to initiate the Phase IIa portion of the trial during the first half of 2017 with topline results available in 2018.

## **LevoCap ER (REL-1015)**

Our most-advanced novel version of a proven drug product, LevoCap ER (REL-1015), is an extended release, abuse deterrent, and proprietary formulation of levorphanol (levo-3-hydroxy-N-methyl-morphinan), a unique, broad spectrum opioid with additional “non-opioid” mechanisms of action. In particular, levorphanol binds to all three opioid receptor subtypes involved in analgesia (mu, kappa, and delta), the NMDA receptor, and the norepinephrine and serotonin reuptake pumps, whereas morphine, oxycodone, hydrocodone, and other opioids are highly selective for the mu receptor subtype. Due to its multi-modal mechanism of action, levorphanol could achieve analgesia in patients resistant to other strong opioids. In clinical studies, levorphanol has demonstrated a remarkably broad spectrum of analgesic activity against many different types of pain including neuropathic pain, post-surgical pain, and chronic pain in patients refractory to other opioids. To our knowledge, the analgesic tapentadol (Nucynta®) is the only other commercially available, multimodal opioid with non-opioid analgesic benefits. However, in contrast to levorphanol’s strong opioid effects, tapentadol is a low affinity mu opioid receptor agonist and a norepinephrine reuptake inhibitor.

Levorphanol is a potent opioid analgesic first introduced in the U.S. around 1953 for the treatment of moderate to severe pain where an opioid analgesic is appropriate. It is currently available as an immediate release (short-acting opioid), non-abuse deterrent formulation through Sentyln Therapeutics, Inc. However, extended-release (long-acting opioid) agents may be preferable due to better patient adherence, less dose-watching, and result in improved sleep.

Both immediate- and extended-release opioids can potentially be crushed to produce concentrated drug with greater appeal to abusers. Intentional crushing or extracting the active ingredient from the extended-release dosage form by addicts and recreational drug users can destroy the timed-release mechanism and result in a rapid surge of drug into the bloodstream for the purpose of achieving a high or euphoric feeling. Serious side effects and death have been reported from such misuse.

LevoCap ER is the first product candidate utilizing SECUREL™, Relmada’s proprietary abuse deterrent extended release technology for opioid drugs. SECUREL dosage forms cannot be easily crushed for inhalation or to obtain rapid euphoria from high blood levels when swallowed. It is also exceedingly difficult for intravenous abusers to extract the active drug from the dosage form using common solvents, including alcohol.

Relmada is developing LevoCap ER under the 505(b)(2) regulatory pathway. Following an exchange of correspondence and meeting with the FDA in January 2017, we have defined a path forward for the Phase III clinical plan for LevoCap ER and new drug application (NDA) filing.

**BuTab (REL-1028)**

Our second-most-advanced novel version of a proven drug product, BuTab (REL-1028), represents novel formulations of oral, modified release buprenorphine as a potential therapeutic for both chronic pain and opioid dependence. Buprenorphine has been widely used by the sublingual and transdermal routes of administration, but was believed to be ineffective by the oral route because of poor oral bioavailability. We have completed a preclinical program to better define the pharmacokinetic profile of BuTab and to assess the time course of systemic absorption of buprenorphine using several different oral modified release formulations of buprenorphine in dogs, compared to an intravenous administration. Based on the results of this work, we obtained approval from Health Canada and initiated a Phase I pharmacokinetic study in healthy volunteers in the second quarter of 2015. This trial was completed in the fourth quarter of 2015. The absolute bioavailability of BuTab relative to intravenous (IV) administration exceeded published data with non-modified buprenorphine when administered orally and compares favorably with a currently marketed transdermal buprenorphine patch. There were no safety or tolerability issues. The data generated by this study will guide formulation optimization and inform the design of subsequent clinical pharmacology studies.

**MepiGel (REL-1021)**

MepiGel (REL-1021) is a proprietary topical dosage form of the local anesthetic mepivacaine for the treatment of painful peripheral neuropathies, such as painful diabetic neuropathy, PHN, and painful HIV-associated neuropathy. Mepivacaine is an anesthetic (numbing medicine) that blocks the nerve impulses that send pain signals to the brain. It is chemically related to bupivacaine but pharmacologically related to lidocaine. Mepivacaine is currently indicated for infiltration, nerve block and epidural anesthesia. Relmada has received two FDA Orphan Drug Designations for mepivacaine, one each for “the treatment of painful HIV-associated neuropathy” and for “the management of postherpetic neuralgia,” or PHN. We have selected the formulations to be advanced into clinical studies for MepiGel after the evaluation of results from in vitro and ex vivo studies comparing various topical prototypes of mepivacaine that were conducted by MedPharm Ltd, a specialist formulation development company recognized internationally for its expertise in topical and transdermal products. Multiple toxicology studies were successfully conducted and completed in 2015.

## **Results of Operations**

### **For the Three Months Ended December 31, 2016 versus December 31, 2015**

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Increase (Decrease)
<b>Operating Expenses</b>			
General and administrative	\$ 1,282,296	\$ 3,604,109	(2,321,813)
Research and development	254,105	2,118,204	(1,864,099)
<b>Total</b>	<b>\$ 1,536,401</b>	<b>5,722,313</b>	<b>(4,185,912)</b>

#### **General and Administrative Expense**

General and administrative expense for the three months ended December 31, 2016 was approximately \$1,282,000 compared to \$3,604,000 for the three months ended December 31, 2015, a decrease of \$2,322,000. The decrease largely resulted from a combination of a decrease in legal costs associated with the litigation proceeding with Laidlaw and outside services of approximately \$1,600,000, decrease in salaries and benefits of \$485,000 and a decrease in investor relations of \$180,000.

#### **Research and Development Expense**

Research and development expense for the three months ended December 31, 2016 was approximately \$254,000 compared to \$2,118,000 for the three months ended December 31, 2015, a decrease of approximately \$1,864,000. The decrease was driven by lower clinical trial expenses of \$1,720,000, and a decrease in R&D salaries and outside services of approximately \$140,000.

#### **Other Income (Expense)**

The change in the fair value of derivative liabilities was a non-cash unrealized gain of approximately \$449,000 for the three months ended December 31, 2016, as compared to a non-cash unrealized gain of \$3,262,000 for the comparable period in 2015.

The derivative liability will decrease when warrants are exercised, expire or when the anti-dilution feature is eliminated. The anti-dilution feature is eliminated when the Company is up-listed to a National Exchange (NYSE or NASDAQ). The derivative liabilities are affected by factors that are subject to significant fluctuations and are not under the Company's control. Therefore, the resulting effect upon our net income or loss is subject to significant fluctuations and will continue to be subject to significant fluctuations until the derivatives are reduced to zero, expire or are exercised. The accounting guidance applicable to these warrants requires the Company (assuming all other inputs to the pricing model remain constant) to record a non-cash loss when the Company's stock price is rising and to record non-cash income when the Company's stock price is decreasing.

#### **Net Loss per Common Share**

The loss for the Company for the three months ended December 31, 2016 and 2015 was approximately \$1,031,000 and \$2,461,000, respectively. The Company had net loss of \$(0.09) and \$(0.22) per basic and diluted weighted average common share for the three months ended December 31, 2016 and 2015, respectively.



## **Results of Operations**

### **For the Six Months Ended December 31, 2016 versus December 31, 2015**

	Six Months Ended December 31, 2016	Six Months Ended December 31, 2015	Increase (Decrease)
<b>Operating Expenses</b>			
General and administrative	\$ 2,534,740	\$ 5,368,122	(2,833,382)
Research and Development	618,257	4,983,790	(4,365,533)
<b>Total</b>	<b>\$ 3,152,997</b>	<b>10,351,912</b>	<b>(7,198,915)</b>

#### **General and Administrative Expense**

General and administrative expense for the six months ended December 31, 2016 was approximately \$2,535,000 compared to \$5,368,000 for the six months ended December 31, 2015, a decrease of \$2,833,000. The decrease largely resulted from a combination of decrease in legal associated with the litigation proceeding with Laidlaw and outside services of approximately \$1,730,000, decrease in salaries and benefits of \$800,000 and a decrease in investor relations of \$300,000.

#### **Research and Development Expense**

Research and development expense for the six months ended December 31, 2016 was approximately \$618,000 compared to \$4,984,000 for the six months ended December 31, 2015, a decrease of approximately \$4,366,000. The decrease was driven by lower clinical trial expenses of \$4,200,000, and a decrease in R&D salaries and outside services of approximately \$200,000.

#### **Other Income (Expense)**

The change in the fair value of derivative liabilities was a non-cash unrealized gain of approximately \$369,000 for the six months ended December 31, 2016, as compared to a non-cash unrealized gain of \$12,555,000 for the comparable period in 2015.

The derivative liability will decrease when warrants are exercised, expire or when the anti-dilution feature is eliminated. The anti-dilution feature is eliminated when the Company is up-listed to a National Exchange (NYSE or NASDAQ). The derivative liabilities are affected by factors that are subject to significant fluctuations and are not under the Company's control. Therefore, the resulting effect upon our net income or loss is subject to significant fluctuations and will continue to be subject to significant fluctuations until the derivatives are reduced to zero, expire or are exercised. The accounting guidance applicable to these warrants requires the Company (assuming all other inputs to the pricing model remain constant) to record a non-cash loss when the Company's stock price is rising and to record non-cash income when the Company's stock price is decreasing.

#### **Net Loss per Common Share**

The net (loss) income for the Company for the six months ended December 31, 2016 and 2015 was approximately \$(2,671,000) and \$2,202,000 respectively. The Company had net (loss) income of \$(0.22) and \$0.20 per basic weighted average common share for the six months ended December 31, 2016 and 2015, respectively. The Company had net (loss) income of \$(0.22) and \$0.19 diluted weighted average common share for the six months ended December 31, 2016 and 2015, respectively.

## Liquidity

To date, we have financed our operations primarily through issuance of common stock and warrants and subordinated debt (converted to common stock). Since our inception, we have not generated any product revenue and do not anticipate generating any revenues for the foreseeable future. We have incurred losses from inception to December 31, 2016 of approximately \$ (82,506,000). We have generated negative cash flows from operations since inception. We expect to incur additional expenses over the next several years developing our products

We will need to raise additional funds in order to continue our clinical trials. Insufficient funds may cause us to delay, reduce the scope of or eliminate one or more of our development programs. We anticipate that with our cash and cash equivalents on hand at December 31, 2016, of \$4,714,000, the Company can fund future operations until the end of the calendar year 2017. Our future capital needs and the adequacy of our available funds will depend on many factors, including the cost of clinical studies and other actions needed to obtain regulatory approval of our products in development. If additional funds are required, we may raise such funds from time to time through public or private sales of equity or debt securities or from bank or other loans or through strategic collaboration and/or licensing agreements. Financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could materially adversely impact our growth plans and our financial condition or results of operations. Additional equity financing, if available, may be dilutive to our shareholders.

On October 2, 2015, we filed a shelf registration statement on Form S-3 (the "Registration Statement"). The Registration Statement has not been declared effective by the Securities and Exchange Commission. This Registration Statement contained two prospectuses: (i) a base prospectus which covers the offering, issuance and sale by the Company of up to \$200,000,000 of its common stock, preferred stock, warrants and/or units; and (ii) a sales agreement prospectus covering the offering, issuance and sale by us of up to a maximum aggregate offering price of \$75,000,000 of its common stock that may be issued and sold under a sales agreement (the "Sales Agreement") with Cantor Fitzgerald & Co ("CF"). The Company cannot access any funds until the Company is up-listed to a National Stock Exchange.

## Effects of Inflation

Our assets are primarily monetary, consisting of cash and cash equivalents. Because of their liquidity, these assets are not directly affected by inflation. Because we intend to retain and continue to use our equipment, we believe that the incremental inflation related to replacement costs of such items will not materially affect our operations. However, the rate of inflation affects our expenses, such as those for employee compensation and contract services, which could increase our level of expenses and the rate at which we use our resources.

The following table sets forth selected cash flow information for the periods indicated below:

	Six Months Ended December 31, 2016	Six Months Ended December 31, 2015
Cash used in operating activities	\$ (3,595,016)	\$ (6,690,999)
Cash used in investing activities	(27,261)	(476,105)
Cash used in financing activities	(163,637)	(175,219)
Net decrease in cash and cash equivalents	<u>\$ (3,785,914)</u>	<u>\$ (7,342,323)</u>

For the six months ended December 31, 2016, cash used in operating activities was \$3,595,016 primarily due to the loss from operations for the six months ended December 31, 2016 of \$2,671,410 and a decrease in both accounts payable and accrued expenses, partially offset by non-cash item including stock-based compensation expenses and depreciation expense.

For the six months ended December 31, 2015, cash used in operating activities was \$6,690,949 primarily due to the change in the fair value of the derivative liability for the six months ended December 31, 2015 of \$12,555,319, and the decrease in accounts payable partially offset by non-cash items including stock-based compensation expenses, common stock issued for services and depreciation expense, in addition to the increase in accrued expense of \$1,080,480.

For the six months ended December 31, 2016 and 2015 cash used in investing activities was \$27,261 and \$476,105, respectively, due to purchases of fixed assets.

Net cash used in financing activities for the six months ended December 31, 2016 and 2015 was \$163,637 and \$175,219, respectively. The payments were related to a note for directors' and officers' insurance policy.

## Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities (SPEs), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually limited purposes. As of December 31, 2016 and June 30, 2016, we were not involved in any SPE transactions.

## **Contractual Obligations**

Please refer to Note 9 in our Annual Report on Form 10-K for the year ended June 30, 2016 under the heading Commitments and Contingencies. To our knowledge there have been no material changes to the risk factors that were previously disclosed in the Company's Annual Report on Form 10-K for the year ended June 30, 2016. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

## **Critical Accounting Policies and Estimates**

A critical accounting policy is one that is both important to the portrayal of a company's financial condition and results of operations and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our unaudited consolidated financial statements are presented in accordance with U.S. GAAP, and all applicable U.S. GAAP accounting standards effective as of December 31, 2016 have been taken into consideration in preparing the unaudited consolidated financial statements. The preparation of unaudited consolidated financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, expenses and related disclosures. Some of those estimates are subjective and complex, and, consequently, actual results could differ from those estimates. The following accounting policies and estimates have been highlighted as significant because changes to certain judgments and assumptions inherent in these policies could affect our consolidated financial statements:

- Research and development expenses,
- Stock-based compensation expenses; and
- Fair value of derivative liabilities

We base our estimates, to the extent possible, on historical experience. Historical information is modified as appropriate based on current business factors and various assumptions that we believe are necessary to form a basis for making judgments about the carrying value of assets and liabilities. We evaluate our estimates on an on-going basis and make changes when necessary. Actual results could differ from our estimates.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

There have been no material changes to our exposures to market risks as disclosed under the heading "Quantitative and Qualitative Disclosures About Market Risks" in the annual MD&A contained in our Form 10-K for the year ended June 30, 2015 except below.

Sales of the our common stock through Cantor Fitzgerald & Co. ("CF"), if any, will be made on a National Exchange such as NASDAQ or the NYSE MKT LLC, on any other existing trading market for the common stock or to or through a market maker. Subject to the terms and conditions of the Sales Agreement. CF will use commercially reasonable efforts to sell our common stock from time to time, based upon our instructions (including any price, time or size limits or other customary parameters or conditions we may impose). We will pay to CF in cash, upon the sale of common stock pursuant to the Sales Agreement, an amount equal to 3.0% of the gross proceeds from the sale of common stock. We have also provided CF with customary indemnification rights.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based upon our evaluation, our Chief Executive Officer and Principal Financial and Accounting Officer concluded that our disclosure controls and procedures are effective as of December 31, 2016, in ensuring that material information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the three months ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

#### Legal

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business. Except as disclosed below, the Company is currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on its business, financial condition or operating results.

#### Legal Proceedings

*Lawsuit Brought by a Former Officer:* In 2014, Relmada dismissed with prejudice its lawsuit against Najib Babul, which had sought to compel Mr. Babul, Relmada's former President, to account for questionable expenditures of Relmada funds made while Babul controlled the Company. Relmada's decision to surrender its claims was informed by the fact that Babul came forward with plausible explanations for some of the expenditures, and the fact that, because Babul was a former officer and director of Relmada being sued for his conduct in office, the Company was required to advance his expenses of the litigation; hence, Relmada was paying all the lawyers and consultants on both sides of the dispute. Relmada also agreed to reinstate certain stock purchase warrants in Babul's name, which had been cancelled during the pendency of the litigation, and offered Babul the right to exchange his shares in RTI for shares in the Company.

Babul has brought a second lawsuit against Relmada. Ruling on Relmada's motion, the United States District Court for the Eastern District of Pennsylvania dismissed Babul's claims for breach of contract and intentional infliction of emotional distress, and left intact his claims for defamation, and wrongful use of civil process. Management believes that the Company has good defenses to all of Babul's claims, and that the outcome of the Babul litigation, even if unfavorable, would not materially affect the Company's operations or financial position. However, litigation is an inherently uncertain process, and there can be no assurances with respect to either the outcome or the consequences of this litigation.

*Proceeding with Laidlaw:* On December 9, 2015, Relmada filed a lawsuit in the U.S. District Court for the District of Nevada (the "Court") against Laidlaw & Company (UK) Ltd. and its two principals, Matthew Eitner and James Ahern (collectively, the "Defendants"), Relmada Therapeutics, Inc. v. Laidlaw & Company (UK) Ltd., et al. (Case No. 15-cv-2338) (the "Lawsuit"). The Lawsuit alleges that the press release issued by the Defendants on December 4, 2015, which was subsequently filed with the Securities and Exchange Commission ("SEC") on Schedule 14A, contained materially misleading proxy statements regarding, among other things, Defendants' ability to nominate directors at Relmada's December 30, 2015 annual stockholders' meeting (the "Meeting"), in violation of Section 14(a) of the Securities Exchange Act of 1934 and SEC Rule 14a-9. Relmada sought a temporary restraining order and preliminary injunction to enjoin the Defendants from continuing to disseminate false and misleading proxy statements.

On December 10, 2015, the Court issued a temporary restraining order and associated injunction to enjoin the Defendants from "continuing to disseminate false and misleading proxy materials" and require that Defendants, among other things, "immediately must retract or correct its false and misleading proxy materials" (the "Temporary Restraining Order"). The Temporary Restraining Order was set to expire on December 22, 2015, when the parties were scheduled to appear for a hearing before the Court.

On December 16, 2015, the Defendants filed an answer in response to the Lawsuit as well as a counterclaim against Relmada and its Board of Directors (the "Counterclaim"). The Counterclaim alleges that (i) Relmada has disseminated materially false and misleading proxy statements concerning Defendants' previous actions and conduct, in violation of Section 14(a) of the Securities Exchange Act of 1934 and SEC Rule 14a-9, and (ii) members of Relmada's Board of Directors breached their fiduciary duties by, among other things, approving certain changes to Relmada's stockholder election procedures. The Counterclaim sought the dissolution of the Temporary Restraining Order and injunctive relief that would postpone the Meeting.

On December 22, 2015, after a hearing before the Court, the Court entered the Company's requested preliminary injunction, ordering the Defendants to continue to comply with similar terms to the Temporary Restraining Order (the "Preliminary Injunction Order"). The Preliminary Injunction Order will remain in place pending a full trial on the merits.

On February 18, 2016, Relmada filed an amended complaint in connection with the Lawsuit. The amended complaint includes an additional legal claim based on the Defendants' breach of the fiduciary duty that they owed to Relmada when the Defendants disclosed and mischaracterized confidential information that they acquired in their capacity as Relmada's investment banker. Relmada is also seeking monetary damages arising from fees and costs that it incurred responding to the Defendants' false and misleading proxy materials in December 2015.

On April 4, 2016, Laidlaw filed a motion to dismiss Relmada's amended complaint. On April 15, 2016, Relmada filed a partial motion to dismiss the Counterclaim and Laidlaw filed a motion to transfer venue to the U.S. District Court for the Southern District of New York. Relmada's motion to dismiss was mooted by stipulation.

On September 6, 2016, Relmada moved for leave to amend the complaint for a second time to allege additional claims against Defendants, including defamation/business disparagement, defamation per se, tortious interference with prospective economic advantage, violations of sections 1962(c) and 1692(d) of the Racketeer Influenced and Corrupt Organizations Act, and violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The Court granted Relmada's motion to amend on September 27, 2016, which mooted the pending motion to dismiss the amended complaint. Shortly thereafter, on September 29, 2016, the Court granted Defendants' motion to transfer venue to the U.S. District Court for the Southern District of New York (the "SDNY Court"). Relmada filed its second amended complaint on or about October 5, 2016, the same date on which the Lawsuit was officially transferred to the SDNY Court.

The SDNY Court held an initial pretrial conference on October 21, 2016 during which it set a briefing schedule for Defendants' contemplated motion to dismiss. During the conference, Defendants' counsel represented that Defendants have no pending counterclaims against Relmada as of that time. As of January 6, 2017, Defendants' motion to dismiss was fully briefed and submitted to the SDNY Court for decision.

**ITEM 1A. RISK FACTORS**

There have been no material changes to the risk factors under Part I, Item 1A of our Form 10-K for the year ended June 30, 2016.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

Copies of the following documents are included as exhibits to this report pursuant to Item 601 of Regulation S-K

<b>Exhibit No.</b>	<b>Title of Document</b>	<b>Location</b>
10.1	Amendment No. 2 to Relmada Therapeutics, Inc. 2014 Stock Option and Equity Incentive Plan	Attached
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Attached
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Attached
32.1	Certification of the Chief Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*	Attached
32.2	Certification of the Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*	Attached
101.SCH	XBRL Taxonomy Extension Schema Document	Attached
101.CAL	XBRL Taxonomy Calculation Linkbase Document	Attached
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Attached
101.LAB	XBRL Taxonomy Label Linkbase Document	Attached
101.PRE	XBRL Taxonomy Presentation Linkbase Document	Attached

\* The Exhibit attached to this Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference 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.

Date: February 10, 2017

By: /s/ Sergio Traversa  
Sergio Traversa  
Chief Executive Officer  
(Duly Authorized Executive Officer and  
Principal Executive Officer)

By: /s/ Michael Becker  
Michael Becker  
Chief Financial Officer  
(Duly Authorized Officer and  
Principal Financial and Accounting Officer)

**AMENDMENT NO. 2  
TO  
RELMADA THERAPEUTICS, INC. 2014 STOCK OPTION AND  
EQUITY INCENTIVE PLAN, AS AMENDED**

Pursuant to Section 9(a) of the 204 Stock Option and Equity Incentive Plan, as amended (the “**Plan**”) of Relmada Therapeutics, Inc. (the “**Company**”), the Board of Directors of the Company has duly adopted a resolution, conditioned upon approval by the stockholders of the Company, approving this Amendment No. 2 to the Plan to increase the total number of shares of common stock, par value \$.001 per share, of the Company (the “**Common Stock**”) reserved and available for issuance under the Plan as follows:

1. Section 4(a)(i) of the Plan is hereby amended to read in its entirety as follows:

“CALCULATION OF NUMBER OF SHARES AVAILABLE. Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be sold under the Plan is 4,111,768 Shares of Common Stock, and the maximum aggregate number of Shares available for issuance as Incentive Stock Options is the same. The Shares may be authorized, but unissued, or reacquired Common Stock. If an award should expire or become unexercisable for any reason without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares that were subject thereto shall, unless the Plan shall have been terminated, become available for future grant under the Plan. In addition, any Shares of Common Stock which are retained by the Company upon exercise of an award in order to satisfy the exercise or purchase price for such award or any withholding taxes due with respect to such exercise or purchase shall be treated as not issued and shall continue to be available under the Plan. Shares issued under the Plan and later repurchased by the Company pursuant to any repurchase right which the Company may have shall not be available for future grant under the Plan.

2. All other terms and provisions of the Plan shall remain unchanged and in full force and effect as written.

3. A majority in voting interest of the stockholders present in person or by proxy and entitled to vote at the meeting of stockholders at which this Amendment No. 2 was considered, has duly approved this Amendment No. 2 to the Plan.

**IN WITNESS WHEREOF**, this Amendment No. 2 to the Plan is made effective this 10th day of February, 2017.

RELMADA THERAPEUTICS, INC.
By: <u>/s/ Sergio Traversa</u>
Name: Sergio Traversa
Title: Chief Executive Officer



CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, Sergio Traversa, certify that:

1. I have reviewed this Form 10-Q of Relmada Therapeutics, 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 present in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-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. 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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Relmada Therapeutics, Inc.

By: /s/ Sergio Traversa  
Sergio Traversa  
Chief Executive Officer  
(Principal Executive Officer)

February 10, 2017

CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002

I, Michael Becker certify that:

1. I have reviewed this Form 10-Q of Relmada Therapeutics, 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 present in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-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 principals;
  - 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 financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on 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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Relmada Therapeutics, Inc.

By: /s/ Michael Becker  
Michael Becker  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

February 10, 2017

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

In connection with the Quarterly Report of Relmada Therapeutics, Inc. (the "Company") on Form 10-Q for the three months ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sergio Traversa, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the consolidated financial condition and results of consolidated operations of the Company.

Relmada Therapeutics, Inc.

By: /s/ Sergio Traversa  
Sergio Traversa  
Chief Executive Officer  
(Principal Executive Officer)

February 10, 2017

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

In connection with the Quarterly Report of Relmada Therapeutics, Inc. (the "Company") on Form 10-Q for the three months ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Becker, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Quarterly Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company.

Relmada Therapeutics, Inc.

By: /s/ Michael Becker  
Michael Becker  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

February 10, 2017