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

FORM 10-K

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

For the year ended December 31, 2015

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

For the transition period from

Commission file number 000-55413

Cell Source, Inc.

(Exact name of registrant as specified in its charter)

Nevada	32-0379665
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5 Kineret Street
Bnei Brak Israel 5126237
(Address of principal executive offices)

011 972 3 562-1755
(Issuer's telephone number)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common stock, $0.001 par value

Indicate by check mark whether the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. ☐ Yes ☑ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☑ No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K . ☐

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 ☐	Smaller reporting company ☑

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

As of June 30, 2015, the aggregate market value of the issued and outstanding common stock held by non-affiliates of the registrant was $19,579,741, based on the closing sale price as reported on the OTC Markets.

As of April 8, 2016, there were 23,929,256 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE - None.

CELL SOURCE, INC.

FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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PART I

ITEM 1. BUSINESS.

Overview

TTSI Corporate History

Cell Source, Inc. (the "Company") is a Nevada corporation formed on June 6, 2012 under the name Ticket to See, Inc. ("TTSI"). Prior to the Share Exchange (as defined below), we did not have any significant assets or operations. Cell Source, Inc. is the parent company of Cell Source Ltd. ("Cell Source Israel"). Cell Source Israel was founded in Israel in 2011 in order to commercialize a suite of inventions relating to certain cancer treatments.

Share Exchange

On June 30, 2014 (the "Closing Date"), TTSI entered into and closed a Share Exchange Agreement (the "Share Exchange Agreement") with Cell Source Israel and 100% of the shareholders of Cell Source Israel (the "CSL Shareholders") whereby Cell Source Israel became the wholly-owned subsidiary of TTSI and TTSI changed its name to Cell Source, Inc. (the "Share Exchange"), and whereby certain CSL Shareholders, holding 18,245,923 of the outstanding shares of Cell Source Israel, transferred to the Company an aggregate of 18,245,923 shares of Cell Source Israel's ordinary shares, each of nominal value of NIS 0.01 ("CSL Ordinary Shares") in exchange for an aggregate of 18,245,923 newly issued shares of the Company's Common Stock, par value $0.001 per share (the "Company Common Stock" or the "Common Stock"). The aggregate of 18,245,923 shares of newly issued Company Common Stock represents 78.5% of the outstanding shares of Company Common Stock following the Closing Date. In addition, outstanding five (5) year warrants to acquire 4,859,324 CSL Ordinary Shares at an exercise price of $0.75 per share (the "CSL Warrants") were exchanged for newly issued warrants to purchase shares of Company Common Stock (the "Company Warrants"), which Company Warrants contain substantially similar terms as the CSL Warrants. In addition, outstanding warrants to acquire 2,043,835 CSL Ordinary Shares held by Yair Reisner, Ph.D. and Yeda Research and Development Company Limited were exchanged for warrants to purchase shares of Company Common Stock (the "Researcher Company Warrants"), which Researcher Company Warrants contain substantially similar terms as their warrants to acquire CSL Ordinary Shares. The aggregate of 6,903,159 Company Warrants and Researcher Company Warrants represented 77.5% of the outstanding warrants to purchase Common Stock of the Company following the Closing Date.

Cell Source Israel's Private Placement

Beginning in November 2013, Cell Source Israel collected and entered into a series of subscription agreements (the "Subscription Agreement") with certain accredited investors (the "Investors") in a private placement offering (the "Private Placement"). Cell Source Israel held closings of the Private Placement between December 9, 2013 through April 7, 2014, pursuant to which Cell Source Israel sold an aggregate of 4,759,324 Units (the "Units"), at a purchase price of $0.75 per Unit, for gross proceeds of $3,569,475. Each Unit consists of one (1) share of CSL Ordinary Shares and one (1) CSL Warrant. Each CSL Warrant entitled the holder to purchase one (1) share of CSL Ordinary Shares for a five (5) year period at an exercise price of $0.75 per share. In connection with the Private Placement, Cell Source Israel relied upon the exemption from securities registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act") and Rule 506 as promulgated under the Securities Act for transactions not involving a public offering.

Under the Subscription Agreement, the Investors were granted the following rights for a period of five (5) years commencing on the closing of the Private Offering: (i) in the event any shares of CSL Ordinary Shares or securities convertible, exchangeable or exercisable for CSL Ordinary Shares are issued at a price less than $0.75 per share ("Adjustment Event"), subject to certain adjustments, then additional CSL Ordinary Shares, or equivalents, will be issued to the Investors such that the aggregate holdings of the Investors is equal to the aggregate holding had such Investors initially purchased at the applicable lower price by which securities were issued in the Adjustment Event (except that certain issuances set forth in the Subscription Agreement would not be an Adjustment Event); and (ii) upon any financing by Cell Source whereby CSL Ordinary Shares or securities convertible into CSL Ordinary Shares are issued or sold (a "Subsequent Financing"), Investors have the right to participate in such Subsequent Financing (subject to customary exemptions). The Investors were also granted the right to elect up to two (2) independent board members. On May 29, 2014, the majority of the Investors granted certain groups of shareholders the right to elect, subject to the closing of the Share Exchange Agreement, Yoram Drucker, Itamar Shimrat, David Zolty, Ben Friedman and Dennis Brown to the Board of Directors of the Company. Furthermore, pursuant to the Subscription Agreement, in the event that the Registration Statement, as defined below, is declared effective, the Company was obligated to issue to certain founders of Cell Source Israel (Isaac Braun, Saar Dickman, Itamar Shimrat and Yoram Drucker) warrants to purchase an aggregate of 3,000,000 shares of Company Common Stock at an exercise price of $0.75 per share, subject to the same adjustments and terms as the Company Warrants.

In connection with the Private Placement, Cell Source Israel also entered into a Registration Rights Agreement (the "Registration Rights Agreement") with the Investors, pursuant to which Cell Source Israel agreed to file a registration statement (the "Registration Statement"), registering for resale (i) all CSL Ordinary Shares, or securities into which they were exchanged, that were included in the Units; and (ii) all CSL Ordinary Shares, or equivalent securities, issuable upon exercise of the Investor Warrants or upon exercise of warrants into which the Investor Warrants were exchanged. The Company filed the Registration Statement on August 8, 2014 and it was declared effective by the Securities and Exchange Commission on November 10, 2014.

As a result of the Share Exchange, the Company assumed the obligations of Cell Source Israel under the Subscription Agreement and Registration Rights Agreement.

In July and August 2014, the Company, Cell Source Israel and the majority of the Investors entered into Amendment No. 1 (the "RRA Amendment") to the Registration Rights Agreement in order to amend a definition in the Registration Rights Agreement to more accurately reflect the understanding of the parties. Pursuant to the RRA Amendment, the definition relating to the deadline to file the Registration Statement was corrected such that the Company became obligated to file the Registration Statement on or prior to the 60th day after the closing of the Share Exchange Agreement (the "Registration Filing Date"). The RRA Amendment did not change any other term of the Registration Rights Agreement, including the obligation of the Company to get the Registration Statement declared effective within 120 days of the Registration Filing Date.

The foregoing descriptions of the Private Placement and related agreements and transactions do not purport to be complete and are qualified in their entirety by reference to the complete text of such agreements.

Implications of being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act, or JOBS Act, enacted in April 2012. An "emerging growth company" may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management's Discussion & Analysis of Financial Condition and Results of Operations in this report on Form 10-K;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act of 1933, as amended, or the Securities Act, which such fifth anniversary will occur in 2018. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenues exceed $1.0 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that this decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Notwithstanding the above, we are also currently a “smaller reporting company”, meaning that we are not an investment company, an asset-backed issuer, nor a majority-owned subsidiary of a parent company that is not a smaller reporting company, and has a public float of less than $75 million and annual revenues of less than $50 million during the most recently completed fiscal year. Some of the reduced disclosure and other requirements available to us as a result of the JOBS Act may continue to be available to us after we are no longer considered an “emerging growth company”. Specifically, similar to “emerging growth companies”, “smaller reporting companies” are able to provide simplified executive compensation disclosures in their filings; are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports. Decreased disclosures in our SEC filings due to our status as an “emerging growth company” or “smaller reporting company” may make it harder for investors to analyze our results of operations and financial prospects.

Cell Source Israel Corporate History

Prior to the Share Exchange, Cell Source Israel was a privately held company located in Tel Aviv, Israel. Cell Source Israel was founded in 2011 in order to commercialize a suite of inventions that were the result of over ten (10) years of research at the Weizmann Institute of Science in Rehovot, Israel (“Weizmann Institute”). Pursuant to a Research and License Agreement by and between Cell Source Israel and Yeda Research and Development Company Limited ("Yeda"), dated October 3, 2011, as amended on April 1, 2014 (the “Yeda License Agreement”), Yeda, the commercial arm of the Weizmann Institute, granted Cell Source Israel an exclusive license to certain patents, discoveries, inventions, and other intellectual property generated (together with others) by Yair Reisner, Ph.D. (“Dr. Reisner”), head of the Immunology Department at the Weizmann Institute.

Our Business

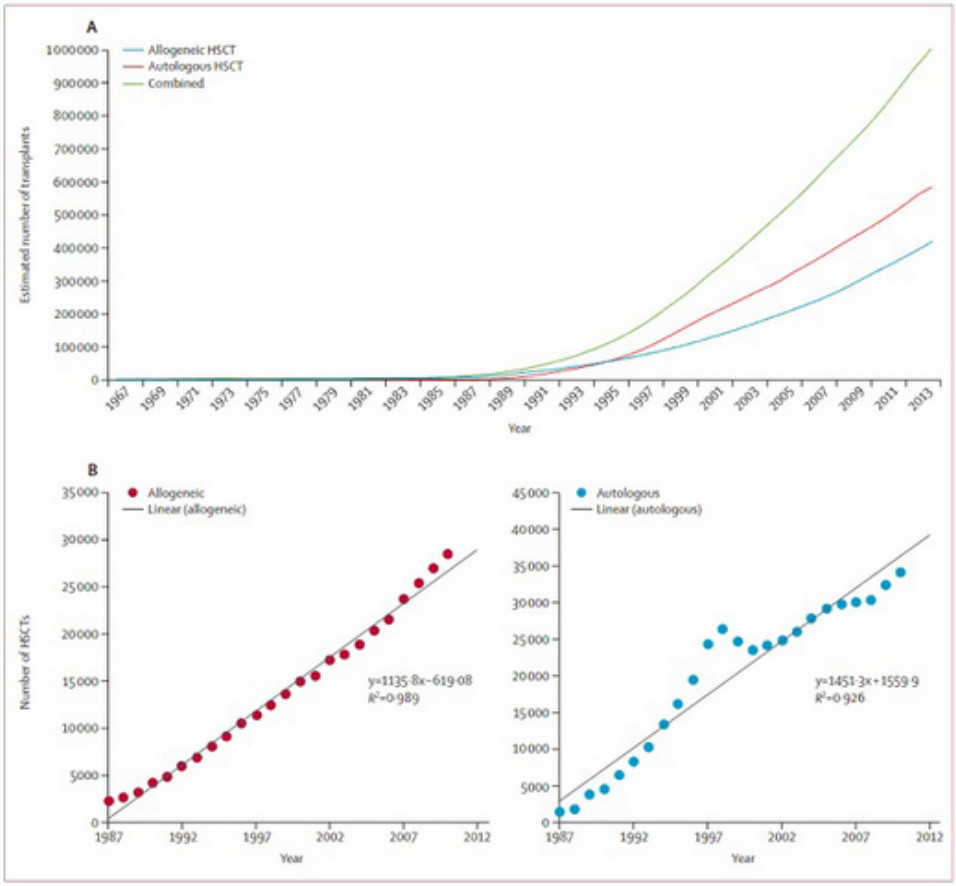
We are a cell therapy company focused on immunotherapy and regenerative medicine. Our technology seeks to address one of the most fundamental challenges within human immunology: *how to tune the immune response such that it tolerates selected desirable foreign cells, but continues to attack all other (undesirable) targets.* In simpler terms, many potentially life-saving treatments have limited effectiveness today because the patient’s immune system rejects them. Today, rejection is partially overcome using aggressive immune suppression treatments that leave the patient exposed to many dangers by compromising their immune system. The ability to overcome rejections without having to compromise the rest of the immune system may open the door to effective treatment of a number of severe medical conditions which are characterized by this need. These include:

- Haematological malignancies (leukemias, lymphomas, etc.). One of the most effective treatments for these conditions is bone marrow transplantation. However, this is a risky and difficult procedure primarily because of potential conflicts between host and donor immune systems.
- Non-malignant haematological conditions (such as sickle cell anemia) which could also be largely treated by bone marrow transplantation if the procedure did not pose such threatening conflicts between host and donor immune systems.
- Organ failure and transplantation. A variety of conditions can be treated by the transplantation of vital organs. However, transplantation is limited both by the problem of rejection and an insufficient supply of available donor organs.

Discussion

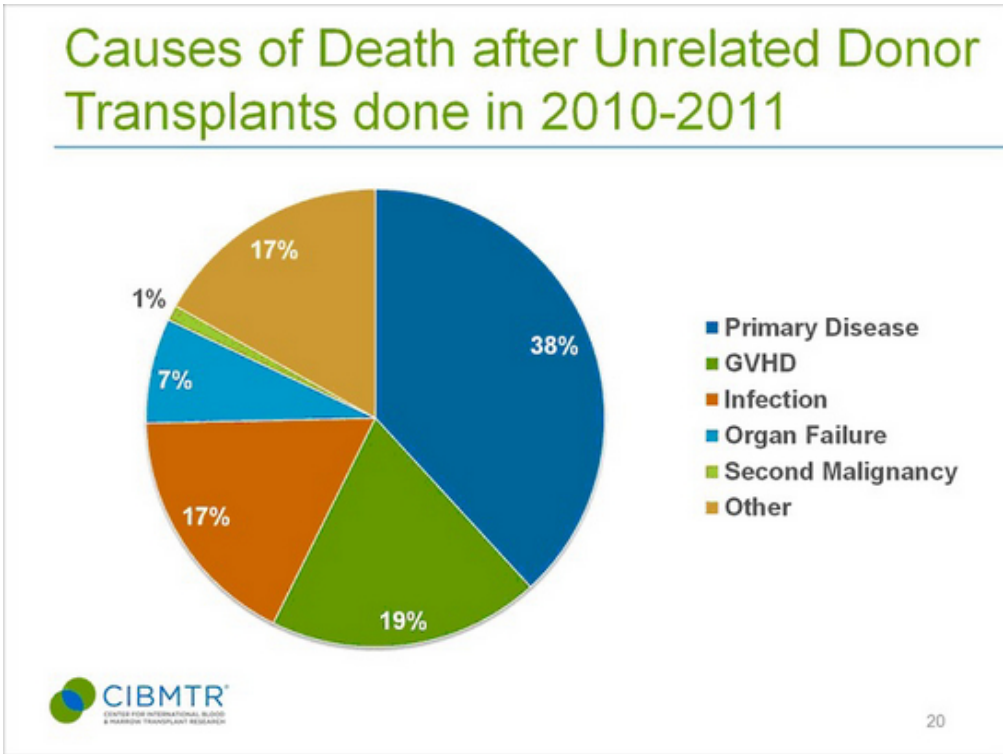
Haematological Malignancies

Haematological malignancies (blood cancers) comprise a variety of lymphomas and leukemias. A very important treatment protocol for these malignancies involves the use of hematopoietic stem cell transplantation (“HSCT”). To the best of our knowledge, over 1,000,000 bone marrow transplantations have been performed worldwide with the annual number of procedures exceeding 60,000(table below). Our technology will be immediately applicable to, at a minimum, the roughly 30,000 worldwide bone marrow transplants that are allogeneic (using cells taken from another individual).



Source:Worldwide Network for Blood and Marrow Transplantations

HSCT often has a curative effect when successful. However, it is very risky. HSCT involves destroying the patient's native immune system with radiation or chemotherapy (myeloablation) before the transplantation, and then suppressing immune response (immunosuppression) with drugs to manage the conflicts between host and donor cells, often for the rest of the patient's life. The majority of patients are unable to find a matched family donor. Approximately 35-40% of all unrelated donor transplant patients die within a year of transplantation. Most of these deaths (table below) are caused not by cancer, but by other factors, the most prevalent of with are GvHD (Graft versus Host Disease) and infections.



Myeloablation and immunosuppression are dangerous and difficult to tolerate, especially in patients over age 50. Therefore HSCT has been used mainly with younger patients

This means that:

a) many blood cancer patients are not candidates for the primary treatment (HSCT) that represents a potential cure;
b) there is high mortality among those patients who are candidates for HSCT and do undergo the procedure; and
c) those patients who successfully undergo and survive HSCT take dangerous, expensive, and quality-of-life reducing immunosuppression medications, typically for a prolonged period of time.

There is widespread awareness of the need for improved immune-system management technologies for HSCT - both to improve outcomes of transplantations for the traditional target set of patients and to expand the use of the procedure by making transplantation safe enough to become appropriate for a broader set of patients.

We aspire to use Veto Cell technology to dramatically improve the outcomes of the allogeneic transplantations already being performed, and thereby to rapidly penetrate the current market. However, our target population greatly exceeds those patients who currently undergo HSCT, as the firm's tolerizing technology could potentially make allogeneic transplantation an option for a much larger proportion of the diseased population. The following table shows the prevalence of the specific haematological malignancies on which we will focus:

Initial Malignancy Indications (note estimates for North America and EU only)	Prevalence (Number patients)	Annual Bone Marrow Transplantations
Non-Hodgkin's Lymphoma	808,000	11,000
Multiple Myeloma	188,000	16,500
Acute Myeloid Leukemia	119,000	8,500
Total	**1,115,000**	**36,000**

Source: National Cancer Institute, World Health Organization, Leukemia & Lymphoma Sociey, European Journal of Cancer

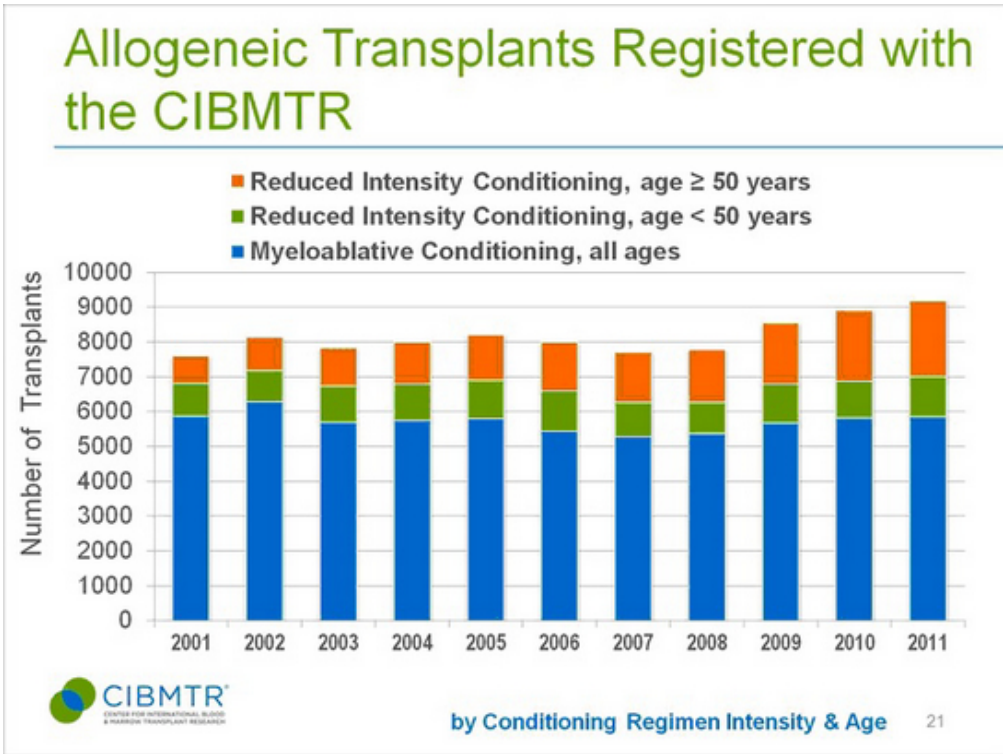
For the purposes of this document, it is assumed that the immediate candidates for Cell Source-enabled HSCT will be the subset of cancer patients that today receive transplantations as part of their cancer treatment (rightmost column in table above). We believe that these patients will benefit from Veto Cell adjunct therapy, as such therapy aspires to improve the success and reduce the risk and mortality of a procedure that they are having anyway. With time, as Veto Cell treatment becomes more widespread and data is accumulated, we believe that the percentage of patients that will be referred for Veto Cell enabled HSCT will increase significantly.

It is also important to note that incidence of these diseases is increasing, with up to a 77 percent increase in the number of newly diagnosed hematologic malignancies among the older population expected to occur over the next 20 years. *See* Mohamed L. Sorror et al., *Long-term Outcomes Among Older Patients Following Nonmyeloablative Conditioning and Allogeneic Hematopoietic Cell Transplantation for Advanced Hematologic Malignancies* , J. Am. Med. Ass'n, Nov. 2, 2011, at 1874.

HSCT Market Trends

There are four important market trends affecting the haematological malignancies market:

(1) As noted above, increasing incidence of these disorders in the West, largely driven by the aging population.
(2) Improvement and proliferation of HSCT treatments.
(3) A "virtuous circle" of lowered death rate due to better transplantations leading to more aggressive focus on HSCT.
(4) The growing use of "reduced intensity conditioning," i.e., lower myoablative dosing, which makes the procedure more survivable for older patients (see table below).



However, despite the above trends, the use of HSCT, especially allogeneic, remains limited because of the risks associated with the myeloablative treatments required to reduce the host immune response and GVHD. This means that the "gold-standard" of treatment is largely unavailable to the age cohort that makes up the majority of sufferers of these diseases.

The Company aspires to address this issue in a distinctive manner by significantly reducing the need for myeloablative treatment and avoiding the risk of GVHD, thereby improving the outlook for allogeneic transplantations and enabling their use in a much larger population set.

Relevant Non-Malignant Diseases

While Hematological malignancies represent the Company's initial focus, the Company's selective immune response blocking technology may also be effective in treating certain non-malignant blood and immune system disorders. This would represent an additional growth opportunity for the Company.

The target non-malignant diseases are widespread. The Company's first non-malignant disorder target is expected to be sickle cell anemia. This is a serious and relatively common disease.

Sickle cell anemia can be treated by HSCT which replaces the defective bone marrow cells. However, because of HSCT's riskiness, the procedure is currently used only in extreme cases. If successful in enabling safer HSCT, the Company will make this treatment available to a broader set of sickle cell anemia sufferers. As the therapy would be introduced in the form of bone marrow transplantation, we assume that only patients with relatively severe forms of the disease will initially be candidates. As such, only a minority of sickle cell anemia patients will be treatment candidates.

A second target within non-malignant disorders is support of organ transplantations (kidney, liver, etc.). Approximately 60,000 such procedures are conducted in North America and the EU each year. As with bone marrow transplantations, organ transplantations require substantial immunosuppression to prevent rejection. This ongoing treatment is dangerous, quality-of-life reducing, and costly. The Company's Veto Cell technology can potentially be used to selectively reduce immune response to the transplanted organ, thus reducing the need for aggressive immunosuppression post transplantation.

Market Access and Channels

The market for transplantation therapies is relatively concentrated. There are approximately 1,600 transplantation centers worldwide, of which some 700 are in North America and Western Europe.

A relatively small subset of these (often termed "Centers of Excellence") tends to set the practice standards for the entire transplantation community. Therefore, as discussed in the "Strategy" section, the Company plans to focus its initial penetration strategy on a relatively small group of influential centers.

Reimbursement issues for our therapies are expected to be relatively straightforward. Once clinical effectiveness and regulatory approval are established, the value-proposition for payors and providers is expected to be clear and compelling. Issues connected with immunosuppression and rejection constitute a major component of bone marrow transplantation costs, and significant improvement in this area is expected to bring substantive cost-savings for payors.

Sector Focus

We are in the general space of cell therapies. This is an emerging field, described by industry analysts as having "Blockbuster potential for regenerative treatments in indications with high level of unmet need." (Datamonitor.)

Within the cell therapy field, our initial focus is on allogeneic therapies (treatments using donor derived-as opposed to patient derived-cells), with a focus on haploidentical transplantations (transplantations that use cells from partially matched-as opposed to fully matched-donors and recipients). While potentially valuable, allogeneic therapies are relatively complex, risky, and expensive. A key driver of this complexity and associated costs is the conflict between host and donor immune systems, as discussed above.

Our technology, which in preclinical studies, and in the case of the Megadose Drug Combination in a first-in-human proof of concept, has shown the ability to enable tolerance of donor cells without affecting other immune processes, is fundamentally enabling. We expect it to significantly increase the safety, reduce the cost, and therefore broaden the scope of indications for such procedures.

Over time, we aspire to apply these technologies to autologous therapies (the processing and re-transplantation of an individual's own cells) for example for the treatment of B cell malignancies. All of these treatments would take the form of non-invasive cell suspension treatments administered intravenously. The currently planned treatment modality of fully personalized medicine (i.e., using the patient's own cells or those of a donor provided expressly by that patient) could, in some cases, eventually be supplanted by a more generic "off the shelf" modality offering which would be marketed as a pre-packaged suspension of cells and medium, taken and stored in advance for each cell "type" and then shipped to patients with the same "type" who have never met the donor. This delivery model is a longer term aspiration for us and is beyond the scope of our current market share projections.

Our Value Drivers

Our current positioning in the cell-therapy and cancer therapy value chain is typical of an early clinical stage company: developing, validating and attaining regulatory approvals for the various applications of our technology platforms. Going forward, once the products are commercialized, physician and patient interest in these treatments is expected to drive insurer reimbursement for patients - a key demand lever. The generic value chain for biotechnology development commences with an invention which is formulated, patented and successful in pre-clinical animal trials. We have already passed this stage with our core platforms (Veto Cell and Organsource) for which we have an exclusive license to use from Yeda, the owner of these patents. The next steps in development include human trials (first testing safety and then efficacy). Finally, the offering earns regulatory approval and patient treatment, along with the ensuing revenues, can commence. This can be a particularly lengthy process in the United States and therefore some medical treatments are approved in Europe or Asia and generate revenues there prior to commencing U.S. sales. Recently passed "fast track" regulation in the U.S. is aimed at getting critical treatments for life threatening conditions to patients more quickly.

Our successful preclinical validation of the Megadose Drug Combination treatment and the Veto Cell treatment involved basic laboratory research including both in-vivo (live) animal trials and in-vitro (in a glass dish) human cell trials. This validates the protocol prior to commencing human clinical trials. Human clinical trials fine-tune the treatment protocol and confirm both safety and efficacy in treating patents. In parallel, the patents on the core technology go into the national phase in various countries and are emended with claims associated with exact treatment protocols, bolstering the protection afforded by already issued patents on the base technology.

In some cases, successful biotech companies have been able to capitalize on positive human clinical results (even prior to full approval for patient treatment) by either signing lucrative non-dilutive distribution option deals or by being partially or fully acquired by larger market participants. There is no indication or assurance that we are currently under consideration for any option or acquisition deal.

We are poised to commence seeking approval for the Veto Cell based treatments.

We have had positive preclinical results for three of our cell therapy treatments and for our organ generation and regeneration treatments. Yeda, the proprietary owners of the patents underlying our technologies from whom we license our patents, has been granted patents for its original Veto Cell and for organ generation. The revised versions of the Veto Cell, additional organs for "Organsource," and the combination of the Megadose treatment with a set of currently FDA approved drugs (as a combined treatment) are the subject of patent applications which have been granted in some jurisdictions and are pending in others. These newer patent applications leverage the priority of the already granted parents for organ generation, Veto Cell and Megadose, respectively. We plan to conduct human clinical trials. If these trials are successful, they will demonstrate both safety (the patients survived and were not harmed) and initial indications of efficacy (there are signs of successful engraftment, and in the case of cancer patients prolonging the progression free period).

Science and Technology Overview

The patent portfolio that we license from Yeda, includes a variety of cell therapy applications. Each platform already has been granted patents and has further patents pending. The total relevant patent portfolio consists of 15 patent "families" (i.e. grouping of similar patent applications in different territorial jurisdictions) which currently include, 24 granted patents, 5 allowed patents, and a further 78 pending patents. The patents for the Veto Cell and Megadose Drug Combination and T-regulatory cells are already licensed. On March 29, 2016, we recently exercised our option and now exclusively license the technology from Yeda related to the organ platform. We currently license all of the patents related to our Anti Third Party Veto Cell technology from Yeda. The key terms of the agreement pursuant to which we license all of Yeda's patents related to our technology is set forth in the section entitled "Intellectual Property" herein. The license period (per product, per country) is for the full life of the patents, and expires at the later of the patent expiration date in that country or 15 years after the date that the FDA or local equivalent regulatory authority in each country approves that particular product for sale in that country. As long as Cell Source pays either a nominal license fee of $50,000 per year (total for use of all the products) or pays royalties on product sales on at least one product as per the license agreement, the license will remain in effect continuously and expire only with the expiration of the patent or 15 years after regulatory approval (later of the two) per product per country as described above. Cell Source voluntarily sponsors research at the Weizmann Institute for the sake of developing its products and treatments from initial invention through to finalization of human treatment protocols. Cell Source extended the initial research period, which originally terminated in October 2014, for an additional four years through October 2018.

Although Yeda has applied for and been granted various patents related to our technology, a granted patent only provides Yeda, and the Company by virtue of its exclusive license, the right to use the underlying invention. However, in order for our cell-therapy and cancer therapy to be legally sold and administered to patients, the FDA or similar regulatory agencies must approve its use. In other words, having a patent provides legal "freedom to operate" for a certain technology, and may provide the ability to prevent others from using the same technology without the patent holder's permission. However, in order to legally manufacture and distribute products, a company must go through all of the typical approval steps delineated in the "Overview" section above.

The following sections provide an overview of each platform. Further information on the underlying science is available upon written request and the execution of an appropriate nondisclosure agreement.

Our primary focus is the Veto Cell platform. When we licensed the Veto Cell platform at our inception, we also were granted an exclusive option to license from Yeda the Organsource platform. On March 29, 2016, we recently exercised the option and now exclusively license this technology from Yeda.

Our licensed technology portfolio consists of 15 patent families, 24 granted patents 5 allowed patents and a further 78 pending patents. We recently exercised our option such that we exclusively license the patents for the organ regeneration platform. The following table lists the patents and patent applications that Yeda holds and which we have a license to use in each of the below-referenced countries:

Name: VETO CELLS EFFECTIVE IN PREVENTING GRAFT REJECTION AND DEVOID OF GRAFT VERSUS HOST POTENTIAL

Country	Patent Number	Filed	Expires	Status	Assignee
USA (Basic)	6,544,506	05-Jan-2000	05-Jan-2020	Granted	Yeda Research and Development Co. Ltd.
USA (National Phase)	7,270,810	28-Dec-2000	1-Dec-2021	Granted	Yeda Research and Development Co. Ltd.
Europe	1244803	28-Dec-2000	28-Dec-2020	Granted	Yeda Research and Development Co. Ltd.
Israel	150440	28-Dec-2000	28-Dec-2020	Granted	Yeda Research and Development Co. Ltd.

Name: USE OF ANTI THIRD PARTY CENTRAL MEMORY T CELLS FOR ANTI-LEUKEMIA/LYMPHOMA TREATMENT

Country	Patent Number	Filed	Expires	Status	Assignee
USA	2013-0171108-A1	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.
Japan	2013-527738	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.
Canada	2,810,632	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.
China	CN 103282047 A 9	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.
Republic of Korea	2013-7008892	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.
Israel	225102	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.
Brazil	BR 11 2013 005756 4	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.
Mexico	MX/a/2013/002668	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.
Singapore	188473	08-Sep-2011	08-Sep-2031	Granted	Yeda Research and Development Co. Ltd.
Europe	26138013	08-Sep-2011	08-Sep-2031	Allowed	Yeda Research and Development Co. Ltd.
Hong Kong	14100513.2	08-Sep-2011	08-Sep-2031	Pending	Yeda Research and Development Co. Ltd.

Name: ANTI THIRD PARTY CENTRAL MEMORY T CELLS, METHODS OF PRODUCING SAME AND USE OF SAME IN TRANSPLANTATION AND DISEASE TREATMENT

Country	Patent Number	Filed	Expires	Status	Assignee
USA	2014-0212398-A1	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Europe	2753351	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Hong Kong	1200099A	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Japan	2014-529143	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Canada	2,848,121	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
China	CN 103930130 A	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Australia	2012305931	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Republic of Korea	10-2014-7009267	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
New Zealand	622749	06-Sep-2012	06-Sep-2032	Granted	Yeda Research and Development Co. Ltd.
South Africa	2014/01993	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
India	577/MUMNP/2014	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Israel	231397	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Russian Federation	2014110897	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.

Brazil	BR 11 2014 005355 3	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Mexico	MX/a/2014/002771	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.
Singapore	11201400513P	06-Sep-2012	06-Sep-2032	Pending	Yeda Research and Development Co. Ltd.

Name: ANTI THIRD PARTY CENTRAL MEMORY T CELLS, METHODS OF PRODUCING SAME AND USE OF SAME IN TRANSPLANTATION AND DISEASE TREATMENT

Country	Patent Number	Filed	Expires	Status	Assignee
USA	2011-0212071-A1	29-Oct-2009	29-Oct-2029	Pending	Yeda Research and Development Co. Ltd.
Europe	2365823	29-Oct-2009	29-Oct-2029	Pending	Yeda Research and Development Co. Ltd.
Israel	212587	29-Oct-2009	29-Oct-2029	Allowed	Yeda Research and Development Co. Ltd.
India	905/MUMNP/2011	29-Oct-2009	29-Oct-2029	Pending	Yeda Research and Development Co. Ltd.
China	ZL200980153053.4	29-Oct-2009	29-Oct-2029	Granted	Yeda Research and Development Co. Ltd.
Russian Federation	2506311	29-Oct-2009	29-Oct-2029	Granted	Yeda Research and Development Co. Ltd.

Name: GENETICALLY MODIFIED ANTI-THIRD PARTY CENTRAL MEMORY T CELLS AND USE OF SAME IN IMMUNOTHERAPY

Country	Patent Number	Filed	Expires	Status	Assignee
USA	62/193,207	16-Jul-2015	16-Jul-2035	Pending	Yeda Research and Development Co. Ltd.

USE OF ANTI THIRD PARTY CENTRAL MEMORY T CELLS

Country	Patent Number	Filed	Expires	Status	Assignee
USA	62/193,229	16-Jul-2015	16-Jul-2035	Pending	Yeda Research and Development Co. Ltd.

Name: UNIVERSAL DONOR-DERIVED TOLEROGENIC CELLS FOR INDUCING NON-SYNGENEIC TRANSPLANTATION TOLERANCE

Country	Patent Number	Filed	Expires	Status	Assignee
US	8,916,147	21-Aug-2006	21-Aug-2026	Granted	Yeda Research and Development Co. Ltd.
US (Divisional)	2015-0104471-A1	21-Aug-2006	21-Aug-2026	Pending	Yeda Research and Development Co. Ltd.
Europe	1928479	21-Aug-2006	21-Aug-2026	Allowed	Yeda Research and Development Co. Ltd.
Europe (Divisional)	2514315	21-Aug-2006	21-Aug-2026	Pending	Yeda Research and Development Co. Ltd.
Israel	189688	21-Aug-2006	21-Aug-2026	Granted	Yeda Research and Development Co. Ltd.

Name: A COMBINATION THERAPY FOR A STABLE AND LONG TERM ENGRAFTMENT

Country	Patent Number	Filed	Expires	Status	Assignee
Singapore	11201403459X	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Mexico	MX/a/2014/007647	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Brazil	BR 11 2014 015960 2	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Russian Federation	2014128479	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Israel	233303	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
India	1468/MUMNP/2014	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
South Africa	2014/05071	20-Dec-2012	20-Dec-2032	Granted	Yeda Research and Development Co. Ltd.
New Zealand	627272	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Republic of Korea	10-2014-7020449	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.

Australia	2012355990	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
China	CN 104470542 A	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Canada	2,859,953	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Japan	2014-548337	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Europe	2793914	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.

USA	2014-0363437-A1	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Hong Kong	15103467.1	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.

Name: A COMBINATION THERAPY FOR A STABLE AND LONG TERM ENGRAFTMENT USING SPECIFIC PROTOCOLS FOR T/B CELL DEPLETION

Country	Patent Number	Filed	Expires	Status	Assignee
Singapore	11201403456U	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Mexico	MX/a/2014/007648	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Brazil	BR 11 2014 015959 9	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Russian Federation	2014129632	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Israel	233302	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
India	1467/MUMNP/2014	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
South Africa	2014/05298	20-Dec-2012	20-Dec-2032	Granted	Yeda Research and Development Co. Ltd.
New Zealand	627549	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Republic of Korea	10-2014-7020448	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Australia	2012355989	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
China	CN 104093314 A 4	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Canada	2,859,952	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Japan	2014-548336	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Europe	EP2797421	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
USA	2014-0369974-A1	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Hong Kong	15103468.0	20-Dec-2012	20-Dec-2032	Pending	Yeda Research and Development Co. Ltd.

Name: METHODS OF TREATING DISEASE BY TRANSPLANTATION OF DEVELOPING ALLOGENEIC OR XENOGENEIC ORGANS OR TISSUES

Country	Patent Number	Filed	Expires	Status	Assignee
Mexico	319957	04-Mar-2004	04-Mar-2024	Granted	Yeda Research and Development Co. Ltd.
Mexico (Divisional)	MX/a/2014/001950	04-Mar-2004	04-Mar-2024	Pending	Yeda Research and Development Co. Ltd.
Europe	2216033	04-Mar-2004	04-Mar-2024	Granted	Yeda Research and Development Co. Ltd.

Name: METHODS OF TREATING DISEASE BY TRANSPLANTATION OF ALLOGENEIC OR XENOGENEIC ORGANS OR TISSUES

Country	Patent Number	Filed	Expires	Status	Assignee
Europe	2402019	04-Mar-2004	04-Mar-2024	Granted	Yeda Research and Development Co. Ltd.
Israel	170622	04-Mar-2004	04-Mar-2024	Granted	Yeda Research and Development Co. Ltd.

Name: THERAPEUTIC TRANSPLANTATION USING DEVELOPING, HUMAN OR PORCINE, RENAL OR HEPATIC, GRAFTS

Country	Patent Number	Filed	Expires	Status	Assignee
USA	7,780,993	19-Jan-2005	23-Apr-2023	Granted	Yeda Research and Development Co. Ltd.

USA (Divisional)	8,951,572	19-Jan-2005	19-Jan-2025	Granted	Yeda Research and Development Co. Ltd.
USA (Divisional)	2015-0190546-A1	19-Jan-2005	19-Jan-2025	Pending	Yeda Research and Development Co. Ltd.

Name: DISEASE TREATMENT VIA DEVELOPING NON-SYNGENEIC GRAFT TRANSPLANTATION

Country	Patent Number	Filed	Expires	Status	Assignee
USA	8,974,779	02-Oct-2005	02-Oct-2023	Granted	Yeda Research and Development Co. Ltd.
USA (Divisional)	2015-0174294-A1	02-Oct-2005	02-Oct-2023	Pending	Yeda Research and Development Co. Ltd.
Europe	1809734	02-Oct-2005	02-Oct-2025	Granted	Yeda Research and Development Co. Ltd.
Europe (Divisional)	2453008	02-Oct-2005	02-Oct-2025	Granted	Yeda Research and Development Co. Ltd.
Hong Kong (Divisional)	HK1170534	02-Oct-2005	02-Oct-2025	Granted	Yeda Research and Development Co. Ltd.
Israel	182363	02-Oct-2005	02-Oct-2025	Granted	Yeda Research and Development Co. Ltd.

Name: MAMMALIAN FETAL PULMONARY CELLS AND THERAPEUTIC USE OF SAME

Country	Patent Number	Filed	Expires	Status	Assignee
USA	HK1170534	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Europe	2788009	06-Dec-2012	06-Dec-2032	Allowed	Yeda Research and Development Co. Ltd.
Japan	2014-545442	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Canada	2,857,930	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
China	CN 104105493 A	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Australia	2012348574	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Republic of Korea	10-2014-7018702	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
New Zealand	627071	06-Dec-2012	06-Dec-2032	Allowed	Yeda Research and Development Co. Ltd.
South Africa	02014/04958	06-Dec-2012	06-Dec-2032	Granted	Yeda Research and Development Co. Ltd.
India	1366/MUMNP/2014	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Israel	233022	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Russian Federation	2014127338	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Brazil	BR 11 2014 014033 2	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Mexico	MX/a/2014/006756	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Singapore	11201402902V	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Philippines	1- 2014-501309	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.
Hong Kong	15103466.2	06-Dec-2012	06-Dec-2032	Pending	Yeda Research and Development Co. Ltd.

Platform I - Veto Cell

Background

Our Veto Cell technology is a next generation cell therapy technology that enables the selective attenuation of the immune system. In other words, pre-clinical studies suggest that the treatment has the ability to reduce the immune response to selective "threats," with low risk for adverse side effects.

What makes the Veto Cell approach distinctive is the degree to which it leverages the inherent specificity of the human immune system. The immune system defends the body by creating a specific stream of T-cell clones for each of millions of individual threats. A given T-cell will attack only its specific target, ignoring all other threats. Our technology might enable the physician to selectively attenuate immune response, thus effectively "switching-off" an individual stream of T-cell clones without affecting any other such streams of T-cell clones dispatched by the immune system to attack unwanted incursions.

The technology is based on the discovery that certain T-cells have the property of attracting and proactively neutralizing immune attacks on them.

The technology has achieved distinctive results in animal live trial models. *See, e.g.*, Thorsten Zenz, *Exhausting T cells in CLL*, BLOOD, Feb. 28, 2013, at 1485. If it succeeds in human clinical trials, we believe that it may have meaningful and potentially broad impact on the field of bone marrow transplantation:

1. Significantly improve outcomes of transplantations by reducing host rejection rate of T-cell depleted bone marrow, markedly reducing both the risk of GVHD and the need for using aggressive amounts of immunosuppression medications. This would significantly reduce the bone marrow transplant mortality rate (currently 50%) and therefore lead to broader use of this treatment.
2. Substantively increase the number of transplantations by enabling lower myeloablative conditioning and therefore making the therapy accessible to older and sicker patients (who today may not survive ablation).
3. Further increase the number of transplantations by making transplantation appropriate for other indications (for which today transplantation would be considered an inappropriately risky treatment).

In addition, our Veto Cell technology may possibly play a role in the treatment of a number of serious and currently poorly treated non-malignant diseases. Furthermore, initial animal trials have shown potential anti-lymphoma activity. Finally, based on preclinical studies with using genetically modified cells, we believe that Veto Cells will be able to act as critical enabler for other cell therapies being developed by third parties, most notably CAR-T cell therapy, which has recently shown strong initial indications of being effective in cancer treatment.

Mechanism

Our Veto Cell is a CD8 central memory anti-3rd party T-cell that has five critical properties:

1. It has an outer surface coating that triggers attack by specific host T-cells (and only those specific T-cells).
2. It can annihilate an attacking T-cell without itself being damaged (specifically, it exposes or releases a death-signaling molecule when an attacking T-cell binds to it).
3. It has been oriented to attack cells of a simulated third party (i.e., neither host nor donor) and thus exhibits markedly reduced risk of GVHD or graft rejection.
4. It is long-lived and endures in the body for extended periods.
5. It migrates to the thymus and lymph nodes.

The outcome is that when a large number of these cells are introduced into the body, they effectively eliminate the T-cell clones that the immune system dispatches to attack the desirable, transplanted bone marrow cells.

Thus, for example, if a population of Veto CellVeto Cells is derived from a donor, they will express the same peptide as do the donor's cells. Therefore, the specific stream of host T-cells that would ordinarily attack the donor stem-cells, are instead directed to "decoy" Veto CellVeto Cells and disabled before they reach the transplantation.

Described in a Blood editorial as a "substantial advance in Cell Therapy," a notable characteristic of our Veto Cell is that this mechanism is quite specific. Only those specific T-cell clones that were generated to attack cells from this specific donor are disabled. The rest of the immune system essentially remains intact.

This is in marked contrast with conventional immunosuppression which degrades the entire immune system and is therefore associated with severe risk of infection and, in the case of bone marrow transplantations, high mortality.

This effect is long-lived. Firstly, the Veto CellVeto Cells themselves are long-lived memory cells. Secondly, when infused with bone marrow cells the latter migrate to the thymus where, over time, they create a new “identity” in the host and initiate “chimerism,” where the host and donor cells peacefully co-exist. This chimerism has the effect of "educating" new T-cells being generated by the thymus to tolerate donor cells. This tolerance can become permanent. Furthermore, by inducing permanent tolerance to donor cells, Veto Cells may be able to enable both acceptance (i.e. mitigate both host rejection and GvH rejection) and thus persistence (i.e. extended survival resulting in enhanced efficacy) of important cell therapy treatments such as CAR-T cells, TCRs and NK cells in treating both blood cell and solid tumor cancers.

Target Indications

Our Veto Cell technology, an intravenously administered cell suspension, if successful, could initially be used in bone marrow and other transplantations associated with malignant disorders (i.e., cancers). At a later stage, Veto Cell technology may be applied to selected non-malignant conditions. The following sections provide a brief overview of the use of the Veto Cell technology in both of these scenarios.

i. Bone Marrow Transplantation

In order to describe the effect of Veto CellVeto Cells in transplantation, it is helpful to first briefly review the state of the art:

In a conventional bone marrow transplant, the recipient first receives myeloablative conditioning - powerful chemotherapy and/or radiation therapy intended to destroy his/her own bone marrow cells. This has a threefold purpose:

1. It destroys the host T-cells so they will not attack (reject) the donor bone marrow cells.
2. It makes space in the host bone marrow for the new donor cells.
3. It destroys diseased host blood cells so that they do not proliferate and cause relapse following the procedure.

In practice however, there are two major problems:

- Host rejection - the myeloablative conditioning does not destroy all of the host T-cells. Those that remain may aggressively attack the donor bone marrow cells before they can engraft.
- “Graft versus Host Disease” (GVHD) -the transplanted cells include donor T-cells which recognize the host's body as foreign and attack it.

Both rejection and GVHD are potentially life-threatening complications in and of themselves and also lead to the use of dangerous and costly immunosuppression medications. The Megadose technology addresses the foregoing two problems by introducing an extremely large population of selected donor cells into the host. This overwhelms the remaining host immune system, and therefore, reduces the risk of rejection. It also reduces the risk of GVHD, as the donor cells are selected so as to minimize the number of accompanying T-cells.

Megadose is a well-developed technology and is now used in clinical treatments where a “mismatched” bone marrow blood cancer transplantation is in order.

ii. Veto Cell in Transplantation

The Veto Cell technology is a next generation of the Megadose concept. In a transplantation scenario, a population of donor Veto Cells is created to "escort" the bone marrow cells when they are transplanted. This population is created by identifying donor cells with Veto Cell properties, exposing them to simulated 3rd party cells (i.e., selecting only those that react to a third person and therefore by definition will not react to either host or donor), and expanding their population in the lab.

The Veto Cells are then introduced into the host along with the transplanted stem cells. The host mounts its normal immune response to the donor cells by generating a population of T-cell clones that will bind to any cells expressing markers from this specific donor. In a conventional transplantation, these T-cells would bind to and destroy donor stem-cells thus causing rejection of the transplant.

However, when the transplantation is accompanied by large numbers of Veto Cells, this rejection mechanism is "ambushed." Since the Veto Cells express the same donor markers as the stem-cells, the host T-cell clones will attempt to bind to the donor-derived Veto Cells as noted above, which act as decoys by attracting and then counterattacking and killing the clones before they ever reach the bone barrow transplantation.

iii. Direct Anti-Cancer Effect

A further effect of Veto Cells has been noted in mouse and in-vitro studies: donor Veto Cells selectively attack host lymphoma malignant cells. This effect has been robust in animals, in fact completely eradicating lymphoma in mouse models (see Development Status section below).

The direct anti-cancer effect has been documented for several human B cell malignant lines, however, preliminary experiments with human anti-3rd party veto cells prepared in a slightly different protocol than that used for the mouse studies, indicate that further optimization and verification are required before killing fresh human B-CLL or myeloma tumor cells could become a feasible option.

If this effect transfers to human patients, it may have significant therapeutic value for the above disorders, which as noted hereafter in the Marketing Strategy section, are among the largest blood cancer markets.

iv. Enabling Third Party Cell Therapies

Based on preclinical studies using genetically modified cells, in July of 2015 Yeda filed two U.S. provisional patent applications, which are also licensed exclusively by Cell Source on a worldwide basis. These patent applications show the ability of Veto Cells to enhance the performance of cell therapy treatments involving genetically modified receptors. When combined with CAR-T or TCR cell therapy for example, these would potentially greatly enhance the ability of these treatments to be used in an allogeneic or "off-the-shelf" setting, and also increase their efficacy by avoiding both rejection and GvHD, thus increasing their persistence (survival in the patient's body). This combined Veto Cell + CAR-T or similar treatment could result in broadly applicable effective treatments for many of the most prevalent solid tumor cancers and well as blood cell cancers.

v. In Non-Malignant Diseases

As discussed above, there are two major categories of non-malignant disorders that the Veto Cell technology aspires to address: non-malignant hematological disorders and organ transplantations.

In the case of organ transplantations and congenital non-malignant hematological disorders, the goal of the Veto CellVeto Cells is to enable transplantation (bone marrow or organ) by reducing host/donor immune system conflicts. This could potentially allow for mismatched (partial vs. full identity match between donor and host) kidney transplants, for example, and also obviate the need for lifelong daily anti-rejection medication which is the current standard of care. Such an outcome could improve quality of life, reduce cost of care and significantly increase life expectancy for a broader audience of prospective transplant recipients.

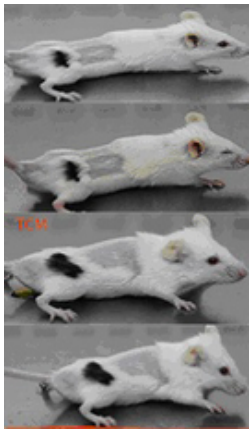
In the case of congenital non-malignant diseases such as sickle cell anemia, the body's bone marrow produces "flawed" cells. An effective treatment is HSCT which replaces the flawed host bone marrow with healthy donor cells. These cells then produce healthy blood cells, basically curing the anemia. As noted elsewhere however, today HSCT is a risky procedure because of the graft/host immune conflicts. It is therefore used infrequently to treat sickle cell disease. The Veto Cell tolerizing technology would increase the target population for this treatment by significantly reducing these conflicts and by extension the procedure's risk. Likewise, if permanent tolerance to donor hematopoietic cells is induced under safe conditions, the new immune status could permit acceptance of a kidney from the same donor, without further requirement for a toxic immune suppression currently used in organ transplantation. This means that patients who today are required to take expensive and sometimes debilitating anti-rejection medication daily for the rest of their lives would no longer have to do so.

Development Status

The Veto Cell platform has been extensively tested by in vitro studies (on both human and mouse disease) and confirmed in animal trials. The results appear to be consistently effective.

1. Including chimerism:

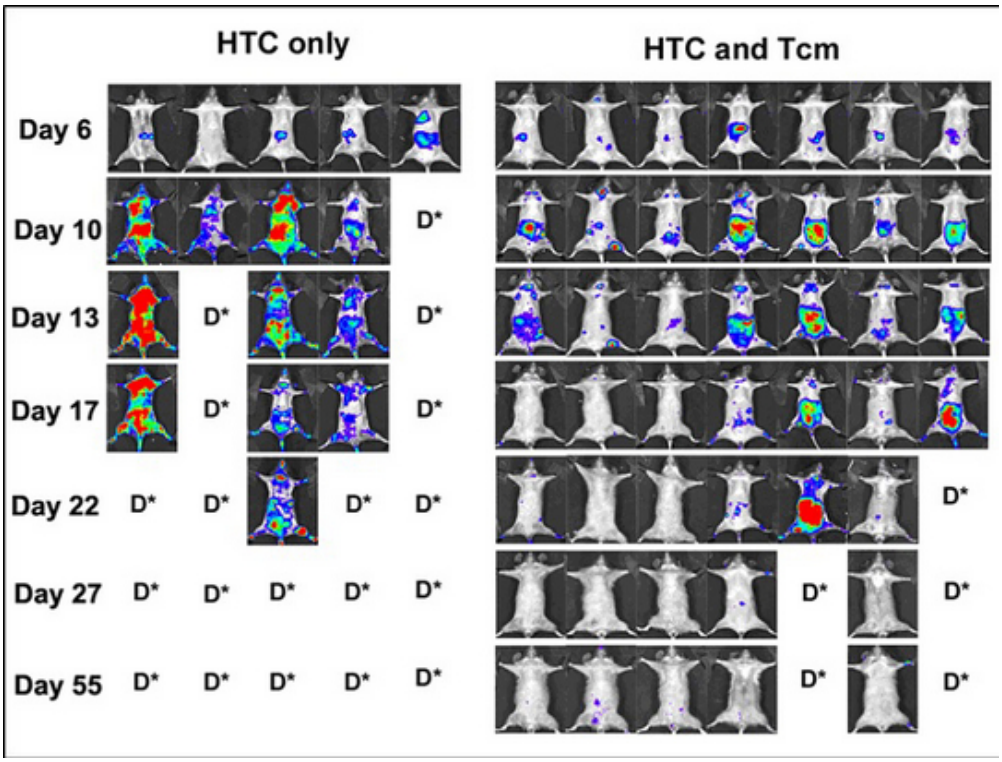
The following images show some example data from the Veto Cell animal studies. Skin of black mice has been grafted onto the backs of white mice. The data show that T-cells from host and donor mice are fully coexisting in the treatment group using the Veto Cells ("chimerism").



2. Success bone marrow transplantation under reduced levels of immune suppression:

The anti-rejection effect in the data below shows mice with lymphoma treated with Veto Cell therapy.

The control group mice (left side) all die by day 27. By contrast, the Veto Cell treatment group (right side) show far better results.



Administration

We envision that Veto Cell therapy will be administered in an in-patient setting, typically as part of the existing preparation procedures for bone marrow transplantations. Blood will be taken from the donor. The frozen blood will be sent to a regional Company center where the Veto Cells will be developed and expanded - a process that lasts up to two weeks. The Veto Cells will then be sent to the transplantation center where they will be infused to the patient intravenously along with the transplantation.

Patent Status

The first generation Veto Cell is protected by granted patents in the US and Europe. The second generation Veto Cell has granted patents in China and the Russian Federation. There are currently multiple additional pending patents in various countries.

Development Roadmap

The Veto Cell platform roadmap comprises two main programs as outlined in the table below. The specific clinical trials planned for each are detailed in the Clinical Trials section of this document.

Offering	Objective	Major Activities	Estimated start date
Anti-rejection Veto Cell	Validate and introduce new commercial treatment to increase engraftment of allogeneic bone marrow transplantations	1. Regulatory approval and treatment protocols 2. Conduct human clinical trials 3. Develop plan for commercial exploitation	● Commence a formal company-sponsored Phase ● I/II clinical trial by 2017 Interim analysis within 18 months thereafter
Veto – CAR-T Cell Therapy	Validate the possibility of combining Veto Cell treatment with CAR-T cell treatment for both blood cell cancer and solid tumor cancer treatment	4. Engender partnership with Car-T cell provider 5. Validate combined treatment model in preclinical trials 6. Develop joint production and treatment protocol	● Discussions with prospective partners underway ● If preclinical studies are successful , human trials would be the next step

Platform II - Organsource

Overview

Organsource is Yeda's patented technology, as referenced above. Yeda has been granted patents in the United States and Europe. Organsource addresses the growing shortage of organs for human transplantation. A second approach using embryonic cells in a single cell suspension to reconstitute healthy tissue in existing organs has an allowed patent in Europe. On March 29, 2016, Cell Source exercised its option and now exclusively licenses this technology from Yeda.

The key discovery has potential uses:

- Embryonic tissue (taken from an animal or human fetus during gestation), which can be identified as organ precursors that will grow into specific organs (e.g., kidney, liver, pancreas), can be harvested at a very specific moment in the gestation period where they have just then become “committed” organ precursors and thus have not yet begun to generate the acute levels of rejection otherwise typical for xenotransplant (i.e., between species) which have been problematic in other earlier studies transplanting porcine tissue into humans. These pre-organs can be successfully transplanted into a host, even of another species, and grow into functional organs in the host with only the level of organ rejection associated with an allogeneic organ donor, which can currently be managed through medication. Incidentally, this post transplantation rejection could potentially be further reduced by using Veto Cells.
- Veto Cell Individual cells (taken from either human or animal embryos or possibly adult human donors) can be infused in a single-cell suspension and in a patient with a diseased organ (e.g. lung) and used to regeneration healthy lung tissue to correct non-malignant organ diseases.

This means that porcine embryonic tissue can potentially become a source for human organ replacement. Also, human or animal cell could potentially be used to treat diseases such as emphysema by growing healthy tissue in an existing lung.

Background

The main focus of the Organsource work to in the early years of the research was demonstrating that organ precursor tissue can be successfully transplanted into both rodents and primates from pigs.

Pigs have long been considered the ideal source of organs for human transplantation for two reasons:

- Their organs are similarly sized to humans, and
- They have large litters so can provide extensive supply (unlike for example monkeys).

However, others’ previous experimental efforts to transplant porcine organs into primates have shown only limited success because a certain marker on pig blood vessels causes a hyper-immune response in primates (which, for example, have immediately killed organ recipients in trials with monkeys).

Mechanism

The embryonic tissue technology avoids the hyper rejection problem by extracting embryonic pig tissue in a highly specific development window. Cells within this momentary window can grow inside the host using blood vessels of the host, not donor, origin. Therefore, they do not trigger the host hyper-immune response. However these embryonic organ precursors have developed sufficient organ differentiation to act as pre-organs in the host, and they grow into functional developed organs, in the case of primates, within a few months.

Specifically, a mouse with Type 1 diabetes received a transplanted porcine pre-pancreas, which grew into a full sized pancreatic organ largely composed of beta cells which secrete insulin, thus effectively treating diabetes in the mouse. Similar results have also been achieved in monkeys.

The single-cell suspension technology uses niches in the organ (similar to a bone marrow transplant) to grow new, healthy tissue thus restoring organ capacity. In mice, this has shown the ability to reconstitute bronchioles in damaged mouse lungs using human embryonic cells and demonstrating successful engraftment and functionality in the new tissue.

Target Indications

Embryonic tissue could theoretically provide a significant new source of transplantation organs for major human organ needs. ork so far indicates positive results for growing a pancreas to replace one in which beta cells have been chemically disabled leading to a disease similar to that found in Type 1 Diabetes.

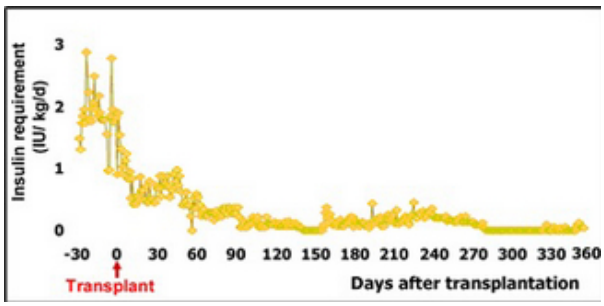
The single cell suspension approach could be used to correct major diseases in the lung, liver or pancreas by reconstituting healthy tissue to replace diseased tissue, thus effectively reversing damage caused by the disease.

Development Status

Organsource is at an early stage of development relative to the Veto Cell platform. However, in-vitro results and animal trials have shown positive progress. For example:

- Porcine spleen tissue was successfully implanted into a mouse, effectively treating hemophilia.
- Embryonic lung cells have shown effectiveness in repairing injured mouse lungs and are currently being tested on cystic-fibrosis mice. In principal, these could potentially be used to effectively treat several major lung diseases.
- Porcine pancreatic cells were successfully infused into monkeys where they effectively corrected chemically induced diabetes. The chart below shows exogenous insulin requirements of the subject animal (vertical axis) as a function of the number of days following the transplantation (horizontal axis).

Note that within days of the transplantation, the insulin requirements drop sharply, indicating that the porcine cells are now producing insulin in the monkey, and 10 months after transplantation the monkey is diabetes free. Considering that in these experiments the recipient body weight is small, and a large dose of tissue was used for transplantation, it could be argued that our approach might not be feasible for treating large human adults. In other words, the number of porcine pancreases required for the dosage for treating a large human being may prove to be prohibitive.



Administration

Administration of Organsource is may be less invasive than a typical organ transplantation procedure. In the case of smaller organs such as the pancreas, Organsource transplantation requires only a relatively minor procedure. This is because precursor cells rather than full grown organs are being introduced.

Since the embryonic implants can promptly attract blood vessels they therefore can be placed in sites in the body nearer to the surface of the skin instead of deeper internal sites such as the pancreatic cavity.

For the single cell suspension, administration can be entirely intra-venous.

Patent status

For the tissue replacement technology, patents have been granted in the US, Europe, Mexico, Hong Kong and Israel. For the single cell suspension for organ reconstitution, patents have been granted in South Africa and allowed in Europe and New Zealand, with applications pending in the US and multiple territorial jurisdictions.

Development Roadmap

Our Organsource roadmap is to continue development of the lung regeneration technology, then expand to pancreas and liver. In parallel Cell Source aspires to partner with a larger player to develop the embryonic tissue based organ replacement technology.

Products and Services

Currently, we do not have any products, and there is no assurance that we will be able to develop any products.

The following products are currently planned:

1. *"Anti-rejection" Veto Cell tolerance therapy for both matched and mismatched allogeneic bone marrow transplantations*.

This is our flagship (as an initial platform for increasing transplantation success) and is focused on allogeneic bone marrow transplantations.

Treatment will comprise a course of infusions of Veto Cells derived from the donor and processed in a Company (or subcontracted) facility that will be accessible to the transplantation center at the time of transplantation.

2. *"Anti-cancer" Veto + CAR-T cell therapy for blood cell and solid tumor cancers*.

This therapy is expected to comprise a course of infusions of donor derived cells that is expected to be combined with CAR-T cell therapy provided by a third party.

3. *"Anti-rejection" Veto Cell tolerance therapy for both matched and mismatched organ transplantatio*n.

This treatment would be combined with bone marrow transplantation in order to broaden the prospective donor pool and mitigate the need for chronic post-transplant anti-rejection therapy

4. *Veto Cell tolerance therapy for non-malignant disorders.*

This is the application of Veto Cell technology to treatment of non-malignant (i.e., non-cancerous) diseases. As discussed in the Technology section, a custom treatment would be developed for each selected disorder.

Target indications for Veto Cell therapy for nonmalignant disorders are likely to be: tolerizing therapy for allogeneic transplantations for sickle cell anemia and aplastic anemia (by using bone marrow transplantations as referenced in no. 2 above) and tolerizing therapy for conventional organ transplantations.

5. *Organ regeneration therapy to address major organ diseases.*

This could be used for replacing a diseased pancreas to treat diabetes or repairing a damaged lung to treat emphysema, for example.

The treatment would involve surgery for organ replacement or an intra-venous drip for organ reconstitution.

Our Overall Development Status and Future Development Program

Prior to commercializing its products, the Company must conduct human clinical trials and obtain FDA approval and/or approvals from comparable foreign regulatory authorities.

Generally speaking, as a preclinical biotechnology firm, Cell Source needs to go through several necessary steps in order to commercialize its products and commence revenue generation. These steps are per product, but can run in parallel for multiple products, which are each in different stages of the development "pipeline", so that, for example, when a certain product is already in a human clinical trial, another product may still be in preclinical development and a third may be awaiting regulatory approval to commence human trials. These can also take place in parallel, and varied stages, for the same product in different geographic jurisdictions. The typical steps per product (and range of time frame for each) are:

1. Complete development of human treatment protocol (2-5 years)
2. Apply for and receive approval to commence human trials (9-18 months)
3. Recruit patients (1-6 months)
4. Conduct Phase I trials showing safety of product (1-2 years)
5. Apply for and receive approval to conduct trials showing product efficacy (6-12 months)
6. Data collecting and analysis (6-12 months)
7. Conduct Phase II efficacy trials (2-3 years)
8. Data collecting and analysis (6-12 months)
9. Apply for and receive approval to conduct trials showing efficacy in larger numbers of patients (6-12 months)
10. Conduct Phase III efficacy trials with larger numbers of patients (2-4 years)
11. Data collecting and analysis (6-12 months)
12. Apply for and receive approval for production scale manufacturing facilities (6-12 months)
13. Contract third party or establish own production facilities (6-30 months)
14. Contract third party or establish own distribution platform (6-18 months)
15. Commence manufacturing and distribution (6-12 months)

Notably, steps 12-15 can be conducted in parallel with some of the steps above. In the case of Cell Source and other firms that treat terminal patients with either rare diseases or those for which there is currently no effective treatment, or where preclinical studies indicate a reasonable expectation to increase life expectancy and survival rates by a substantive margin, several of these steps can be combined and or shortened, subject to regulatory discretion. For example, Phase I and II (safety and efficacy) can be combined in a single concurrent step; approvals for subsequent steps can be accelerated; in some countries patients can already be treated commercially after the end of Phase II, foregoing the requirement for Phase III data.

The specific detailed next steps the company must take to get the treatments or products to market include the following:

In the case of the Megadose Drug Combination, the Hematology and Bone Marrow Transplantation Unit of the University of Parma in Italy on May 14, 2014 requested and on October 23, 2014 obtained approval from the Italian Medicine Association (the Italian equivalent of the U.S. FDA) to conduct human clinical trials using the "Megadose + Drug Combination." While we are not mentioned in the application nor in the approval, we may indirectly benefit from the outcome of the trial, if successful, although we are not the sponsor of this trial. There are no written or verbal agreements between the hospital and Cell Source regarding the use of the technology. That said, Cell Source is aware and in favor of the hospital plans to use the technology and would of course find a positive initial outcome encouraging. Since the treatment is being done on compassionate grounds as a non-commercial clinical trial, there is no legal requirement for the hospital to obtain approval to use the treatment protocol. The hospital has successfully treated a cancer patient using the Megadose Drug Combination technology that Cell Source exclusively licenses from Yeda Research & Development Ltd., commercial arm of the Weizmann Institute of Science. While Cell Source is not a sponsor of the trial, the results provide a positive initial indication with respect to the technology. The patient received a bone marrow transplantation from a haploidentical or "mismatched" donor under a reduced intensity conditioning regimen (i.e., a relatively low level of immune suppression treatment). There was successful initial engraftment of the transplantation in the absence of GVHD. Cell Source plans to file an IND for the Veto Cell treatment in 2016. To date, we have not submitted any drug applications to the FDA and do not have anything pending for approval with the FDA. Cell Source itself has not had any contact with any regulator anywhere regarding treatment approvals or clinical trials associated with regulatory approvals. We are aware that the aforementioned hospital in Italy has independently requested approval to conduct a trial with the same protocol that we plan to use, but we are not mentioned in the application, nor in the approval. However, we may indirectly benefit from the outcome of the trial, if successful, although we are not the sponsor of this trial. There are no written or verbal agreements between the hospital and Cell Source regarding the use of the technology. That said, Cell Source is aware and in favor of the hospital plans to use the technology and would find a positive initial outcome encouraging. Since the treatment is being done on compassionate grounds as a non-commercial clinical trial, there is no legal requirement for the hospital to obtain approval to use the treatment protocol.

For the Veto Cell application for reducing rejection in Bone Marrow Transplants, Cell Source expects to commence a Phase I/II human clinical study in Italy, and subsequently in Germany, starting sometime in 2017. Cell Source anticipates that Phase I/II studies will last until 2019 or 2020. These would be followed by completion of Phase II and Phase III, which would last another 2-3 years each, so that full approval, if successful, would be expected sometime in 2025. In Germany there is a possibility of approval for commercial use on a "compassionate grounds" basis at the end of Phase II, which could take place by 2023. In the US, Cell Source plans to commence the IND approval process with the FDA in 2016, which could last until between 2021 and 2024. Cell Source also aspires to enter into a collaboration with respect to combining CAR-T cell therapy with Veto Cell therapy and commence pre-clinical proof of concept trials in 2016. If successful, this could lead to a commencement of a combined FDA trial in 2017 or 2018 and could last until 2025 or 2026.

It is possible that Cell Source treatments could qualify for any or all of Fast Track, Breakthrough Therapy, Accelerated Approval and Priority Review designation under the FDA, which would hasten their approval if successful.

The costs for each step of development, in terms of clinical trials, are delineated below:

Cell Source estimates the cost of clinical trials alone to be up to $5 million over the coming two years and another $25-50 million in order to reach commercialization for both the Veto Cell and Organsource products. This would mean that Cell Source will need to secure one or more significant capital infusions in order to reach the point that meaningful revenues could be generated.

The following table summarizes the development plan for the coming few years:

Competition

The development and commercialization of new cell therapies is highly competitive. Our products are focused on treatment of blood cancers, non-malignant blood disorders and organ transplantations. Various products are currently marketed for the treatment of blood cancers. A number of companies are also developing new treatments. In addition to competition from a variety of other nascent unconventional medical treatments, we also face competition from established pharmaceutical and biotechnology companies, as well as from academic institutions, government agencies and private and public research institutions worldwide. For instance, our competitors include the technology developed by Micromet, Inc., which was since acquired by Amgen Inc. and the Chimeric Antigen Receptor (CAR) technology currently being developed by Kite Pharma, Inc. in collaboration with Amgen, Inc. and by Novartis, JUNO and others.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Earlier stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. While our commercial opportunities may be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer side effects or are less expensive than our own products, we believe that if our human trials show efficacy at the same levels of our animal trials, we would have the potential to develop at least a niche market share.

We expect that our ability to compete effectively will depend upon our capacity to:

- successfully and complete adequate and well-controlled clinical trials that demonstrate statistically significant safety and efficacy and to obtain all requisite regulatory approvals in a timely and cost-effective manner;
- effectively use patents and possibly exclusive partnership agreements with important third party treatment providers and collaborations partners to maintain a stable competitive stance for our Technology;
- attract and retain appropriate clinical and commercial personnel and service providers; and
- establish adequate distribution relationships for our products.

Failure in efficiently developing and executing these capabilities may have an adverse effect on our business, financial condition or results of operations.

Strategy Overview

Our strategy is based on two underlying drivers: (a) that animal studies show Veto Cell technology to be consistently effective; and (b) that the lead indications (certain blood cancers) are relatively common, have high mortality and have limited treatment options today.

Based on the foregoing drivers, we have developed a business plan with the objective of obtaining regulatory approvals and subsequently launching product sales with a focus on the United States, Europe and Asia.

Key Strategy Elements

We are pursuing a staged entry strategy. The first several years will be narrowly focused, both in terms of market segments (Blood cancer either directly or through bone marrow transplantation) and products (Veto Cell platform for BMT and direct cancer treatment).

Subsequently, we plan to broaden the segmentation strategy to include additional bone marrow transplantation indications, major organ transplants combined with BMT, selected genetic non-malignant diseases and, in partnership with one or more CAR-T cell provider, solid tumor cancers. The product strategy can also be broadened to include Veto the Organsource platform.

Our strategy can be summarized as follows:

Strategy Element	Introductory period (years 1 -3 post FDA approval)	Years 4+
Market Segments	●Lymphoma and Leukemia ●Solid tumors e.g. breast cancer.	●Same as before plus broader set of solid tumor targets, diabetes, emphysema and other major non-malignant organ disease; sickle cell anemia
Product Rollout	●Veto Cell therapy for B-cell malignancies ●Veto+CAR-T Veto Cell therapy for both blood cell and solid tumor cancers	●Veto Cell tolerizing treatment for BMT and organ ●transplantation Veto Cell therapy for cancer and non-malignant disorders; organsource for major organ regeneration
Customer/ Geographic Focus	●North America ●Western Europe ●China	●North America, Western & Eastern Europe, Australia/New Zealand, Russia, Brazil, selected Asian markets
Channels/Go to Market	●Direct relationships with leading transplantation ●centers International production and distribution through partners	●Partnership with global market leaders
Pricing	●Consistent with other cell therapy offerings currently associated with transplantations and immuno-oncology	●Potentially higher volume, lower cost for “off the shelf” offerings

Operations	●Three production centers: - US - Western Europe - Far East ●Initial capacity leased from major transplantation centers.	●Regional production centers owned or JV with partners

Segment Selection

Within the general market for immune therapies, we have selected target market segments (i.e., medical conditions) for initial focus based on two (2) key criteria:

1. Severity of unmet medical need: degree of severity of the indication and the effectiveness of existing treatments. These criteria help determine the proper regulatory pathway.
2. Technology relevance: relative value of the ability to manage immune response to the treatment of a given indication.

We will initially focus on indications that score highly with respect to both criteria (e.g., Multiple Myeloma). These conditions may qualify for Fast Track status with the FDA, and, due to the cost of current treatment alternatives, could potentially support profitable price points for effective new treatments.

Product Rollout

Cell Source plans to seek approval initially in Europe (Italy and Germany) and the US, and, in parallel but with a delayed start, in and China and possibly Taiwan. A successful parallel Phase I/II trial in the US and Europe, which could be concluded by 2019, would serve as a strong foundation for trials in other countries. Limited sales on a “compassionate grounds” basis may commence as early as 2020 in Europe and Asia, and, depending on qualification for Breakthrough Therapy or other Accelerated Approval designation, may be available in the U.S. by 2022. Full approval by the FDA in the U.S. can take as long as 8 years, or 2025.

Future products may include Veto Cell tolerance inducement therapy for allogeneic bone marrow transplantations and Veto + CAR-T cell therapy for lymphoma, leukemia and solid tumor cancers.

Following the initial market penetration and establishment of solid market positioning, we plan to broaden the product offering to address a wider variety of indications which may include custom Veto Cell developments for specific collaborations with other cell therapy treatments and continued work on Organsource. For example, we believe that one area in which we could broaden our product offerings is to utilize our Veto Cell technology, if successful in humans, to address the rejection problems being faced by companies developing CAR-T, TCR and similar cell therapy products, as an enabler for these treatments to help them overcome some of the rejection and persistence related performance issues their technology currently seems to be facing. If our Veto Cell technology proves to be successful in humans, we plan to continue to explore such potential applications in the future.

Customer/Geographic Focus

Assuming positive clinical trials, we will initially focus our sales efforts of Veto Cell anti-rejection therapy on centers dealing with late stage B-cell malignancies High profile, high volume HSCT facilities can be targeted to market this treatment.

Current plans are to introduce the products first in North America and Western Europe, and, perhaps concurrently, in China. Focusing on key transplantation facilities in target geographic markets will allow us to both refine the administration of our products and bolster our reputation in respective markets.

After the introductory period, we plan to expand its activities in its initial markets while simultaneously broadening geographic coverage. In Stage 2, we plan to initiate active marketing efforts in the remaining Western European countries, Japan, Australia, Eastern Europe, Russia and Brazil.

Marketing Strategy

The initial target market is concentrated and networked. It comprises the approximately 40 leading transplantation centers in the target geographies. As discussed in the “Market Access” and “Channels” section, these centers are well connected to each other and tend to quickly share innovations and best practices.

The planned penetration strategy is to introduce Veto Cell into the best-known and most influential centers in North America and Western Europe, and benefit from the exposure and industry leadership provided by these centers.

This initial penetration strategy includes incorporating these centers into the clinical trials so as to expose and involve their medical leadership.

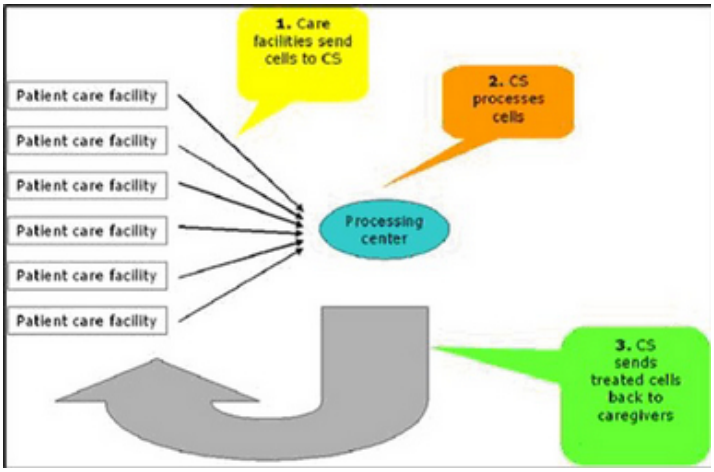
In the longer term, we plan to drive use and awareness within and across the broader oncology community in order to encourage oncologists to refer their patients to centers that already use our products and therapies and to encourage pull-influence on additional centers to adopt our products and therapies.

The broader provider community will be addressed by attending conventions where research and best clinical practices are shared, seminars are conducted, and networking opportunities are provided for the physicians.

Operating Strategy

Veto Cell doses are to be prepared by Cell Source facilities or qualified production partners. This is to both protect trade-secrets and directly control quality during the initial stages.

The graphic below outlines the general operating model in each geographic market.



Patient care facilities send frozen cells (donor and/or host depending on application) to a Cell Source processing center. Most likely, the first processing center will consist of lab space leased from a large transplantation center. Such a transplantation center has appropriate equipment and infrastructure, along with available production capacity, and will also represent an immediate market for our offerings for use in their own procedures. The Cell Source processing center processes the cells and sends the treated cells and appropriate protocols back to the caregiver for infusion at time of transplantation.

In the introductory period, we plan on establishing one center in the U.S.), one in Western Europe (most likely Germany), and one in the Far East. Specific locations and timing are to be determined. Initially, we plan to outsource production capacity from existing facilities at or adjacent to large hospitals. Subsequently, sales from these centers can justify and fund stand-alone facilities.

The general goal of the initial centers is to support the FDA process, provide full coverage for the North American and European markets, and provide access to the developing Chinese market. Following the introductory period in each respective market, we may elect to migrate the production facilities from leased space in transplantation center laboratories to company-owned stand-alone facilities.

In general, we assume a capital cost per stand-alone production facility of $8 million. This estimate is based, in part, on the projected high costs of GMP “clean rooms,” each of which can cost $1 million to set up. We will need to obtain financing in order to fund the setup of such facilities. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all.

Clinical Trials Overview

We will initially focus our clinical trials on bone marrow transplantation for patients suffering form certain lymphomas and leukemias, for which our Veto Cell technology constitutes a potential breakthrough. These two indications have unmet needs as evidenced by the valuations of leading CAR-T players who thus far have chiefly presented data treating these diseases.

We aspire to initiate a company-sponsored "Phase 1/2" clinical trials by 2017. These trials combine traditional Phase 1 safety trials with Phase 2 efficacy trials inasmuch as they are safety trials conducted on sick patients, so they are able to both establish safety and show initial indications of efficacy concurrently. The goal is to demonstrate safety and initial efficacy in several indications. Management has structured the trials such that an additional goal of showing initial markers pointing to prolonging progression-free survival may be possible already within Phase 1/2.

The chart below provides an overview of the current trials plan, which can of course vary based on both finalization of human protocols and timing or regulatory approvals:

Trial Plans

Trials are planned for Italy, Germany and the US. Multiple trials are planned on at least 16 patients. Patients are expected to be age 50 and older. The conditions chosen are ones which are associated with high mortality in this patient age-group today. This means that we may obtain a limited scope of patient reimbursement from government insurance in Europe on compassionate grounds for the treatment of said age group upon successful completion of Phase 2 trials. We plan to focus on mismatched bone marrow transplantation under reduced intensity conditioning (reduced levels of immune suppression treatment) for B-cell malignancies. Once a partnership is in place and we conclude successful preclinical trials for Veto + CAR-T cell therapy, we would launch parallel trials for both blood cell cancer (e.g., Multiple Myeloma) and solid tumor (e.g. Breast Cancer) patients.

Regulatory Issues Overview

We seek regulatory approval from the U.S. FDA, the European Medicines Agency (“EMA”) in Europe and similar agencies elsewhere to both produce and sell our products.

Key approvals in Europe, where both treatment and limited insurance reimbursement may be possible at the end of Phase 2 trials, are expected to accelerate approval by the U.S. FDA. Given the importance of the U.S. market, we will conduct trials with a view to conforming with FDA guidelines so as to utilize clinical data gathered outside the U.S. in seeking to qualify for FDA approval.

In the longer-term, we may also seek regulatory approval for selected Organsource applications.

Regulatory Process and Expectations

We will develop our clinical trial protocols with the support of experienced FDA and EMA consultants.

The clinical trials outlined in the previous section are designed to lead to regulatory approval for Veto Cell-based therapy in treating blood cancers and bone marrow transplantation applications.

Interim Revenue Opportunities

As noted above, while the clear focus is to conclude Phase 3 approval for cancer treatments, the Company is also exploring complementary "quick win" opportunities for generating revenue before additional FDA approvals are received, namely:

1. Treating European patients after the end of Phase 2 (in some cases possibly with insurance reimbursement available); and
2. Potential upfront and milestone driven licensing revenues from collaborations with third parties (e.g. with one or more CAR-T provider for Veto-CAR-T cell therapy development).

Intellectual Property

Pursuant to the Yeda License Agreement, Yeda granted the Company an exclusive license to certain patents, discoveries, inventions and other intellectual property generated (together with others) by Dr. Reisner as head of the Immunology Department at the Weizmann Institute. Under the Yeda License Agreement, The Company grants Yeda an industry-standard 4% royalty on sales of patented products. Currently, the Company voluntarily funds research (on its own behalf) and the Weizmann Institute for the preclinical development of its products, and plans to do so in the foreseeable future. Should the Company elect to curtail such funding, it would have to pay a $50,000 annual license fee until such times as payment of royalties commences. The Yeda License Agreement also requires the Company to proceed with the development of the technologies on a timely basis.

The license period (per product, per country) is for the full life of the patents, and expires at the later of the patent expiration date in that country or 15 years after the date that the FDA or local equivalent regulatory authority in each country approves that particular product for sale in that country. As long as Cell Source pays either a nominal license fee of $50,000 per year (total for use of all the products) or pays royalties on product sales on at least one product as per the license agreement, the license will remain in effect continuously and expire only with the expiration of the patent or 15 years after regulatory approval (later of the two) per product per country as described above. Cell Source voluntarily sponsors Research at the Weizmann Institute for the sake of developing its products and treatments from initial invention through to finalization of human treatment protocols. Cell Source has recently extended the initial research period, which terminated in October of 2014, for a further four years through October 2018.

Also under the Yeda License Agreement, the Company agreed to fund Yeda's research until October 3, 2018, with an aggregate annual payment of $800,000 paid in quarterly $200,000 installments. However, in the event that the Company and Yeda execute a new research and license agreement, then the Company will annually fund research in the amount of $900,000 until Oct. 3, 2018. Such a new research and license agreement must be in accordance with the Evaluation and Exclusive Option Agreement by and between the Company and Yeda, dated Oct. 3, 2011, as amended on April 1, 2014 and June 22, 2014 (the "E&O Agreement). Among other things, the E&O Agreement granted Cell Source an option to negotiate a commercial license in the field of organ transplantation with Yeda (the "Option to Negotiate"). The Option to Negotiate requires an initiation fee of $200,000 payable to Yeda, which may be paid on the later of (i) the date on which the Option to Negotiate is granted and (ii) the date on which the Company receives an aggregate investment amount of at least $10,000,000. Pursuant to an amendment to the license agreement, the Option to Negotiate was exercised as of March 29, 2016.

If the Company fails to achieve any one of the milestones set forth in the Yeda License Agreement, which are listed below, then Yeda will be entitled to (i) modify the related license such that it will become non-exclusive or (ii) terminate the Yeda License Agreement upon thirty (30) days written notice:

(a) Within three (3) years of the signature of the Yeda License Agreement to commence Phase I clinical trials;
(b) Within five (5) years of the signature of the Yeda License Agreement to commence Phase II clinical trials with respect to the a licensed product, unless the Company shall have invested, during such five (5) year period, above an aggregate amount of at least US$5,000,000 in research and development;
(c) Within either (8) years of the signature of the Yeda License Agreement to receive a FDA, EMEA or CFDA approval in respect of at least one (1) Product;
(d) To achieve commercialization of at least one (1) Product within twelve (12) months of the date of FDA, EMEA or CFDA approval; or

(e) In case of a commercial sale of any Product having commenced, there shall be a period of twelve (12) months or more during which no sales of any Product shall take place (except as a result of force majeure or other factors beyond the control of the Company).

Additionally, the Yeda License Agreement also provides that:

- **Funding the Research**. Within 60 days of receiving any capital investment in the Company in excess of $2,000,000, provided that the Company has not paid Yeda by that date an option initiation fee of $200,000, as set forth in the E&O Agreement, Cell Source will pay Yeda 20% from such excess investment up to the sum of $200,000 (the "Additional Research Payment"). The Additional Research Payment shall be allocated by Yeda to support research activities of Dr. Reisner and can be offset in full by payment of the option initiation fee.
- **Title**. All right, title and interest in and to the Licensed Information and the Patents (as those terms are defined in the Yeda License Agreement) and all right, title and interest in and to any drawings, plans, diagrams, specifications, other documents, models, or any other physical matter in any way containing, representing or embodying any of the foregoing, vest and shall vest in Yeda and subject to the license granted in the Yeda License Agreement.
- **Patents**. Both Yeda and the Company shall consult with one another on the filing of patent applications for any portion of Licensed Information and/or corresponding to patent application existing at the time the Yeda License Agreement was executed. Yeda shall retain outside patent counsel that will be approved by Cell Source, to prepare, file and prosecute patent applications. All applications will be filed in Yeda's name.
- **Patents; Patent Infringements**. Where the Company determines that a third party is infringing one or more of the Patents or is sued, in prosecuting or defending such litigation, the Company must pay any expenses or costs or other liabilities incurred in connection with such litigation (including attorney's fees, costs and other sums awarded to the counterparty in such action). The Company agreed to indemnify Yeda against any such expenses or costs or other liabilities.
- **License**. With regard to the expiration of Patents, a Product is deemed to be covered by a Patent so long as such Product is protected by "Orphan Drug" status (or the like). The Company has an exclusive worldwide license under the Licensed Information and the Patents for the development, manufacture and sales of the Products. License remains in force in each country with respect to each Product until the later of (i) the expiration of the last Patent in such country covering such Product or (ii) the expiration of a 15-year period commencing the day FDA New Drug Approval is received for a Product in such country.

The Company may grant a Sublicense only with the prior written consent, which shall not be withheld unreasonably provided that:

i. the proposed Sublicense is for monetary consideration only;
ii. the proposed Sublicense is to be granted in a bona fide arm's length commercial transaction;
iii. a copy of the agreement granting the Sublicense and all amendments thereof shall be made available to Yeda, 14 days before their execution and Cell Source shall submit to Yeda copies of all such Sublicenses and all amendments thereof promptly upon execution thereof; and
iv. the proposed Sublicense is made by written agreement, the provisions of which are consistent with the terms of the License and contain, inter alia, the following terms and conditions, including: the Sublicense shall expire automatically on the termination of the License for any reason.

However, Yeda's prior written consent is not needed if the sublicense is limited to China, and the Company grants it to a Chinese affiliated entity of the Company.

- **Termination**. The Yeda License Agreement terminates on the later of: (i) the expiration of the last of the Patents or (ii) the expiry of a continuous period of 20 years during which there shall not have been a First commercial sale of any product in any country. Yeda may terminate by written notice, effective immediately, if the Company challenges the validity of any of the Patents. If a challenge is unsuccessful, then in addition to Yeda's right to termination, the Company shall pay to Yeda liquidated damages in the amount of $8,000,000. Either the Company or Yeda may terminate the Yeda License Agreement and the License by serving a written notice upon (i) occurrence of a material breach or (ii) the granting of a winding-up order. Additionally, Yeda may terminate for failure to reimburse Yeda for patent application and/or prosecution expenses.

Our technology portfolio includes a patented platform termed "Veto Cell" (more formally described as "Anti 3rd party central memory T cell"), which is an immune tolerance biotechnology that enables the selective blocking of immune responses. Specifically, Veto Cells are specially prepared human cells that selectively protect specific targets from undesirable immune system attack.

We had an exclusive option to license the "Organsource" platform developed by Dr. Reisner and his team under a similar Research & License Agreement. We exercised our option on March 29, 2016 and now exclusively license this technology from Yeda. This is a longer-horizon technology that shows significant promise for enabling the sourcing of embryonic cellular material from both animals and humans that can be used to both grow functional major organs in the body of a foreign "host" and regenerate existing diseased or damaged organs. This technology was used to grow pancreases in both rodents and primates, thereby curing them of juvenile diabetes, and has been used to regenerate human lung tissue.

For a list of all the patents and pending patents that Yeda holds and which we have a license to use, please refer to the table in the section entitled "*Science and Technology Overview*" above.

Patents & Proprietary Rights

Our success will depend in part on our ability to protect our existing product candidates and the products we acquire or license by obtaining and maintaining a strong proprietary position. To develop and maintain our position, we intend to continue relying upon patent protection, orphan drug status, Hatch-Waxman exclusivity, trade secrets, know-how, continuing technological innovations and licensing opportunities. We intend to seek patent protection whenever available for any products or product candidates and related technology we acquire in the future.

We may also seek orphan drug status whenever it is available. If a product which has an orphan drug designation subsequently receives the first regulatory approval for the indication for which it has such designation, the product is entitled to orphan exclusivity, meaning that the applicable regulatory authority may not approve any other applications to market the same drug for the same indication, except in very limited circumstances, for a period of seven years in the U.S. and Canada, and 10 years in the EU. Orphan drug designation does not prevent competitors from developing or marketing different drugs for the same indication or the same drug for a different clinical indication.

It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information made known to the individual during the course of the individual's relationship with us is to be kept confidential and may not be disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions conceived by the individual shall be our exclusive property.

Government Regulation and Product Approval

We have not submitted any drug applications to the FDA and do not have anything pending for approval with the FDA. Cell Source itself has not had any contact with any regulator anywhere regarding treatment approvals or clinical trials associated with regulatory approvals. We are aware that a hospital in Italy has independently requested and received approval to conduct a trial with the same protocol that we plan to use, but we are not mentioned in the application nor in the approval. However, we may indirectly benefit from the outcome of the trial, if successful, although we are not the sponsor of this trial. There are no written or verbal agreements between the hospital and Cell Source regarding the use of the technology. That said, Cell Source is aware and in favor of the hospital plans to use the technology and would find a positive initial outcome encouraging. Since the treatment is being done on compassionate grounds as a non-commercial clinical trial, there is no legal requirement for the hospital to obtain approval to use the treatment protocol.

Cell Source plans to apply for approval for human clinical trials in 2016 to show initial safety, and possibly efficacy, results in Europe and the US. As of the date of this filing, the company has had no contact with any regulator regarding such approvals.

Regulation by governmental authorities in the U.S. and other countries is a significant factor, affecting the cost and time of our research and product development activities, and will be a significant factor in the manufacture and marketing of any approved products. All of our products require regulatory approval by governmental agencies prior to commercialization. In particular, our products are subject to rigorous pre-clinical and clinical testing and other approval requirements by the FDA and similar regulatory authorities in other countries. Various statutes and regulations also govern or influence the manufacturing, safety, reporting, labeling, transport and storage, record keeping and marketing of our products. The lengthy process of seeking these approvals, and the subsequent compliance with applicable statutes and regulations, require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, the necessary regulatory approvals could harm our business.

The regulatory requirements relating to the testing, manufacturing and marketing of our products may change from time to time and this may impact our ability to conduct clinical trials and the ability of independent investigators to conduct their own research with support from us.

The clinical development, manufacturing and marketing of our products are subject to regulation by various authorities in the U.S., the E.U. and other countries, including, in the U.S., the FDA, in Canada, Health Canada, and, in the E.U., the EMEA. The Federal Food, Drug, and Cosmetic Act, the Public Health Service Act in the U.S. and numerous directives, regulations, local laws and guidelines in Canada and the E.U. and elsewhere govern the testing, manufacture, safety, efficacy, labeling, storage, record keeping, approval, advertising and promotion of our products. Product development and approval within these regulatory frameworks takes a number of years and involves the expenditure of substantial resources.

Regulatory approval will be required in all the major markets in which we seek to develop our products. At a minimum, approval requires the generation and evaluation of data relating to the quality, safety, and efficacy of an investigational product for its proposed use. The specific types of data required and the regulations relating to this data will differ depending on the territory, the treatment candidate involved, the proposed indication and the stage of development.

In general, new cell compositions are tested in animals until adequate evidence of safety is established to support the proposed clinical study protocol designs. Clinical trials for new products are typically conducted in three sequential phases that may overlap. In Phase I, the initial introduction of the pharmaceutical into either healthy human volunteers or patients with the disease (typically 20 to 50 subjects), the emphasis is on testing for safety (adverse effects), dosage tolerance, metabolism, distribution, excretion and clinical pharmacology. Phase II involves studies in a limited patient population (typically 50 to 200 patients) to determine the initial efficacy of the pharmaceutical for specific targeted indications, to determine dosage tolerance and optimal dosage and to identify possible adverse side effects and safety risks. Once a treatment protocol shows preliminary evidence of some efficacy and is found to have an acceptable safety profile in Phase II evaluations, Phase III trials are undertaken to more fully evaluate clinical outcomes in a larger patient population in adequate and well-controlled studies designed to yield statistically sufficient clinical data to demonstrate efficacy and safety.

In the U.S., specific pre-clinical data, manufacturing and chemical data, as described above, need to be submitted to the FDA as part of an IND application, which, unless the FDA objects, will become effective thirty (30) days following receipt by the FDA. Phase I studies in human volunteers may commence only after the application becomes effective. Prior regulatory approval for human healthy volunteer studies is also required in member states of the E.U. Currently, in each member state of the E.U., following successful completion of Phase I studies, data are submitted in summarized format to the applicable regulatory authority in the member state in respect of applications for the conduct of later Phase II studies. In many places in Europe, a two tiered approval system mandates approval at the regional level prior to applying for national approval. Regional approval cycle times, including multiple iterations where questions are answered and the specific details of the protocol may be fine-tuned, can last several months prior to applying to the national (federal government level) regulator. The national regulatory authorities in the E.U. typically have between one and three months in which to raise any objections to the proposed study, and they often have the right to extend this review period at their discretion. In the U.S., following completion of Phase I studies, further submissions to regulatory authorities are necessary in relation to Phase II and III studies to update the existing IND. Authorities may require additional data before allowing the studies to commence and could demand that the studies be discontinued at any time if there are significant safety issues. In addition to the regulatory review, a study involving human subjects has to be approved by an independent body. The exact composition and responsibilities of this body will differ from country to country. In the U.S., for example, each study will be conducted under the auspices of an independent institutional review board at each institution at which the study is conducted. This board considers among other things, the design of the study, ethical factors, the privacy of protected health information as defined under the Health Insurance Portability and Accountability Act, the safety of the human subjects and the possible liability risk for the institution. Equivalent rules to protect subjects' rights and welfare apply in each member state of the EU, where one or more independent ethics committees, which typically operate similarly to an institutional review board, will review the ethics of conducting the proposed research. These ethical review committees typically exist at the regional level, where approval is required prior to applying for national approval. Other regulatory authorities around the rest of the world have slightly differing requirements involving both the execution of clinical trials and the import/export of pharmaceutical products. It is our responsibility to ensure we conduct our business in accordance with the regulations of each relevant territory.

By leveraging existing pre-clinical and clinical data, we are seeking build upon an existing pre-clinical safety and efficacy database to accelerate our research. In addition, our focus on an end-stage population which has no current treatment options, commercialization, may result in relatively shorter approval cycle times. Approval by the FDA in this category generally has been based on objective response rates and duration of responses rather than demonstration of survival benefit. As a result, trials of drugs to treat end-stage refractory cancer indications have historically involved fewer patients and generally have been faster to complete than trials of drugs for other indications. We are aware that the FDA and other similar agencies are regularly reviewing the use of objective endpoints for commercial approval and that policy changes may impact the size of trials required for approval, timelines and expenditures significantly. The trend over the past few years has been to shorten approval cycles for terminal patients in the U.S. by employing a "fast track" approach.

In order to gain marketing approval, we must submit a dossier to the relevant authority for review, which is known in the U.S. as an NDA and in the EU as a marketing authorization application, or MAA. The format is usually specific and laid out by each authority, although in general it will include information on the quality of the chemistry, manufacturing and pharmaceutical aspects of the product as well as the non-clinical and clinical data. Once the submitted NDA is accepted for filing by the FDA, it undertakes the review process that takes ten (10) months, unless an expedited priority review is granted which takes six (6) months to complete. Approval can take several months to several years, if multiple ten (10) month review cycles are needed before final approval is obtained, if at all.

The approval process can be affected by a number of factors. The NDA may be approvable requiring additional pre-clinical, manufacturing data or clinical trials which may be requested at the end of the ten (10) month NDA review cycle, thereby delaying marketing approval until the additional data are submitted and may involve substantial unbudgeted costs. The regulatory authorities usually will conduct an inspection of relevant manufacturing facilities, and review manufacturing procedures, operating systems and personnel qualifications. In addition to obtaining approval for each product, in many cases each drug manufacturing facility must be approved. Further inspections may occur over the life of the product. An inspection of the clinical investigation sites by a competent authority may be required as part of the regulatory approval procedure. As a condition of marketing approval, the regulatory agency may require post-marketing surveillance to monitor for adverse effects or other additional studies as deemed appropriate. After approval for the initial indication, further clinical studies are usually necessary to gain approval for any additional indications. The terms of any approval, including labeling content, may be more restrictive than expected and could affect the marketability of a product.

The FDA offers a number of regulatory mechanisms that provide expedited or accelerated approval procedures for selected drugs in the indications on which we are focusing our efforts. These include accelerated approval under Subpart H of the agency's NDA approval regulations, fast track drug development procedures and priority review. At this time, we have not determined whether any of these approval procedures will apply to any of our current treatment candidates.

The U.S., E.U. and other jurisdictions may grant orphan drug designation to drugs intended to treat a "rare disease or condition," which, in the U.S., is generally a disease or condition that affects no more than 200,000 individuals. In the E.U., orphan drug designation can be granted if: the disease is life threatening or chronically debilitating and affects no more than fifty (50) in 100,000 persons in the E.U.; without incentive it is unlikely that the drug would generate sufficient return to justify the necessary investment; and no satisfactory method of treatment for the condition exists or, if it does, the new drug will provide a significant benefit to those affected by the condition. If a product that has an orphan drug designation subsequently receives the first regulatory approval for the indication for which it has such designation, the product is entitled to orphan exclusivity, meaning that the applicable regulatory authority may not approve any other applications to market the same drug for the same indication, except in very limited circumstances, for a period of seven years in the U.S. and ten (10) years in the EU. Orphan drug designation does not prevent competitors from developing or marketing different drugs for the same indication or the same drug for different indications. Orphan drug designation must be requested before submitting an NDA or MAA. After orphan drug designation is granted, the identity of the therapeutic agent and its potential orphan use are publicly disclosed. Orphan drug designation does not convey an advantage in, or shorten the duration of, the review and approval process; however, this designation provides an exemption from marketing authorization (NDA) fees.

We are also subject to numerous environmental and safety laws and regulations, including those governing the use and disposal of hazardous materials. The cost of compliance with and any violation of these regulations could have a material adverse effect on our business and results of operations. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards prescribed by state and federal regulations, accidental contamination or injury from these materials may occur. Compliance with laws and regulations relating to the protection of the environment has not had a material effect on our capital expenditures or our competitive position. However, we are not able to predict the extent of government regulation, and the cost and effect thereof on our competitive position, which might result from any legislative or administrative action pertaining to environmental or safety matters.

In various countries, animal rights activism has led to either formal or informal boycotting of certain types of animal trials. As we rely on animal experiments as precursors to human trials.

Employees

Other than our Chief Executive Officer, we currently do not have full-time employees, but retain the services of independent contractors/consultants on a contract-employment basis. However, our Board of Directors intends to negotiate an employment package for our Chief Executive Officer, Itamar Shimrat in the near future. Our ability to manage growth effectively will require us to continue to implement and improve our management systems and to recruit and train new employees. Although we have done so in the past and expect to do so in the future, there can be no assurance that we will be able to successfully attract and retain skilled and experienced personnel. We anticipate that in the near future, other key personnel will enter into employment agreements with the Company on customary terms.

ITEM 1A. RISK FACTORS.

An investment in the Company's Common Stock involves a high degree of risk. You should carefully consider the risks described below as well as other information provided to you in this Annual Report on Form 10-K, including information in the section of this document entitled "Information Regarding Forward Looking Statements." The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our Common Stock could decline, and you may lose all or part of your investment.

Risks related to our Business and our Industry

We have a limited *operating history and a history of operating losses, and expect to incur significant additional operating losses.*

Our planned principal operations are the development and commercialization of new cell therapy products focused on treatment of blood cancers, certain non-malignant disorders and organ transplantations and regeneration. We are currently conducting research and development activities in order to facilitate the transition of the patent technology we license from the laboratory to clinical trials. We have a limited operating history. Therefore, there is limited historical financial information upon which to base an evaluation of our performance. Our prospects must be considered in light of the uncertainties, risks, expenses, and difficulties frequently encountered by companies in their early stages of operations. We have generated net losses since we began operations, including $2,504,105 for the year ended December 31, 2015. We expect to incur substantial additional net expenses over the next several years as our research, development, and commercial activities increase. The amount of future losses and when, if ever, we will achieve profitability are uncertain. Our ability to generate revenue and achieve profitability will depend on, among other things, successful completion of the preclinical and clinical development of our product candidates; obtaining necessary regulatory approvals from the U.S. Food and Drug Administration (the "FDA") and international regulatory agencies; successful manufacturing, sales, and marketing arrangements; and raising sufficient funds to finance our activities. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

We may need to secure additional financing.

We anticipate that we will incur operating losses for the foreseeable future. Our historical cash burn rate was approximately $150,000 per month. However, we estimate that our current burn rate is approximately $200,000 per month. As of December 31, 2015, we had cash in the amount of $6,944. Based on our current resources, we will not be able to continue to operate without additional immediate funding. If we are not successful in securing additional financing, we may be required to delay significantly, reduce the scope of or eliminate one or more of our research or development programs, downsize our general and administrative infrastructure, or seek alternative measures to avoid insolvency, including arrangements with collaborative partners or others that may require us to relinquish rights to certain of our technologies, product candidates or products.

Our auditors have *issued a "going concern" audit opinion.*

Our independent auditors have indicated, in their report on our December 31, 2015 consolidated financial statements, that there is substantial doubt about our ability to continue as a going concern. A "going concern" opinion indicates that the financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result if we do not continue as a going concern. Therefore, you should not rely on our consolidated balance sheet as an indication of the amount of proceeds that would be available to satisfy claims of creditors, and potentially be available for distribution to shareholders, in the event of liquidation.

We are an early-*stage company with an unproven business strategy and may never achieve commercialization of our candidate products or profitability.*

We are at an early stage of development and commercialization of our technologies and product candidates. We have not yet begun to market any products and, accordingly, have not begun to generate revenues from the commercialization of our products. Our products will require significant additional clinical testing and investment prior to commercialization. A commitment of substantial resources by ourselves and, potentially, our partners to conduct time-consuming research and clinical trials will be required if we are to complete the development of our product candidates. There can be no assurance that any of our product candidates will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs or be successfully marketed. Most of our product candidates are not expected to be commercially available for several years, if at all.

We are dependent *on our collaborative partners and service providers the loss of which would hurt our business.*

Our strategy is to enter into various arrangements with corporate and academic collaborators, licensors, licensees, service providers and others for the research, development, clinical testing and commercialization of our products. We intend to or have entered into agreements with academic, medical and commercial organizations to research, develop and test our products. In addition, we intend to enter into corporate partnerships to commercialize the Company's core products. There can be no assurance that such collaborations can be established on favorable terms, if at all.

Should any collaborative partner or service provider fail to appropriately research, develop, test or successfully commercialize any product to which the Company has rights, our business may be adversely affected. Failure of a collaborative partner or service provider to successfully conduct or complete their activities or to remain a viable collaborative partner or commercialize enterprise for any particular program could delay or halt the development or commercialization of any products arising out of such program. While management believes that collaborative partners and service providers will have sufficient economic motivation to continue their activities, there can be no assurance that any of these collaborations or provisions of required services will be continued or result in successfully commercialized products.

Notably, we maintain an exclusive worldwide license to certain intellectual property owned by Yeda pursuant to the Yeda License Agreement, as further discussed in the "Intellectual Property" section hereinafter. If we should default under the License Agreement, then our rights to Yeda's intellectual property would extinguish, and we would lose all rights to operate the licenses. In such an event, we would effectively cease to operate unless we re-obtained licensing with Yeda.

In addition, there can be no assurance that the collaborative research or commercialization partners will not pursue alternative technologies or develop alternative products either on their own or in collaboration with others, including our competitors, as a means for developing treatments for the diseases or conditions targeted by our programs.

Our ability and our collaborators' ability to sell therapeutic products will depend to a large extent upon reimbursement from health care insurance *companies.*

Our success may depend, in part, on the extent to which reimbursement for the costs of therapeutic products and related treatments will be available from third-party payers such as government health administration authorities, private health insurers, managed care programs, and other organizations. Over the past decade, the cost of health care has risen significantly, and there have been numerous proposals by legislators, regulators, and third-party health care payers to curb these costs. Some of these proposals have involved limitations on the amount of reimbursement for certain products. Similar federal or state health care legislation may be adopted in the future and any products that we or our collaborators seek to commercialize may not be considered cost-effective. Adequate third-party insurance coverage may not be available for us or our collaborative partners to establish and maintain price levels that are sufficient for realization of an appropriate return on investment in product development.

We do not own *any patents and rely on the patents we license from Yeda Research and Development Limited.*

We do not currently own any patents and only have an exclusive worldwide license to certain intellectual property owned by Yeda pursuant to a license agreement between us and Yeda. Under the license agreement with Yeda, Yeda retains ownership of the licensed patents. If we were to default under the license agreement, then our rights to Yeda's intellectual property would be extinguished and we would lose all rights to operate the license. In such an event, we would effectively cease to operate unless we re-obtained licensing with Yeda.

We are dependent *on protecting our proprietary rights.*

Our success and competitive position and future overall revenues will depend in part on our ability to obtain and maintain patent protection over the patents that we have an exclusive license to use for our product candidates, methods, process and other technologies to preserve our trade secrets, to prevent third parties from infringing on our proprietary rights and to operate without infringing the proprietary rights of third parties. Although our patents and related technologies are owned by Yeda, under our exclusive license agreement, we are required to pay all patent related expenses for applications, renewals, etc., as well as any and all legal or other costs associated with the defending and protecting such proprietary rights. However, we cannot predict:

- the degree and range of protection any patents will afford us against competitors, including whether third parties will find ways to invalidate or otherwise circumvent the patents that we license;
- whether or not others will obtain patents claiming aspects similar to those covered by the patents that we license; or
- whether we will need to initiate litigation or administrative proceedings, which may be costly whether we win or lose.

For a complete list of the patents that we license from Yeda, please see the section entitled "*Science and Technology Overview*" of this Annual Report on Form 10-K.

We may be required to obtain licenses from third parties to avoid infringing patents or other proprietary rights. No assurance can be given that any licenses required under any such patents or proprietary rights would be made available, if at all, on terms we find acceptable. If we do not obtain such licenses, we could encounter delays in the introduction of products, or could find that the development, manufacture or sale of products requiring such licenses could be prohibited.

A number of pharmaceutical, biopharmaceutical and biotechnology companies and research and academic institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to or affect our business. Some of these technologies, applications or patents may conflict with our technologies or patent applications. Such conflict could limit the scope of the patents, if any, that we may be able to obtain. Such conflict may also result in the denial of our patent applications. In addition, if patents that cover our activities are issued to other companies, there can be no assurance that we would be able to obtain licenses to these patents at a reasonable cost or be able to develop or obtain alternative technology. If we do not obtain such licenses, we could encounter delays in the introduction of products, or could find that the development, manufacture or sale of products requiring such licenses could be prohibited. In addition, we could incur substantial costs in defending ourselves in suits brought against us on patents that our products might infringe or in filing suits against others to have such patents declared invalid.

Patent applications in the U.S. are maintained in secrecy and not published if either: i) the application is a provisional application or, ii) the application is filed and we request no publication, and certify that the invention disclosed "has not and will not" be the subject of a published foreign application. Otherwise, U.S. applications or foreign counterparts, if any, publish 18 months after the priority application has been filed. Since publication of discoveries in the scientific or patent literature often lag behind actual discoveries, we cannot be certain that we or any licensor were the first creator of inventions covered by pending patent applications or that we or such licensor was the first to file patent applications for such inventions. Moreover, we might have to participate in interference proceedings declared by the U.S. Patent and Trademark Office to determine priority of invention, which could result in substantial cost to us, even if the eventual outcome were favorable to us. There can be no assurance that our patents, if issued, would be held valid or enforceable by a court or that a competitor's technology or product would be found to infringe such patents.

Much of our know-how and technology may not be patentable. To protect our rights, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. There can be no assurance, however, that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. Further, our business may be adversely affected by competitors who independently develop competing technologies, especially if we obtain no, or only narrow, patent protection.

We are subject to various government regulations.

The manufacture and sale of human therapeutic and diagnostic products in the U.S., Canada and foreign jurisdictions are governed by a variety of statutes and regulations. These laws require approval of manufacturing facilities, controlled research and testing of products and government review and approval of a submission containing manufacturing, preclinical and clinical data in order to obtain marketing approval based on establishing the safety and efficacy of the product for each use sought, including adherence to current Good Manufacturing Practice (or cGMP) during production and storage, and control of marketing activities, including advertising and labeling.

The products we are currently developing will require significant development, preclinical and clinical testing and investment of substantial funds prior to their commercialization. The process of obtaining required approvals can be costly and time-consuming, and there can be no assurance that future products will be successfully developed and will prove to be safe and effective in clinical trials or receive applicable regulatory approvals. Markets other than the U.S. and Canada have similar restrictions. Potential investors and shareholders should be aware of the risks, problems, delays, expenses and difficulties which we may encounter in view of the extensive regulatory environment which controls our business.

We may become subject to increased government regulation.

Increased government regulation could: (i) reduce our revenues; (ii) increase our operating expenses; and (iii) expose us to significant liabilities. We cannot be sure what effect any future material noncompliance by us with any future laws and regulations or any material changes in current laws and regulations could have on our business, operating results and financial condition.

If we are unable to keep up with rapid technological changes in our field or compete effectively, we will be unable to operate profitably.

We are engaged in a rapidly changing field. Other products and therapies that will compete directly with the products that we are seeking to develop and market currently exist or are being developed. Competition from fully integrated pharmaceutical companies and more established biotechnology companies is intense and is expected to increase. Most of these companies have significantly greater financial resources and expertise in discovery and development, manufacturing, preclinical and clinical testing, obtaining regulatory approvals and marketing than us. Smaller companies may also prove to be significant competitors, particularly through collaborative arrangements with large pharmaceutical and established biopharmaceutical or biotechnology companies. Many of these competitors have significant products that have been approved or are in development and operate large, well-funded discovery and development programs. Academic institutions, governmental agencies and other public and private research organizations also conduct research, seek patent protection and establish collaborative arrangements for therapeutic products and clinical development and marketing. These companies and institutions compete with us in recruiting and retaining highly qualified scientific and management personnel. In addition to the above factors, we will face competition based on product efficacy and safety, the timing and scope of regulatory approvals, availability of supply, marketing and sales capability, reimbursement coverage, price and patent position. There is no assurance that our competitors will not develop more effective or more affordable products, or achieve earlier patent protection or product commercialization, than our own.

Other companies may succeed in developing products earlier than ourselves, obtaining Health Canada, European Medicines Agency (the "EMEA") and FDA approvals for such products more rapidly than we will, or in developing products that are more effective than products we propose to develop. While we will seek to expand our technological capabilities in order to remain competitive, there can be no assurance that research and development by others will not render our technology or products obsolete or non-competitive or result in treatments or cures superior to any therapy we develop, or that any therapy we develop will be preferred to any existing or newly developed technologies.

Clinical trials for our product candidates are expensive and time consuming, and their outcome is uncertain.

The process of obtaining and maintaining regulatory approvals for new therapeutic products is expensive, lengthy and uncertain. Costs and timing of clinical trials may vary significantly over the life of a project owing to any or all of the following non-exclusive reasons:

- the duration of the clinical trial;
- the number of sites included in the trials;
- the countries in which the trial is conducted;
- the length of time required and ability to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- per patient trial costs;
- third party contractors failing to comply with regulatory requirements or meet their contractual obligations to us in a timely manner;
- our final product candidates having different properties in humans than in laboratory testing;
- the need to suspend or terminate our clinical trials;
- insufficient or inadequate supply of quality of necessary materials to conduct our trials;
- potential additional safety monitoring, or other conditions required by FDA or comparable foreign regulatory authorities regarding the scope or design of our clinical trials, or other studies requested by regulatory agencies;
- problems engaging institutional review boards ("IRB") to oversee trials or in obtaining and maintaining IRB approval of studies;
- the duration of patient follow-up;
- the efficacy and safety profile of a product candidate;
- the costs and timing of obtaining regulatory approvals; and
- the costs involved in enforcing or defending patent claims or other intellectual property rights.

Late stage clinical trials are especially expensive, typically requiring tens of millions of dollars, and take years to reach their outcomes. Such outcomes often fail to reproduce the results of earlier trials. It is often necessary to conduct multiple late stage trials, including multiple Phase III trials, in order to obtain sufficient results to support product approval, which further increases the expense. Sometimes trials are further complicated by changes in requirements while the trials are under way (for example, when the standard of care changes for the disease that is being studied in the trial). Accordingly, any of our current or future product candidates could take a significantly longer time to gain regulatory approval than we expect, or may never gain approval, either of which could delay or stop the commercialization of our product candidates.

We may be required to suspend or discontinue clinical trials due to unexpected side effects or other safety risks that could preclude approval of our product candidates.

Our clinical trials may be suspended at any time for a number of reasons. For example, we may voluntarily suspend or terminate our clinical trials if at any time we believe that they present an unacceptable risk to the clinical trial patients. In addition, the FDA or other regulatory agencies may order the temporary or permanent discontinuation of our clinical trials at any time if they believe that the clinical trials are not being conducted in accordance with applicable regulatory requirements or that they present an unacceptable safety risk to the clinical trial patients.

Administering any product candidate to humans may produce undesirable side effects. These side effects could interrupt, delay or halt clinical trials of our product candidates and could result in the FDA or other regulatory authorities denying further development or approval of our product candidates for any or all targeted indications. Ultimately, some or all of our product candidates may prove to be unsafe for human use. Moreover, we could be subject to significant liability if any volunteer or patient suffers, or appears to suffer, adverse health effects as a result of participating in our clinical trials.

We may not receive regulatory approvals for our product candidates or there may be a delay in obtaining such approvals.

Our products and our ongoing development activities are subject to regulation by regulatory authorities in the countries in which we or our collaborators and distributors wish to test, manufacture or market our products. For instance, the FDA will regulate the product in the U.S. and equivalent authorities, such as the EMA, will regulate in Europe. Regulatory approval by these authorities will be subject to the evaluation of data relating to the quality, efficacy and safety of the product for its proposed use, and there can be no assurance that the regulatory authorities will find our data sufficient to support product approval.

The time required to obtain regulatory approval varies between countries. In the U.S., for products without "Fast Track" status, it can take up to eighteen (18) months after submission of an application for product approval to receive the FDA's decision. Even with Fast Track status, FDA review and decision can take up to twelve (12) months.

Different regulators may impose their own requirements and may refuse to grant, or may require additional data before granting, an approval, notwithstanding that regulatory approval may have been granted by other regulators. Regulatory approval may be delayed, limited or denied for a number of reasons, including insufficient clinical data, the product not meeting safety or efficacy requirements or any relevant manufacturing processes or facilities not meeting applicable requirements as well as case load at the regulatory agency at the time.

Delays in our clinical trials could result in us not achieving anticipated developmental milestones when expected, increased costs and delay our ability to obtain regulatory approval and commercialize our product candidates.

Delays in our ability to commence or enroll patients for our clinical trials could result in us not meeting anticipated clinical milestones and could materially impact our product development costs and delay regulatory approval of our product candidates. We do not know whether planned clinical trials will be commenced or completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including:

- delays in the development of manufacturing capabilities for our product candidates to enable their consistent production at clinical trial scale;
- delays in the commencement of clinical trials as a result of clinical trial holds or the need to obtain additional information to complete an Investigational New Drug Application (IND);
- delays in obtaining regulatory approval to commence new trials;
- adverse safety events experienced during our clinical trials;
- insufficient efficacy during trials leading to withdrawal of product candidate;
- delays in obtaining clinical materials;
- slower than expected patient recruitment for participation in clinical trials; and
- delays in reaching agreement on acceptable clinical trial agreement terms with prospective sites or obtaining institutional review board approval.

If we do not successfully commence or complete our clinical trials on schedule, the price of our common stock may decline.

Preclinical studies and Phase 1 or 2 clinical trials of our product candidates may not predict the results of subsequent human clinical trials.

Preclinical studies, including studies of our product candidates in animal models, may not accurately predict the result of human clinical trials of those product candidates. In particular, promising animal studies suggesting the efficacy of our products may not predict the ability of these products to treat humans. Our technology may be found not to be efficacious when studied in human clinical trials.

To satisfy FDA or foreign regulatory approval standards for the commercial sale of our product candidates, we must demonstrate in adequate and controlled clinical trials that our product candidates are safe and effective. Success in early clinical trials, including Phase 2 trials, does not ensure that later clinical trials will be successful. Our initial results from Phase 1/2 clinical trials also may not be confirmed by later analysis or subsequent larger clinical trials. A number of companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials, even after obtaining promising results in earlier clinical trials.

Our product candidates must undergo rigorous clinical testing, the results of which are uncertain and could substantially delay or prevent us from bringing them to market.

Before we can obtain regulatory approval for a product candidate, we must undertake extensive clinical testing in humans to demonstrate safety and efficacy to the satisfaction of the FDA or other regulatory agencies. Clinical trials of new drug candidates sufficient to obtain regulatory marketing approval are expensive and take years to complete.

We cannot be certain of successfully completing clinical testing within the time frame we have planned, or at all. We may experience numerous unforeseen events during, or as a result of, the clinical trial process that could delay or prevent us from receiving regulatory approval or commercializing our product candidates, including the following:

- our clinical trials may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical and/or preclinical testing or to abandon programs;
- the results obtained in earlier stage clinical testing may not be indicative of results in future clinical trials;
- clinical trial results may not meet the level of statistical significance required by the FDA or other regulatory agencies;
- enrollment in our clinical trials for our product candidates may be slower than we anticipate, resulting in significant delays and additional expense;
- we, or regulators, may suspend or terminate our clinical trials if the participating patients are being exposed to unacceptable health risks; and
- the effects of our product candidates on patients may not be the desired effects or may include undesirable side effects or other characteristics that may delay or preclude regulatory approval or limit their commercial use, if approved.

Completion of clinical trials depends, among other things, on our ability to enroll a sufficient number of patients, which is a function of many factors, including:

- the therapeutic endpoints chosen for evaluation;
- the eligibility criteria defined in the protocol;
- the perceived benefit of the investigational drug under study;
- the size of the patient population required for analysis of the clinical trial's therapeutic endpoints;
- our ability to recruit clinical trial investigators and sites with the appropriate competencies and experience;
- our ability to obtain and maintain patient consents; and
- competition for patients by clinical trial programs for other treatments.

We may experience difficulties in enrolling patients in our clinical trials, which could increase the costs or affect the timing or outcome of these clinical trials. This is particularly true with respect to diseases with relatively small patient populations.

We may in the future conduct clinical trials for our products or product candidates outside the United States and the FDA may not accept data from such trials.

We may in the future choose to conduct one or more of our clinical trials outside the United States. Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of such study data by the FDA is subject to certain conditions. For example, the study must be well designed and conducted and performed by qualified investigators in accordance with ethical principles. The study population must also adequately represent the U.S. population, and the data must be applicable to the U.S. population and U.S. medical practice in ways that the FDA deems clinically meaningful. Generally, the patient population for any clinical studies conducted outside of the United States must be representative of the population for whom we intend to label the product in the United States. In addition, such studies would be subject to the applicable local laws and FDA acceptance of the data would be dependent upon its determination that the studies also complied with all applicable U.S. laws and regulations. There can be no assurance the FDA will accept data from trials conducted outside of the United States. If the FDA does not accept any such data, it would likely result in the need for additional trials, which would be costly and time consuming and delay aspects of our business plan.

We may fail to comply with regulatory requirements.

Our success will be dependent upon our ability, and our collaborative partners' abilities, to maintain compliance with regulatory requirements, including cGMP, and safety reporting obligations. The failure to comply with applicable regulatory requirements can result in, among other things, fines, injunctions, civil penalties, total or partial suspension of regulatory approvals, refusal to approve pending applications, recalls or seizures of products, operating and production restrictions and criminal prosecutions.

Regulatory approval of our product candidates may be withdrawn at any time.

After regulatory approval has been obtained for medicinal products, the product and the manufacturer are subject to continual review, including the review of adverse experiences and clinical results that are reported after our products are made available to patients, and there can be no assurance that such approval will not be withdrawn or restricted. Regulators may also subject approvals to restrictions or conditions, or impose post-approval obligations on the holders of these approvals, and the regulatory status of such products may be jeopardized if such obligations are not fulfilled. If post-approval studies are required, such studies may involve significant time and expense.

The manufacturer and manufacturing facilities we use to make any of our products will also be subject to periodic review and inspection by the FDA or EMA, as applicable. The discovery of any new or previously unknown problems with the product, manufacturer or facility may result in restrictions on the product or manufacturer or facility, including withdrawal of the product from the market. We will continue to be subject to the FDA or EMA requirements, as applicable, governing the labeling, packaging, storage, advertising, promotion, recordkeeping, and submission of safety and other post-market information for all of our product candidates, even those that the FDA or EMA, as applicable, had approved. If we fail to comply with applicable continuing regulatory requirements, we may be subject to fines, suspension or withdrawal of regulatory approval, product recalls and seizures, operating restrictions and other adverse consequences.

There may not be a viable market for our products.

We believe that there will be many different applications for our products. We also believe that the anticipated market for our products will continue to expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of our products' commercial viability.

We rely on key personnel and, if we are unable to retain or motivate key personnel or hire qualified personnel, we may not be able to grow effectively.

We are dependent on our Chief Executive Officer, Itamar Shimrat, our Executive Chairman, Dennis Brown, and on scientific and drug development consultants, including Professor Yair Reisner, the loss of services of one or more of whom could materially adversely affect us.

Other than our Chief Executive Officer, we currently do not have full-time employees, but we retain the services of independent contractors/consultants on a contract-employment basis. Our ability to manage growth effectively will require us to continue to implement and improve our management systems and to recruit and train new employees. Although we have done so in the past and expect to do so in the future, there can be no assurance that we will be able to successfully attract and retain skilled and experienced personnel.

We may be subject to foreign exchange fluctuation.

We maintain our accounts in both U.S. dollars and Israeli shekels. A portion of our expenditures are in foreign currencies, most notably in U.S. dollars, and therefore we are subject to foreign currency fluctuations, which may, from time to time, impact our financial position and results. We may enter into hedging arrangements under specific circumstances, typically through the use of forward or futures currency contracts, to minimize the impact of increases in the value of the U.S. dollar. In order to minimize our exposure to foreign exchange fluctuations we may hold sufficient U.S. dollars to cover our expected U.S. dollar expenditures.

We may be exposed to potential product and clinical trials liability.

Our business exposes us to potential product liability risks, which are inherent in the testing, manufacturing, marketing and sale of therapeutic products. Human therapeutic products involve an inherent risk of product liability claims and associated adverse publicity. While we will continue to take precautions we deem appropriate, there can be no assurance that we will be able to avoid significant product liability exposure. We do not currently maintain liability insurance coverage as such insurance is expensive and difficult to obtain. In the event clinical trials are commenced, we plan to obtain liability insurance coverage in the jurisdictions applicable to such clinical trials. However, when we seek such insurance, it may not be available on acceptable terms, if at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit our ability to conduct clinical trials in certain jurisdiction or the commercialization of our current or potential

products. A product liability claim brought against us in a clinical trial or a product withdrawal could have a material adverse effect upon us and our financial condition. Should the insurance coverage be insufficient in amount or scope to address multiple and diverse claims, liabilities not covered by insurance could represent a significant financial liability for Cell Source. Since Yeda does not conduct human trials, there is no need for Cell Source to have insurance for trials there. When Cell Source begins to contract facilities at hospitals to conduct human trials on its behalf, it will ensure that full and proper insurance coverage will be in place with respect to such clinical facilities. Cell Source plans to insure its participation in any and all clinical trials, above and beyond whatever insurance coverage is already held by the institutions and facilities providing services with respect to such clinical trials.

We may become subject to liabilities related to risks inherent in working with hazardous materials.

Our discovery and development processes involve the controlled use of hazardous and radioactive materials. We are subject to federal, state, provincial and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although we believe that our safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result and any such liability could exceed our resources. We are not specifically insured with respect to this liability. Although we believe that we are in compliance in all material respects with applicable environmental laws and regulations and currently do not expect to make material capital expenditures for environmental control facilities in the near-term, there can be no assurance that we will not be required to incur significant costs to comply with environmental laws and regulations in the future, or that our operations, business or assets will not be materially adversely affected by current or future environmental laws or regulations.

Risks Related to Our Common Stock

There is not an active liquid trading market for the Company's Common Stock.

The Company is required to report under the Exchange Act and its Common Stock is eligible for quotation on the OTC Markets. However, there is no regular active trading market in the Company's Common Stock, and we cannot give an assurance that an active trading market will develop. If an active market for the Company's Common Stock develops, there is a significant risk that the Company's stock price may fluctuate dramatically in the future in response to any of the following factors, some of which are beyond our control:

- variations in our quarterly operating results;
- announcements that our revenue or income are below analysts' expectations;
- general economic slowdowns;
- sales of large blocks of the Company's Common Stock; and
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments.

Our Common Stock is subject to the "penny stock" rules of the Securities and Exchange Commission, which may make it more difficult for stockholders to sell our Common Stock.

The SEC has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require that a broker or dealer approve a person's account for transactions in penny stocks, and the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience objectives of the person, and make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form sets forth the basis on which the broker or dealer made the suitability determination, and that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of the Company's Common Stock if and when such shares are eligible for sale and may cause a decline in the market value of its stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock.

We may not be able to attract the attention of brokerage firms because we became a public company by means of a reverse acquisition.

Because we became public through a "reverse acquisition," securities analysts of brokerage firms may not provide coverage of us since there is little incentive to brokerage firms to recommend the purchase of our Common Stock. No assurance can be given that brokerage firms will want to conduct any secondary offerings on behalf of the Company in the future.

Applicable regulatory requirements, including those contained in and issued under the Sarbanes-Oxley Act of 2002, may make it difficult for the Company to retain or attract qualified officers and directors, which could adversely affect the management of its business and its ability to obtain or retain listing of its Common Stock.

The Company may be unable to attract and retain those qualified officers, directors and members of board committees required to provide for effective management because of the rules and regulations that govern publicly held companies, including, but not limited to, certifications by principal executive officers. The enactment of the Sarbanes-Oxley Act has resulted in the issuance of a series of related rules and regulations and the strengthening of existing rules and regulations by the SEC, as well as the adoption of new and more stringent rules by the stock exchanges. The perceived increased personal risk associated with these changes may deter qualified individuals from accepting roles as directors and executive officers.

Further, some of these changes heighten the requirements for board or committee membership, particularly with respect to an individual's independence from the corporation and level of experience in finance and accounting matters. The Company may have difficulty attracting and retaining directors with the requisite qualifications. If the Company is unable to attract and retain qualified officers and directors, the management of its business and its ability to obtain or retain listing of our shares of Common Stock on any stock exchange (assuming the Company elects to seek and are successful in obtaining such listing) could be adversely affected.

If the Company fails to maintain an effective system of internal controls, it may not be able to accurately report its financial results or detect fraud. Consequently, investors could lose confidence in the Company's financial reporting and this may decrease the trading price of its stock.

The Company must maintain effective internal controls to provide reliable financial reports and detect fraud. The Company has been assessing its internal controls to identify areas that need improvement. It is in the process of implementing changes to internal controls, but has not yet completed implementing these changes. Failure to implement these changes to the Company's internal controls or any others that it identifies as necessary to maintain an effective system of internal controls could harm its operating results and cause investors to lose confidence in the Company's reported financial information. Any such loss of confidence would have a negative effect on the trading price of the Company's stock.

Voting power of our shareholders is highly concentrated by insiders.

Our officers, directors and affiliates currently own approximately 38% of our outstanding common stock. Such concentrated control of the Company may adversely affect the value of our ordinary shares. If you acquire our ordinary shares, you may have no effective voice in our management. Sales by our insiders or affiliates, along with any other market transactions, could affect the value of our ordinary shares.

We do not intend to pay dividends for the foreseeable future.

We have paid no dividends on our Common Stock to date and it is not anticipated that any dividends will be paid to holders of our Common Stock in the foreseeable future. While our future dividend policy will be based on the operating results and capital needs of the business, it is currently anticipated that any earnings will be retained to finance our future expansion and for the implementation of our business plan. As an investor, you should take note of the fact that a lack of a dividend can further affect the market value of our stock, and could significantly affect the value of any investment in our Company.

Our articles of incorporation allow for our board to create a new series of preferred stock without further approval by our stockholders, which could adversely affect the rights of the holders of our Common Stock.

Our Board of Directors has the authority to fix and determine the relative rights and preferences of preferred stock. Our Board of Directors have the authority to issue up to 10,000,000 shares of our preferred stock terms of which may be determined by the Board without further stockholder approval. As a result, our Board of Directors could authorize the issuance of a series of preferred stock that would grant to holders the preferred right to our assets upon liquidation, the right to receive dividend payments before dividends are distributed to the holders of Common Stock and the right to the redemption of the shares, together with a premium, prior to the redemption of our Common Stock.

In addition, our Board of Directors could authorize the issuance of a series of preferred stock that has greater voting power than our Common Stock or that is convertible into our Common Stock, which could decrease the relative voting power of our Common Stock or result in dilution to our existing stockholders. Although we have no present intention to issue any additional shares of preferred stock or to create any additional series of preferred stock, we may issue such shares in the future.

You may experience dilution of your ownership interests because of the future issuance of additional shares of common stock.

In the future, we may issue additional authorized but previously unissued equity securities, resulting in the dilution of the ownership interests of our shareholders. We may also issue additional shares of our securities that are convertible into or exercisable for Common Stock, as the case may be, in connection with hiring or retaining employees, future acquisitions, future sales of its securities for capital raising purposes, or for other business purposes. The future issuance of any such additional shares of Common Stock may create downward pressure on the value of our securities. There can be no assurance that we will not be required to issue additional shares of Common Stock, warrants or other convertible securities in the future in conjunction with any capital raising efforts, including at a price (or exercise prices) below the price at which our shares may be valued or are trading in a public market.

As an issuer of "penny stock," the protection provided by the federal securities laws relating to forward looking statements does not apply to us.

Although federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to issuers of penny stocks. As a result, we will not have the benefit of this safe harbor protection in the event of any legal action based upon a claim that the material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading. Such an action could hurt our financial condition.

Our issuance of Common Stock upon exercise of warrants or options may depress the price of our Common Stock.

As of December 31, 2015, we have 23,929,256 shares of Common Stock issued and outstanding and warrants to purchase 13,118,159 shares of Common Stock. The issuance of shares of Common Stock upon exercise of outstanding warrants or options could result in substantial dilution to our stockholders, which may have a negative effect on the price of our Common Stock.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, we are incurring significant legal, accounting and other expenses that we did not incur as a private company. Since we are subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, we file reports with the Securities and Exchange Commission. As a result, we file annual, quarterly and current reports with respect to our business and financial condition and establish and maintain effective disclosure and financial controls and corporate governance practices. Compliance with the Exchange Act and the rules and regulations under the Exchange Act have substantially increased our legal and financial compliance costs and made some activities more time-consuming and costly. Our management and other personnel devote a substantial amount of time to these compliance initiatives. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance. We estimate that we will incur between $1 million and $2.5 million annually in expenses in response to these requirements.

If *we take advantage of specified reduced disclosure requirements applicable to an "emerging growth company" under the JOBS Act, the information that we provide to stockholders may be different than they might receive from other public companies.*

As a company with less than $1 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" under the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- Only two years of audited financial statements in addition to any required unaudited interim financial statements with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- Reduced disclosure about our executive compensation arrangements;
- No non-binding advisory votes on executive compensation or golden parachute arrangements;
- Exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1 billion in annual revenues, we have more than $700 million in market value of our stock held by non-affiliates, or we issue more than $1 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens. We have not taken advantage of any of these reduced reporting burdens in this Report on Form 10-K, although we may choose to do so in future filings. If we do, the information that we provide stockholders may be different than you might get from other public companies in which you hold stock.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We will be required to disclose changes made in our internal controls and procedures on a quarterly basis and our management will be required to assess the effectiveness of these controls annually. However, for as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404. We could be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

FORWARD-LOOKING STATEMENTS

Statements contained in this Annual Report on Form 10-K may be "forward-looking statements." Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this Annual Report on Form 10-K, including the risks described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operation" in this Annual Report on Form 10-K and in other documents which we file with the Securities and Exchange Commission. In addition, such statements could be affected by risks and uncertainties related to:

- our ability to raise funds for general corporate purposes and operations, including our clinical trials;
- the commercial feasibility and success of our technology;
- our ability to recruit qualified management and technical personnel;
- the success of our clinical trials;
- our ability to obtain and maintain required regulatory approvals for our products; and
- the other factors discussed in the "Risk Factors" section and elsewhere in this Annual Report on Form 10-K.

Any forward-looking statements speak only as of the date on which they are made, and except as may be required under applicable securities laws, we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this current report.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Our corporate headquarters is located at 5 Kineret Street, Bnei Brak, Israel 5126237, and the telephone number at such address is (972) 3 562-1755. Currently our corporate headquarters are located at the offices of our general counsel. We do not own or lease this office space and are provided access to these offices as needed. Because we are a small company, this space is adequate for our current needs.

ITEM 3. LEGAL PROCEEDINGS.

We are not involved in any pending legal proceeding or litigations and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on us.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is quoted under the symbol "CLCS" on the OTCQB. There has been no active trading of our common stock.

There was no reported trading in our common stock prior to March 13, 2014. Since March 13, 2014, there has been limited trading in our common stock. The following table sets forth the range of high and low bid prices of our common stock as reported and summarized on the OTCQB for the periods indicated. These prices are based on inter-dealer bid and asked prices, without markup, markdown, commissions, or adjustments and may not represent actual transactions.

2015 Fiscal Year

	High	Low
First Quarter ended March 31, 2015	$ 1.35	$ 0.20
Second Quarter ended June 30, 2015	$ 1.60	$ 0.73
Third Quarter ended September 30, 2015	$ 1.39	$ 1.00
Fourth Quarter ended December 31, 2015	$ 1.60	$ 1.05

2014 Fiscal Year

	High	Low
First Quarter ended March 31, 2014	$ 0.10***	$ 0.10***
Second Quarter ended June 30, 2014	$ 3.50	$ 0.10
Third Quarter ended September 30, 2014	$ 2.00	$ 0.75
Fourth Quarter ended December 31, 2014	$ 0.95	$ 0.32

*** There was no reported trading in our common stock prior to March 13, 2014

Transfer Agent

Our transfer agent is Globex Transfer, LLC, 780 Deltona Blvd., Suite 202, Deltona, FL 32725.

Holders

As of April 8, 2016, there were 104 holders of record of our common stock.

Dividends

We have never declared or paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future.

Warrants

As of December 31, 2015, we had warrants to purchase an aggregate of 13,118,159 shares of common stock outstanding with a weighted average exercise price of $0.63 per share.

Securities Authorized for Issuance Under Equity Compensation Plans

Equity Compensation Plan Information

As of the date of the filing of this Annual Report on Form 10-K, we do not have any equity compensation plan.

Sales of Unregistered Securities

In 2015 and through March 2016, the Company held several closings under a Subscription Agreement (the "Bridge Note Subscription Agreement") entered into by the Company and various accredited investors (the "Purchasers"). The Company closed on an aggregate of $722,500 of convertible promissory notes (the "Notes") to the Purchasers. The Notes are convertible into Common Stock at the option of the Purchasers and are also subject to automatic conversion upon the occurrence of: (i) the closing of an offering of equity securities pursuant to which the Company receives an aggregate amount of funds totaling $5,000,000 or more (a "Qualified Financing"); (ii) the closing of a transaction (including but not limited to the Company's entry into a joint venture or partnership agreement or the sublicensing of the Company's intellectual property) pursuant to which the Company receives or expects to receive a total aggregate of at least $4,000,000 (a "Strategic Transaction"); or (iii) eighteen (18) months from the date of Note issuance (the "Maturity Date"). The Notes bear an interest rate of 10% per annum, which becomes payable on the Maturity Date.

In addition, upon automatic conversion of the Notes, following a Qualified Financing or Strategic Transaction, the holders shall receive five-year warrants to purchase that number of shares of common stock into which the Notes are convertible and such warrants shall have an exercise price equal to one hundred ten percent (110%) of the per-share common stock price underlying them, at which the Company sells its securities in the Qualified Financing or $0.825 in the case of a Strategic Transaction. In the event of conversion upon the Maturity Date, the conversion price of the Notes shall be equal to the quotient obtained by dividing $15 million by the aggregate number of outstanding shares of the Company's Common Stock, measured on a fully-diluted basis, on the date immediately preceding the Maturity date. Furthermore, upon automatic conversion due to the Maturity date, the holders shall receive five-year warrants to purchase the number of common shares into which the Notes are convertible and such warrants shall have a conversion price equal to the Maturity Conversion Price.

The net proceeds from the Private Placement were used for general corporate purposes. The Company relied on the exemption from registration under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D for purposes of the Private Placement.

The foregoing description of the terms of the Bridge Note Subscription Agreement and the Notes does not purport to be complete and is subject to, and qualified in its entirety by reference to the Bridge Note Subscription Agreement and the Notes which are filed herewith as Exhibit 10.29 and Exhibit 10.30, and are incorporated herein by reference.

On October 7, 2015, the Company issued one-year convertible notes payable in the aggregate principal amount of $250,000. The notes bear interest at a rate of 6% per annum. For a period of fifteen (15) business days beginning on the maturity date, at the option of the holder, the principal and any accrued and unpaid interest may be converted into common stock at a conversion price of $0.75 per share. In consideration of the loans, an aggregate of 250,000 shares of common stock were issued by the Company to the purchasers of the notes payable.

On November 10, 2015, the Company issued warrants to purchase an aggregate of 2,400,000 shares of common stock at an exercise price of $0.75 per share to certain founders of Cell Source Limited. The warrants expire on November 10, 2019.

Issuer Purchases of Equity Securities

None.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Management Discussion and Analysis ("MD&A") contains "forward-looking statements," which represent our projections, estimates, expectations or beliefs concerning among other things, financial items that relate to management's future plans or objectives or to our future economic and financial performance. In some cases, you can identify these statements by terminology such as "may," "should," "plans," "believe," "will," "anticipate," "estimate," "expect," "project" or "intend," including their opposites or similar phrases or expressions.

You should be aware that these statements are projections or estimates as to future events and are subject to a number of factors that may tend to influence the accuracy of the statements. These forward-looking statements should not be regarded as a representation by the Company or any other person that the events or plans of the Company will be achieved. You should not unduly rely on these forward-looking statements, which speak only as of the date of this MD&A. Except as may be required under applicable securities laws, we undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this MD&A or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks we describe under "Risk Factors" in this Annual Report on Form 10-K. Actual results may differ materially from any forward looking statement.

Overview

Our wholly-owned subsidiary, Cell Source Israel was founded in 2011 as a privately held company located in Tel Aviv, Israel. Our business is based on over ten (10) years of prominent research at the Weizmann Institute, the commercial arm of Yeda, from whom we license patented technology. Our exclusive, world-wide license provides us with access to certain discoveries, inventions and other intellectual property generated by Dr. Reisner, formerly Head of the Immunology Department at the Weizmann Institute, together with others. Dr. Reisner leads a team at the Weizmann Institute to continue the development of these technologies in order to facilitate the transition of those technologies from the laboratory to clinical trials. Our Scientific Advisory Board is chaired by Dr. Terry Strom, Professor of Medicine and Surgery at Harvard Medical School and Director of The Transplant Institute at Beth Israel Deaconess Medical Center, the founding President of the American Society of Transplantation, from which he received a Lifetime Achievement Award, and past President of the Clinical Immunology Society. Its other members include Dr. Robert Negrin, Director of Bone and Marrow Transplantation and Professor of Medicine at Stanford University who is a past President of the American Society of Bone and Marrow Transplantation and the International Society of Cellular Therapy; Dr. Steven Burakoff, Director of the Tisch Cancer Institute at Mount Sinai Medical Center, Professor of Cancer Medicine at the Icahn School of Medicine, past Professor of Medicine at Harvard Medical School and Director of the NYU Cancer Institute, who won the American Association of Immunologists Lifetime Achievement Award; Dr. Herman Waldman, Department Head and Professor Emeritus of Pathology and Head of the Therapeutic Immunology Group at Oxford Medical School, former Cambridge Immunology Professor and SCRIP Lifetime Achievement Award winner; and Dr. Hermann Einsele, Professor and Director of Internal Medicine at Julius Maximilian University, Würzburg, Germany, a former visiting professor at the Fred Hutchinson Cancer Research Center in Seattle, Director of the German and member of the European Blood and Marrow Transplantation Groups.

Our lead prospective product is our patented Veto Cell immune system management technology, which is an immune tolerance biotechnology that enables the selective blocking of immune responses. The Company's target indications include: lymphoma, multiple myeloma and BCLL (a form of leukemia), facilitating transplantation acceptance (initially bone -marrow transplantation and subsequently organ transplantation), and ultimately treating a variety of non-malignant diseases.

Cell Source, under its exclusive license with Yeda Research & Development Ltd., commercial arm of the Weizmann Institute of Science, has recently filed two new provisional patent applications that extend the usage of Veto Cell technology as a critical enabler for other cell therapy treatments. One patent application highlights, based on preclinical data, the ability of Veto Cells to accompany other cell therapy treatments and help them overcome rejection and avoid Graft vs. Host Disease (GvHD) in an allogeneic (using a third party donor) treatment setting. The other patent application involves a genetically modified Veto Cell that can have sustained survival in the patient's body while avoiding rejection and GvHD. This second application holds the potential to make CAR-T cells, which to date been effective primarily in an autologous (patient's own cells) setting, succeed in an allogeneic setting.

Cell Source is actively exploring collaborations with larger biopharmaceutical firms where Veto Cell technology can significantly enhance the efficacy of cell therapy treatments for a variety of indications. This may allow Cell Source to complement the development of its own treatment candidates with parallel development with partners, thus multiplying the potential impact of this technology in the clinic.

Prior to commercializing its products, the Company must conduct human clinical trials and obtain FDA approval and/or approvals from comparable foreign regulatory authorities.

Generally speaking, as a preclinical biotechnology firm, Cell Source needs to go through several necessary steps in order to commercialize its products and commence revenue generation. These steps are per product, but can run in parallel for multiple products, which are each in different stages of the development "pipeline", so that, for example, when a certain product is already in a human clinical trial, another product may still be in preclinical development and a third may be awaiting regulatory approval to commence human trials. These can also take place in parallel, and varied stages, for the same product in different geographic jurisdictions. The typical steps per product (and range of time frame for each) are:

1. Complete development of human treatment protocol (2-5 years)
2. Apply for and receive approval to commence human trials (9-18 months)
3. Recruit patients (1-6 months)
4. Conduct Phase I trials showing safety of product (1-2 years)
5. Apply for and receive approval to conduct trials showing product efficacy (6-12 months)
6. Data collecting and analysis (6-12 months)
7. Conduct Phase II efficacy trials (2-3 years)
8. Data collecting and analysis (6-12 months)
9. Apply for and receive approval to conduct trials showing efficacy in larger numbers of patients (6-12 months)
10. Conduct Phase III efficacy trials with larger numbers of patients (2-4 years)
11. Data collecting and analysis (6-12 months)
12. Apply for and receive approval for production scale manufacturing facilities (6-12 months)

13. Contract third party or establish own production facilities (6-30 months)
14. Contract third party or establish own distribution platform (6-18 months)
15. Commence manufacturing and distribution (6-12 months)

Please note that steps 12-15 can be conducted in parallel with some of the steps above. In the case of Cell Source and other firms that treat terminal patients with either rare diseases or those for which there is currently no effective treatment, or where preclinical studies indicate a reasonable expectation to increase life expectancy and survival rates by a substantive margin, several of these steps can be combined and or shortened, subject to regulatory discretion. For example, Phase I and II (safety and efficacy) can be combined in a single concurrent step; approvals for subsequent steps can be accelerated; in some countries patients can already be treated commercially after the end of Phase II, foregoing the requirement for Phase III data as a prerequisite.

Although we have provided estimated timeframes for each step above, no assurances can be made that such timeframes are accurate or that they would not be delayed for one or more reasons. At any stage of a human clinical trial, there could be problems with either safety or efficacy of treatment. In these instances the Company could be required to reformulate the treatment and proceed with additional patients, which could involve a delay of months or years, depending on whether we would have to seek approval from the very beginning of the approval process. There can also be a delay of up to 1 to 2 years between phases of a human clinical trial, as the regulator may wish to take additional time to review the approval of a subsequent stage. Furthermore, if a significant modification to the treatment is required, the application process begins again from the very first stage. If the treatment is not effective at all or if it's harmful to patients, even after modifications are made, it is possible that the trials may be halted completely and the product candidates permanently withdrawn. While the timescales presented here are representative of the typical experience, there is no assurance that there will not be significant delays at any stage or step in the process or a complete failure of trials.

The specific detailed next steps the company must take to get the treatments or products to market include the following:

We have not submitted any drug applications to the FDA and do not have anything pending for approval with the FDA. Cell Source itself has not had any contact with any regulator anywhere regarding treatment approvals or clinical trials associated with regulatory approvals. We are aware that a hospital in Italy in May, 2014 independently requested and in September, 2014 received approval to conduct a trial with the same protocol that we plan to use, but we are not mentioned in the application nor in the approval. However, we may indirectly benefit from the outcome of the trial, if successful, although we are not the sponsor of this trial. There are no written or verbal agreements between the hospital and Cell Source regarding the use of the technology. That said, Cell Source is aware and in favor of the hospital plans to use the technology and would of course find a positive initial outcome encouraging. Since the treatment is being done on compassionate grounds as a non-commercial clinical trial, there is no legal requirement for the hospital to obtain approval to use the treatment protocol. The hospital has successfully treated a cancer patient using the Megadose Drug Combination technology that Cell Source exclusively licenses from Yeda Research & Development Ltd., commercial arm of the Weizmann Institute of Science. While Cell Source is not a sponsor of the trial, the results provide a positive initial indication with respect to the technology. The patient received a bone marrow transplantation from a haploidentical or "mismatched" donor under a reduced intensity conditioning regimen (i.e., a relatively low level of immune suppression treatment). There was successful initial engraftment of the transplantation in the absence of GVHD.

For the Veto Cell application for reducing rejection in Bone Marrow Transplants, Cell Source expects to commence Phase I/II human clinical studies in Italy, Germany and the US starting sometime in 2017. Cell Source anticipates that Phase I/II studies will last until 2019 or 2020. These would be followed by completion of Phase II and Phase III, which would last another 2-3 years each, so that full approval, if successful, would be expected sometime in 2025. In Germany there is a possibility of approval for commercial use on a "compassionate grounds" basis at the end of Phase II, which could take place by 2023. In the US, Cell Source plans to commence the IND approval process with the FDA in 2016, which could last until between 2021 and 2024. Cell Source also aspires to enter into a collaboration with respect to combining CAR-T cell therapy with Veto Cell therapy and commence pre-clinical proof of concept trials in 2016. If successful, this could lead to a commencement of a combined FDA trail in 2017 or 2018 and could last until 2025 or 2026.

It is possible that Cell Source treatments could qualify for any or all of Fast Track, Breakthrough Therapy, Accelerated Approval and Priority Review designation under the FDA, which would hasten their approval if successful.

The costs for each step of development, in terms of clinical trials, are delineated below:

Cell Source estimates the cost of clinical trials alone to be up to $5-10 million in each of the coming two years and another $25-50 million in order to reach commercialization for both the Anti-rejection Veto Cell and the Veto Cell + CAR-T cell products. This would mean that Cell Source will need to secure one or more significant capital infusions in order to reach the point that meaningful revenues could be generated.

Cell Source will require additional financing for any and all of the steps described above.

Recent Developments

On October 7, 2015, the Company issued one-year convertible notes payable in the aggregate principal amount of $250,000. The notes bear interest at a rate of 6% per annum. For a period of fifteen (15) business days beginning on the maturity date, at the option of the holder, the principal and any accrued and unpaid interest may be converted into common stock at a conversion price of $0.75 per share. In consideration of the loans, an aggregate of 250,000 shares of common stock, with an aggregate issuance date value of $71,400, were issued by the Company to the purchasers of the notes payable and were recorded as a debt discount with a corresponding credit to equity. In connection with the Company's sequencing policy, the conversion options of the notes, with an aggregate issuance date value of $600, were determined to be derivative liabilities.

From November 2015 to March 2016, the Company closed on an aggregate of $722,500 in principal amount of convertible notes to investors, which are payable eighteen (18) months from the date of issuance (the "Maturity Date") and bear interest at a rate of 10% per annum (the "10% Convertible Notes"). The 10% Convertible Notes shall be automatically converted into shares of the Company's common stock upon the earlier of (i) the closing of an offering of equity securities pursuant to which the Company receives an aggregate of at least $5,000,000 in gross proceeds ("Qualified Financing"); (ii) the closing of a strategic transaction (including but not limited to the Company's entry into a joint venture or partnership agreement or the sublicensing of the Company's intellectual property) pursuant to which the Company, directly or indirectly, receives, or expects to receive within eighteen months, cash, assets or other consideration with a total aggregate value of at least $4,000,000 ("Strategic Transaction"); or (iii) the Maturity Date of the 10% Convertible Notes. In the event the 10% Convertible Notes are converted upon the occurrence of a Qualified Financing (the "QF Conversion Shares"), the conversion price of the 10% Convertible Notes shall be the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing; or (ii) $0.75. The QF Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing on which the Company generates aggregate gross proceeds under the Qualified Financing of at least $5,000,000. In the event the 10% Convertible Notes are converted upon the occurrence of a Strategic Transaction (the "ST Conversion Shares"), the conversion price of the 10% Convertible Notes shall be equal to $0.75. In addition, upon conversion of the 10% Convertible Notes following the occurrence of a Qualified Financing or a Strategic Transaction, each holder of a 10% Convertible Note shall automatically receive five-year warrants to purchase that number of shares of common stock into which the 10% Convertible Notes are convertible and such warrants shall have an exercise price equal to one hundred ten percent (110%) of the per-share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing or $0.825 in the case of a Strategic Transaction, as applicable. The ST Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing of a Strategic Transaction. In the event the 10% Convertible Notes are automatically converted upon the Maturity Date, the conversion price of the 10% Convertible Notes shall be equal to the quotient obtained by dividing $15 million by the aggregate number of outstanding shares of the common stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the Maturity Date (the "Maturity Conversion Price"). In addition, in the event of an automatic conversion of the 10% Convertible Notes upon the Maturity Date, the holder shall automatically receive five-year warrants to purchase that number of common stock into which the 10% Convertible Notes are convertible and such warrants shall have an exercise price equal to the Maturity Conversion Price.

In January 2016, the Company issued a convertible note payable in the principal amount of $250,000 to an investor who advanced the funds to the Company in January 2015. The note matures on July 27, 2016 and bears interest at a rate of 10% per annum, beginning from the date the funds were advanced. The note shall be automatically converted into shares of the Company's common stock upon the earlier of (i) the closing of an offering of equity securities pursuant to which the Company receives an aggregate of at least $5,000,000 in gross proceeds ("Qualified Financing"); or (ii) the maturity date. In the event the note is converted upon the occurrence of a Qualified Financing (the "QF Conversion Shares"), the conversion price of the note shall be the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing; or (ii) the quotient obtained by dividing $35,000,000 by the aggregate number of outstanding shares of the common stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the Qualified Financing. The QF Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing on which the Company generates aggregate gross proceeds under the Qualified Financing of at least $5,000,000. In addition, upon conversion of the note following the occurrence of a Qualified Financing, the holder shall automatically receive five-year warrants to purchase that number of shares of common stock into which the note is convertible and such warrants shall have an exercise price equal to the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing; or (ii) $0.75. In the event the note is automatically converted upon the maturity date, the conversion price of the note shall be equal to the quotient obtained by dividing $20,000,000 by the aggregate number of outstanding shares of the common stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the maturity date (the "Maturity Conversion Price"). In addition, in the event of an automatic conversion of the note upon the maturity date, the holder shall automatically receive five-year warrants to purchase that number of common stock into which the note is convertible and such warrants shall have an exercise price equal to the Maturity Conversion Price.

On March 8, 2016, the Company issued six-month notes payable in the aggregate principal amount of $600,000 which bear interest at a rate of 10% per annum. In connection with the note issuances, the Company issued immediately vested warrants to purchase an aggregate of 300,000 shares of common stock at an exercise price of $0.75 per share. The warrants contain a provision that provides the Company with an option, prior to the expiration date, to redeem all of the warrants then outstanding upon not less than thirty (30) days nor more than (60) days notice to the applicable holder, at a redemption price of $0.01 per share, subject to the conditions that: (i) there is an effective registration statement covering the resale of the underlying shares of common stock and (ii) the common stock has traded for twenty (20) consecutive days with a closing price of at least $2.50 per share with an average trading volume of 100,000 shares per day. The warrants expire on March 25, 2019.

On March 29, 2016, the Company exercised its option pursuant to an October 3, 2011 exclusive option agreement with Yeda such that, effective immediately, it now exclusively licenses organ regeneration technology from Yeda.

Consolidated Results of Operations

Year Ended December 31, 2015 Compared with Year Ended December 31, 2014

The following table presents selected items in our consolidated statements of operations for the years ended December 31, 2015 and 2014, respectively:

	For the Year Ended December 31,	
	2015	**2014**
Revenues	$ -	$ -
Operating Expenses		
Research and development	392,925	806,157
Research and development - related party	829,970	1,012,464
Selling, general and administrative	1,097,580	2,235,445
Total Operating Expenses	2,320,475	4,054,066
Loss From Operations	(2,320,475)	(4,054,066)
Other Income (Expense)		
Change in fair value of derivative liabilities	208,250	(2,739)
Interest expense	(35,612)	(674)
Amortization of debt discount	(310,200)	-
Amortization of deferred financing costs	(46,068)	-
Total Other Expense	(183,630)	(3,413)
Net Loss	$ (2,504,105)	$ (4,057,479)

Research and Development

Research and development expense was $1,222,895 and $1,818,621 for the years ended December 31, 2015 and 2014, respectively, a decrease of $595,726, or 33%, primarily because the proceeds from our 2014 equity financing permitted us to expand our research and development expenses, including expenses associated with key patents entering the National Phase in a number of countries around the world, whereas we are currently cash constrained due to our limited funds.

Selling, General and Administrative

Selling, general and administrative expense was $1,097,580 and $2,235,445 for the years ended December 31, 2015 and 2014, respectively, a decrease of $1,137,865, or 51%, primarily as a result of stock-based compensation expense associated with warrants earned by our founders during 2014 and reduced legal and professional fees associated with our Share Exchange transaction, which was prepared for and closed in 2014.

Change in Fair Value of Derivative Liability

The change in fair value of derivative liability for the years ended December 31, 2015 and 2014, was a gain of $208,250 and a loss of $2,739, respectively, which represents the change in fair value of the warrants and conversion options that were deemed to be derivative liabilities.

Interest Expense

Interest expense for the years ended December 31, 2015 and 2014, was $35,612 and $674, respectively, an increase of $34,938, or 5,184%, due to an increase in notes payable outstanding during 2015.

Amortization of Debt Discount

Amortization of debt discount was $310,200 and $0 for the years ended December 31, 2015 and 2014, respectively, which is associated with warrants and conversion options issued in connection with notes payable.

Amortization of Deferred Financing Costs

Amortization of deferred financing costs was $46,068 and $0 for the years ended December 31, 2015 and 2014, respectively, which is associated with costs incurred in connection with our debt offerings.

Liquidity and Going Concern

We measure our liquidity in a number of ways, including the following:

	December 31,	
	2015	**2014**
Cash	$ 6,944	$ 19,480
Working capital deficiency	$ (5,711,374)	$ (3,785,855)

We have not generated any revenues since our inception, we have recurring net losses, we have a working capital deficiency as of December 31, 2015 of approximately $5,711,000, and we have used cash in operations of approximately $2,001,000, and $3,120,000 during the years ended December 31, 2015 and 2014, respectively. Subsequent to December 31, 2015, we have raised an aggregate of $990,000 through debt financing. These conditions raise substantial doubt about our ability to continue as a going concern. Based on our current resources, we will not be able to continue to operate without additional immediate funding.

Our ability to continue our operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. We may need to incur additional liabilities with certain related parties to sustain our existence. If we were not to continue as a going concern, we would likely not be able to realize our assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of our financial statements.

There can be no assurances that we will be successful in generating additional cash from equity or debt financings or other sources to be used for operations. Should we not be successful in obtaining the necessary financing to fund our operations, we would need to curtail certain or all operational activities and/or contemplate the sale of our assets, if necessary.

During the years ended December 31, 2015 and 2014, our sources and uses of cash were as follows:

Net Cash Used in Operating Activities

We experienced negative cash flows from operating activities for the years ended December 31, 2015 and 2014 in the amounts of $2,000,610 and $3,119,662, respectively. The net cash used in operating activities for the year ended December 31, 2015 was primarily due to cash used to fund a net loss of $2,504,105, adjusted for net non-cash expenses in the aggregate amount of $284,762, partially offset by $218,733 of net cash provided due to changes in the levels of operating assets and liabilities, primarily as a result of increases in accounts payable and accrued expenses, due to cash constraints during the period. The net cash used in operating activities for the year ended December 31, 2014 was primarily due to cash used to fund a net loss of $4,057,479, adjusted for net non-cash expenses in the aggregate amount of $947,494, and $9,677 of cash used to fund changes in the levels of operating assets and liabilities, primarily as a result of payments to vendors due to improved cash availability.

Net Cash Used in Investing Activities

Net cash used in investing activities was $2,582 for the year ended December 31, 2014, which was related to purchases of property and equipment.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the years ended December 31, 2015 and 2014 was $1,988,074 and $3,112,846, respectively. The net cash provided by financing activities during the year ended December 31, 2015 was attributable to $1,577,500 of proceeds from the issuance of notes payable and $450,000 of proceeds received in connection with a convertible note offering prior to closing, partially offset by the repayment of $39,426 of debt issuance costs. The net cash provided by financing activities during the year ended December 31, 2014 was attributable to $3,112,846 of net proceeds from our private placement (gross proceeds of $3,067,996 less $55,150 of issuance costs) and $100,000 of proceeds from the issuance of notes payable.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements.

Critical Accounting Policies and Estimates

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The most significant estimates, among other things, are used in accounting for allowances for deferred income taxes, contingencies, as well as the recording and presentation of its common stock and related warrant issuances. Estimates and assumptions are periodically reviewed and the effects of any material revisions are reflected in the financial statements in the period that they are determined to be necessary. Actual results could differ from those estimates and assumptions.

Income Taxes

We recognize deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in the financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts (“temporary differences”) at enacted tax rates in effect for the years in which the temporary differences are expected to reverse.

We adopted the provisions of Accounting Standards Codification (“ASC”) Topic 740-10, which prescribes a recognition threshold and measurement process for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in our consolidated financial statements as of December 31, 2015 and 2014. We do not expect any significant changes in our unrecognized tax benefits within twelve months of the reporting date.

Our policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the consolidated statements of operations. There were no amounts accrued for interest or penalties for the years ended December 31, 2015 and 2014.

Stock-Based Compensation

We measure the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For non-employees, the fair value of the award is generally re-measured on financial reporting dates and vesting dates until the service period is complete. The fair value amount is then recognized over the period the services are required to be provided in exchange for the award, usually the vesting period. Because our common stock historically was not actively traded on a public market, the fair value of our restricted equity instruments is estimated based on the historical observations of cash prices paid for our common stock.

Derivative Financial Instruments

The fair value of an embedded conversion option that is convertible into a variable amount of shares and warrants that include price protection reset provision features are deemed to be "down-round protection" and, therefore, do not meet the scope exception for treatment as a derivative under ASC 815 "Derivatives and Hedging", since "down-round protection" is not an input into the calculation of the fair value of the conversion option and warrants and cannot be considered "indexed to the Company's own stock" which is a requirement for the scope exception as outlined under ASC 815.

The accounting treatment of derivative financial instruments requires that we record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. We reassess the classification of our derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, we have adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors.

The Black-Scholes option valuation model was used to estimate the fair value of the warrants and conversion options. The model includes subjective input assumptions that can materially affect the fair value estimates. We determined the fair value of the Binomial Lattice Model and the Black-Scholes Valuation Model to be materially the same. The expected volatility is estimated based on the most recent historical period of time equal to the weighted average life of the warrants.

Conversion options are recorded as debt discount and are amortized as interest expense over the life of the underlying debt instrument.

Recent Accounting Standards

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 amends the existing guidance to require that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. ASU 2015-03 is effective on a retrospective basis for annual and interim reporting periods beginning after December 15, 2015, but early adoption is permitted. We do not anticipate that the adoption of this standard will have a material impact on our consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The FASB issued this ASU as part of its ongoing Simplification Initiative, with the objective of reducing complexity in accounting standards. The amendments in ASU 2015-17 require entities that present a classified balance sheet to classify all deferred tax liabilities and assets as a noncurrent amount. This guidance does not change the offsetting requirements for deferred tax liabilities and assets, which results in the presentation of one amount on the balance sheet. Additionally, the amendments in this ASU align the deferred income tax presentation with the requirements in International Accounting Standards (IAS) 1, Presentation of Financial Statements. The amendments in ASU 2015-17 are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. We do not anticipate that the adoption of this standard will have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases. The ASU will also require new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. We are currently evaluating ASU 2016-02 and its impact on our consolidated financial statements.

We have evaluated all new accounting standards that are in effect and may impact our consolidated financial statements and do not believe that there are any other new accounting standards that have been issued that might have a material impact on our financial position or results of operations.

Significant Factors, Assumptions, and Methodologies Used in Estimating Fair Value of Common Stock

We performed valuations to estimate the fair value of our common stock during the years ended December 31, 2015 and 2014. To determine the value of our common stock, we considered the following three possible valuation methods (1) the income approach, (2) the market approach and the (3) cost approach to estimate our enterprise value.

The income approach focuses on the income-producing capability of a business by estimating value based on the expectation of future cash flows that a company will generate - such as cash earnings, cost savings, tax deductions, and the proceeds from disposition. These cash flows are discounted to the present using a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The selected discount rate is generally based on rates of return available from alternative investments of similar type, quality, and risk.

The market approach valuation method measures the value of an asset or business through an analysis of recent sales or offerings of comparable investments or assets. When applied to the valuation of equity interests, consideration is given to the financial condition and operating performance of the entity being appraised relative to those of publicly traded entities operating in the same or similar lines of business, potentially subject to corresponding economic, environmental, and political factors and considered to be reasonable investment alternatives.

In addition to the income approach and market approach valuation methods, we also considered the cost approach as a valuation method. This approach measures the value of an asset by the cost to reconstruct or replace it with another of like utility.

We selected the market approach to estimate the fair value of our common stock as we sold notes payable to third parties convertible into shares of common stock in 2015 and sold shares of common stock to third parties in 2014.

Using an option pricing method and the relative fair values, we derived the implied equity value for the common stock based as follows:

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Common Stock Equivalents	Fair Value	Allocation %	Common Stock Equivalents	Fair Value	Allocation %
Common stock	443,333	$ 332,500	52%	4,090,661	$ 3,067,996	57%
Warrants	443,333	$ 311,480	48%	4,090,661	$ 2,320,054	43%
	Relative fair value of the common stock		$ 0.39	Relative fair value of the common stock		$ 0.43

There is inherent uncertainty in our forecasts and projections, and if we had made different assumptions and estimates than those described previously, the determined fair value of our common stock for either period could have been materially different.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our consolidated financial statements are presented following the signature page to this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive and Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our consolidated financial statements in conformity with United States generally accepted accounting principles.

In connection with the preparation of this Annual Report, management, with the participation of our Principal Executive and Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Financial Officer concluded that, as of December 31, 2015, our disclosure controls and procedures were effective.

Internal Control over Financial Reporting

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our Principal Executive and Financial Officer, and effected by the Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP including those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and the disposition of our assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework in Internal *Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2015.

Changes in Internal Controls

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the Effectiveness of Control

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations of any control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

No Attestation Report of Registered Public Accounting Firm

This Annual Report does not contain an attestation report of our independent registered public accounting firm regarding internal control over financial reporting since the rules for smaller reporting companies provide for this exemption.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Below are the names and certain information regarding the Company's executive officers and directors:

Name	Age	Title(s)
Dennis Brown	66	Director (Chairman)
Itamar Shimrat	56	Chief Executive Officer, Chief Financial Officer and Director
Yoram Drucker	50	Director
David Zolty	66	Director
Ben Friedman	57	Director

Dr. Dennis M. Brown, PhD, was elected Director of the Company on June 30, 2014 and as Chairman of the Board on May 18, 2015. Dr. Brown became the Chair of our Audit Committee in September 2015. Dr. Brown is a founder and Chief Scientific Officer and director of Del Mar Pharmaceuticals (BC) Ltd. a subsidiary of DelMar Pharmaceuticals, Inc. (OTCQB: DMPI) to which he serves as a director and Chief Scientific Officer. Dr. Brown has more than thirty years of drug discovery and development experience. Since 2000 to the present, Dr. Brown has served as Chairman of Mountain View Pharmaceutical's Board of Directors and is the President of Valent. Dr. Brown has focused over the past 5 years on the development of DelMar Pharmaceuticals, serving as its Chief Scientific Officer since January 25, 2013 and Director since February 11, 2013. His extensive technical expertise, successful track record as an inventor, executive and director in the field of medical technology position him as an authoritative voice on the scientific, intellectual property, finance and commercialization and well as general management issues for Cell Source both now and in the future. In 1999 he founded ChemGenex Therapeutics, which merged with a publicly traded Australian company in 2004 to become ChemGenex Pharmaceuticals (ASX: CXS/NASDAQ: CXSP), of which he served as President and a Director until 2009. He was previously a co-founder of Matrix Pharmaceutical, Inc., where he served as Vice President (VP) of Scientific Affairs from 1985-1995 and as VP, Discovery Research, from 1995-1999. He also previously served as an Assistant Professor of Radiology at Harvard University Medical School and as a Research Associate in Radiology at Stanford University Medical School. He received his B.A. in Biology and Chemistry (1971), M.S. in Cell Biology (1975) and Ph.D. in Radiation and Cancer Biology (1979), all from New York University. Dr. Brown is an inventor of about 34 issued U.S. patents and applications, many with foreign counterparts. Dr. Brown's scientific knowledge and experience qualifies him to serve on our Board of Directors.

Itamar Shimrat, CEO, CFO and Director, is a Canadian businessman and a founding member of Cell Source Israel. Since Cell Source Israel's inception, Mr. Shimrat served as a Director, Chief Financial Officer and, in October 2013, he was appointed Chief Executive Officer. From March 2009 through September 2011, Mr. Shimrat served as Chief Financial Officer and Director of Rainbow Energy Ltd. From September 2011 through October 2013, Mr. Shimrat served as Chief Financial Officer and Director of Cell Source Ltd. From August 2012 to present, Mr. Shimrat served as Director of Step Up - Olim Madrega Inc. From October 2013 to present, Mr. Shimrat served as Chief Executive Officer and Director of Cell Source Ltd.. Previously, Mr. Shimrat served as an Executive Vice President at First International Bank of Israel from March, 2005 until April, 2008. Prior to 2008, he served as a senior manager at McKinsey& Company's Tel Aviv office after having being elected Partner at Mitchell Madison Group and consulting for Bain & Co. Mr. Shimrat led major profit improvement programs for leading corporations ranging from American Express and Barclays to El Al Airlines. He has been a Director of two private companies: Rainbow Energy Ltd., a company in the renewable energy industry, and Step Up - Olim Madrega Ltd., a company in the wheelchair industry, and also was on the Allocations Committee of Matan, a leading Israeli philanthropic organization. He holds an MBA with Distinction from the Ivey Business School of the University of Western Ontario in Canada. Itamar brings to Cell Source significant knowledge and experience in the area of corporate finance. He also has extensive experience working in foreign environments and cultures and possesses distinctive oral and written presentation skills. This positions him to be effective in both financing and corporate development both domestically and internationally.

David Zolty has been a Director of Cell Source Israel since November, 2011 and of our Board of Directors since June 30, 2014, and is a Canadian businessman who has owned and managed various Canadian enterprises since 1968. From more than five years prior through the present, Mr. Zolty served as Director of Management and Administration for Hightower Investments. In the mid 1970's David was one of the founders of TNT Appliances, a coin laundry and appliance sales and service company, primarily serving the Canadian burgeoning multi-family apartment industry. The company grew to be the second largest coin laundry in Canada and was sold in and about 2002. While owning and managing TNT, David was also involved in many real estate acquisitions both through TNT and the Zolty family real estate portfolio. Upon David's father Morris Zolty's retirement, David took a larger role in the Zolty family business where David currently holds a 12% ownership interest and has served in various roles therein for more than 5 years. David has received an honors BA and has done his post graduate work at the University of Toronto in the field of Religious Studies. He is also involved in a number of local charities and is a long standing board member of Camp Agudah Toronto, a children's summer camp which have facilities at Port Carling, Ontario. His extensive business experience and community involvement are an asset to Cell Source.

Ben Friedman, BBA, BGS, LLB, has been a Director of Cell Source Israel since November, 2011 and of our Board of Directors since June 30, 2014, and is a Canadian business executive with over 25 years' experience in real estate and commerce. From more than five years prior through the present, Mr. Friedman served as Director and Vice President of Ranee Management. Since 1985, he has served as Owner and CEO of Saucham Holdings Ltd., a private real estate holding and development company active throughout Canada. He is, and has been for more than five years, a managing partner and Director of The Zolty Group, a private company specializing in the development and ownership of high rise multi-unit residential buildings in Canada and the United States. He continues to act as Director of numerous private business related enterprises in the high tech, medical, and laser technology fields, and is a Director of an array of non-profit educational and vocational institutions. Mr. Friedman's experience as both an executive, along with his degrees in both business and law, position him well to help guide Cell Source through its development.

Yoram Drucker, a Director, is an Israeli entrepreneur who has previously been involved in the development of two successful cell therapy technology firms. Mr. Drucker became a member of our Audit Committee in September 2015 and is the audit committee financial expert. From March 2009 through September 2011, Mr. Drucker served as Chief Executive Officer and Chairman of Rainbow Energy Ltd. From September 2011 through October 2013, Mr. Drucker served as Chief Executive Officer until October 2013 and Chairman of Cell Source Ltd. From October 2013 until May 20159, Mr. Drucker served as Chairman of Cell Source Ltd. He was a founding member of the cell stem therapy company Brainstorm (NASDAQ: BCLI). He served as COO in 2004 and CEO from 2005 to 2007. He was also among the founders of Pluristem (listed on the NASDAQ), also a cell therapy company, and was a Director in 2004 and 2005. In 2007 he was a seed investor and VP Business Development in a renewable energy technology firm called Millennium Electric TOU Ltd. Since March 2008 he was a Director of a private renewable energy company called Rainbow Energy, where he actively served as CEO from then until November of 2011. From 1996 to 2003 he served as business and marketing consulting and campaign execution in varied industries ranging from real estate development to insurance. He is an honors graduate of the Abudi College of Advertising and Marketing. Yoram brings significant experience in capital markets in the US and in developing Israeli based cell therapy companies from inception through financing over-the-counter and commencing clinical trials. His understanding of both the financial and the technical side of early stage corporate development has and will continue to be of great value to Cell Source.

The Company's directors are elected at the annual meeting of shareholders to hold office until the annual meeting of shareholders for **the** ensuing year or until their successors have been duly elected and qualified. Officers are elected annually by the Board of Directors and serve at the discretion of the Board.

Board Leadership Structure and Role in Risk Oversight

Due to the small size and early stage of the Company, we have not adopted a formal policy on whether the Chairman and Chief Executive Officer positions should be separate or combined. Dr. Brown serves as the Chairman whereas Mr. Shimrat will serve as the Chief Executive Officer.

Our Board of Directors ("Board") is primarily responsible for overseeing our risk management processes on behalf of the Company. The Board receives and reviews periodic reports from management, auditors, legal counsel, and others, as considered appropriate regarding our company's assessment of risks. In addition, the Board focuses on the most significant risks facing our company and our company's general risk management strategy, and also ensures that risks undertaken by our Company are consistent with the board's appetite for risk. While the Board oversees our company's risk management, management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our company and that our board leadership structure supports this approach.

Involvement in Certain Legal Proceedings

Our directors and executive officers have not been involved in any of the following events during the past ten years:

1. any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;
4. being found by a court of competent jurisdiction in a civil action, the SEC or the Commodity Futures Trading Commission to have violated a Federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

5. being subject of, or a party to, any Federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any Federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
6. being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Code of Ethics

We have not adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions because of the small number of persons involved in the management of the Company.

Board Meetings and Attendance

During the year ended December 31, 2015, the Company held nine meetings of the Board of Directors. All of our Directors were present at the meetings.

Nominating Committee

We have not adopted any procedures by which security holders may recommend nominees to our Board of Directors.

Audit Committee

In September 2015, the Board of Directors approved the formation of the Audit Committee of the Board of Directors that operates under a charter that has been approved by the Board of Directors. The Audit Committee of the Board of Directors is responsible for overseeing our accounting and financial reporting processes and the audits of our financial statements. The members of the Audit Committee are Messrs. Brown (Chair) and Drucker.

The Board of Directors has determined that Mr. Drucker is an "audit committee financial expert," as that is defined in Item 407(d)(5) of Regulation S-K Mr. Drucker is an "independent director" based on the definition of independence in Listing Rule 5605(a)(2) of The Nasdaq Stock Market.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than 10% of the issued and outstanding shares of our common stock to file reports of initial ownership of common stock and other equity securities and subsequent changes in that ownership with the SEC. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. To our knowledge, during the fiscal year ended December 31, 2015, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with, except that a Form 4 for Yoram Drucker and Itamar Shimrat was filed late, resulting in one transaction not being reported on a timely basis.

ITEM 11. EXECUTIVE COMPENSATION.

Summary Compensation Table

The following table sets forth all compensation earned in respect of the Company's principal executive officer ("PEO") for 2015 and 2014:

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	All Other Compensation	Total
Itamar Shimrat	2015	$ 181,198	$ -	$ -	$ 212,000 (1)	$ -	$ 393,198
Chief Executive Officer	2014	$ 168,909	$ -	$ -	$ -	$ -	$ 168,909

(1) On November 10, 2014, in connection with the effectiveness of the registration statement, the Company became obligated to issue to certain founders of Cell Source Limited (including Itamar Shimrat) five-year warrants to purchase an aggregate of 3,000,000 shares of common stock at an exercise price of $0.75 per share. The warrants were issued during the year ended December 31, 2015. The amount above represents the grant date fair value of the warrant to purchase 750,000 shares of common stock issued to Itamar Shimrat during the years ended December 31, 2015, calculated in accordance with FASB ASC Topic 718. For a detailed discussion of the assumptions used in estimating fair values, see Note 4 – Fair Value in the notes that accompany our consolidated financial statements.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information on outstanding equity awards as of December 31, 2015 to the Named Executive Officers:

	Option Awards					Stock Awards			
Name	Number of securities underlying unexercised options exercisable	Number of securities underlying unexercised options unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options	Option exercise price	Option expiration date	Number of shares or units of stock that have not vested	Market value of shares of units that have not vested	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested
Itamar Shimrat	750,000	-	-	$ 0.75	11/10/2019	-	$ -	-	$ -

Director Compensation

The following table sets forth certain information concerning the compensation of our non-employee directors for the fiscal year ended December 31, 2015:

	Year	Fees Earned or Paid In Salary	Stock Awards	Option Awards	Change in Present Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Dennis Brown	2015	$ 750	$ -	$ -	$ -	$ -	$ 750
Yoram Drucker	2015	$ 750	$ -	$ 155,500 (1)	$ -	$ -	$ 156,250
David Zolty	2015	$ 750	$ -	$ -	$ -	$ -	$ 750
Ben Friedman	2015	$ -	$ -	$ -	$ -	$ -	$ -

(1) On November 10, 2014, in connection with the effectiveness of the registration statement, the Company became obligated to issue to certain founders of Cell Source Limited (including Yoram Drucker) five-year warrants to purchase an aggregate of 3,000,000 shares of common stock at an exercise price of $0.75 per share. The warrants were issued during the year ended December 31, 2015. The amount above represents the grant date fair value of the warrant to purchase 550,000 shares of common stock issued to Yoram Drucker during the years ended December 31, 2015, calculated in accordance with FASB ASC Topic 718. For a detailed discussion of the assumptions used in estimating fair values, see Note 4 – Fair Value in the notes that accompany our consolidated financial statements.

Risk Management

The Company does not believe risks arising from its compensation policies and practices for its employees are reasonably likely to have a material adverse effect on the Company.

Compensation Committee Interlocks and Insider Participation

Currently, the Board of Directors does not have any standing audit, nominating or compensation committees, or committees performing similar functions. The directors collectively perform the duties of an audit committee and nominating committee, which prior to the Share Exchange were performed by the Company's sole Director.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information, as of the date of filing of this Annual Report on Form 10-K, with respect to the beneficial ownership of the outstanding Common Stock by (i) any holder of more than five (5%) percent; (ii) each of the Company's executive officers and directors; and (iii) the Company's directors and executive officers as a group. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned.

Name and Address of Beneficial Owner (11)	Amount and Nature of Beneficial Ownership (1)	Percentage of Class (2)
Directors and Officers:		
Yoram Drucker, Director	1,125,004 (3)	4.60%
Itamar Shimrat, Chief Executive Officer, Chief Financial Officer and Director	1,226,584 (4)	4.99%
David Zolty, Director	1,108,318 (5)	4.63%
Ben Friedman, Director (6)	4,383,344 (7)	18.32%
Dennis Brown, Director (Executive Chairman)	200,000 (8)	*
All directors and executive officers as a group (5 persons)	8,043,250	31.86%
Yeda Research & Development Co. Ltd. P.O. Box 95 Rehovot, 76100, Israel	1,195,861 (9)	4.99%
Yair Reisner 4 Mazal Keshet Street Old Jaffa, 68037 Israel	1,195,861(10)	4.99%

* less than 1%

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants currently exercisable or convertible, or exercisable or convertible within 60 days of April 8, 2016 are deemed outstanding for computing the percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any other person.
(2) Based on 23,929,256 shares issued and outstanding as of April 8, 2016.
(3) Includes a five-year warrant to purchase 550,000 shares of common stock with an exercise price of $0.75 per share.
(4) Includes 651,580 shares of a five-year warrant to purchase 750,000 shares of common stock with an exercise price of $0.75 per share, which warrant is subject to a 4.99% conversion limitation.
(5) Includes a five-year warrant to purchase 12,500 shares of common stock with an exercise price of $0.75 per share.
(6) Mr. Friedman's beneficial ownership includes shares beneficially owned by his wife, Phyllis Friedman.
(7) Excludes a five-year warrant to purchase 50,000 shares of common stock with an exercise price of $0.75 per share, which warrant is subject to a 4.99% conversion limitation.
(8) Includes a five-year warrant to purchase 100,000 shares of common stock with an exercise price of $0.75 per share.
(9) Includes 35,889 shares of a five-year warrant to purchase 1,995,376 shares of common stock with an exercise price of $0.001 per share, which warrant is subject to a 4.99% conversion limitation.
(10) Includes 35,889 shares of a five-year warrant to purchase 48,459 shares of common stock with an exercise price of $0.001 per share, which warrant is subject to a 4.99% conversion limitation.
(11) Except as otherwise indicated, the address of each beneficial owner is c/o Cell Source, Inc., 5 Kineret Street, Bnei Brak, Israel 5126237.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Certain Relationships and Related Transactions

The Company maintains an exclusive worldwide license to certain intellectual property of Yeda, the commercial arm of the Weizmann Institute, which currently owns 1,159,972 shares of Company common stock and warrants to purchase 1,995,376 shares of Company common stock at $0.001 per share. Dr. Reisner, who leads a team at the Weizmann Institute, holds 1,159,972 shares of Company common stock and warrants to purchase 48,459 shares of Company common stock at $0.001 per share. See the section entitled "Intellectual Property" in this Annual Report on Form 10-K.

In September 2011 and in connection with securing the Yeda License Agreement, Cell Source Israel issued to Yeda and Dr. Reisner Ordinary Shares representing 26% of the then issued and outstanding CSL Ordinary Shares. Cell Source Israel also granted Yeda and Dr. Reisner anti-dilution protections against dilution under 26% of the issued and outstanding CSL Ordinary Shares that would result from issuances pursuant to any capital raises by Cell Source of up to $3,500,000. In connection with the aggregate $3,500,000 subsequently raised by Cell Source Israel pursuant to the Loan Agreements (as defined below), the Note Exchange, the Bridge Exchange (as defined below) and the Private Placement, Yeda and Dr. Reisner exercised their anti-dilution rights. Pursuant to this anti-dilution protection Yeda and Dr. Reisner were entitled to issuances, in the form of any combination of CSL Ordinary Shares and warrants to purchase CSL Ordinary Shares at par value, at their election. Accordingly, in September 2011, Cell Source Israel issued 239,142 CSL Ordinary Shares and warrants to purchase 1,995,376 CSL Ordinary Shares at par value to Yeda and 807,314 CSL Ordinary Shares and warrants to purchase 48,459 CSL Ordinary Shares at par value to Dr. Reisner.

In December 2012 and March 2013, a group of five accredited investors ("Note Investors"), including David Zolty, a director of Cell Source Israel, Solomon Zolty, a director of Cell Source Israel and Phyllis Friedman, the wife of Cell Source Israel's director Ben Friedman, entered into Convertible Loan Agreements ("Loan Agreements") pursuant to which the Note Investors loaned Cell Source Israel an aggregate of $510,000 ("Loan Amount"). In accordance with the Loan Agreements, the Note Investors were entitled to receive interest equal to 6% of the Loan Amount per annum and the Loan Amount was payable by Cell Source Israel six (6) months after the receipt of the Loan Amount. In November 2013, the Note Investors elected to convert the Loan Amount into CSL Ordinary Shares equal to 18% of Cell Source Israel's fully-diluted issued and outstanding capital ("Note Exchange"), which issuance did not dilute the Note Investors' prior holdings. Accordingly, the Note Investors were issued 2,699,880 CSL Ordinary Shares.

In October 2013, Cell Source Israel and the Note Investors entered into a Bridge Funding Agreement pursuant to which the Note Investors paid $50,000 to Cell Source Israel in exchange for Cell Source Israel's agreement to issue to the Note Investors an aggregate of 66,667 Ordinary Shares and a warrant to purchase 100,000 Ordinary Shares at an exercise price of $0.75 per share on or prior to the closing of the Private Placement (the "Bridge Exchange").

During the year ended December 31, 2014, the Company issued two six-month notes payable in the aggregate principal amount of $100,000 to the Company's Chief Executive Officer. The notes bear interest at a rate of 6% per annum payable at maturity. On June 1, 2015, the Company entered into a letter agreement with the Company's Chief Executive Officer to extend the maturity dates of two promissory notes with an aggregate principal balance of $100,000 from May 2015 to October 30, 2015. On November 12, 2015, the Company entered into a letter agreement with the Company's CEO to extend the maturity dates of the two promissory notes with an aggregate principal balance of $100,000 to March 31, 2016. Subsequent to December 31, 2015, the Company repaid a note payable in the principal amount of $50,000 to the Company's CEO. Subsequent to December 31, 2015, the Company extended the maturity date of the note payable to the Company's CEO in the principal amount of $50,000 from March 31, 2016 to September 30, 2016.

For the year ended December 31, 2015, the Company recorded a charge to operations of approximately $830,000, related to its research and license agreement with Yeda. At December 31, 2015, approximately $208,000 was accrued and is payable to Yeda. On March 29, 2016, the Company exercised its option pursuant to an October 3, 2011 exclusive option agreement with Yeda such that, effective immediately, it now exclusively licenses organ regeneration technology from Yeda.

On July 20, 2015, we issued a one-year note payable in the principal amount of $100,000 to a member of our Board of Directors. The note is non-interest bearing. The note must be prepaid in whole from the proceeds of any closing after the issuance date, of any offering or offerings pursuant to which we receive aggregate gross proceeds greater than or equal to $3,000,000. In consideration of the loan, a four-year warrant to purchase 100,000 shares of common stock at an exercise price of $0.75 per share was issued by us to the purchaser of the note payable.

On November 10, 2015, the Company issued warrants to purchase an aggregate of 2,400,000 shares of common stock at an exercise price of $0.75 per share to certain founders of Cell Source Limited. The warrants expire on November 10, 2019.

Director Independence

None of our directors are independent, as that term is defined under the Nasdaq Marketplace Rules.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The following is a summary of fees for professional services rendered by our independent registered public accounting firm for the years ended December 31, 2015 and 2014:

	For the Years Ended December 31,	
	2015	2014
Audit fees	$ 111,000	$ 106,000
Tax fees	3,605	-
All other fees	-	-
	$ 114,605	$ 106,000

Audit fees represent fees for professional services performed for the audit of our annual financial statements and the review of our quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements.

All other fees consist of fees billed for all other services.

The Audit Committee is responsible for the appointment, compensation and oversight of the work of the independent registered public accountants, and approves in advance any services to be performed by the independent registered public accountants, whether audit-related or not. The Audit Committee reviews each proposed engagement to determine whether the provision of services is compatible with maintaining the independence of the independent registered public accountants. The fees shown above were preapproved either by our Board or our Audit Committee.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

Financial Statements

See Index to Financial Statements immediately following the signature page of this Annual Report.

Financial Statement Schedules

All financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Exhibits

The following exhibits are included as part of this Annual Report:

Exhibit Number	Description
2.1 (1)	Share Exchange Agreement, dated June 30, 2014, by and between Cell Source, Ltd., and Ticket to See, Inc.
3.1 (1)	Articles of Association of Cell Source Limited, dated August 14, 2011, as amended on November 11, 2013
3.2 (2)	Articles of Incorporation of Ticket to See, Inc., dated June 6, 2012
3.3 (3)	Certificate of Amendment to Articles of Incorporation of Ticket to See, Inc., dated June 23, 2014
3.3 (4)	Certificate of Amendment to Articles of Incorporation of Ticket to See, Inc., dated May 20, 2014
3.4 (2)	Bylaws of Cell Source, Inc., dated June 6, 2012
10.1 (1)	Form of Subscription Agreement
10.2 (1)	Form of Registration Rights Agreement
10.3 (1)	Form of Investor Warrant
10.4 (1)	Form of Consultant Warrant(8)
10.5 (1)	Form of Researcher Company Warrant
10.6 (1)	Form of Company Warrant
10.7 (1)	Form of Lockup Agreement (included in Exhibit 2.1)
10.8 (1)	Research and License Agreement by and between Yeda Research and Development Company Limited and Cell Source Limited, dated October 3, 2011
10.9 (1)	Amendment to Research and License Agreement
10.10 (1)	Evaluation and Exclusive Option Agreement by and between Yeda Research and Development Company Limited and Cell Source Limited, dated Oct. 3, 2011 (included in Exhibit 10.7)
10.11 (1)	Amendment dated April 1, 2014 to Evaluation and Exclusive Option Agreement by and between Yeda Research and Development Company Limited and Cell Source Limited
10.12 (1)	Second Amendment dated June 22, 2014 to Evaluation and Exclusive Option Agreement by and between Yeda Research and Development Company Limited and Cell Source Limited
10.13 (1)	Consulting Agreement by and between Cell Source Limited and Professor Yair Reisner
10.14 (6)	Form of Amendment No. 1 to Registration Rights Agreement
10.15 (7)	Bridge Funding Agreement
10.16 (5)	Third Amendment dated June 22, 2014 to Evaluation and Exclusive Option Agreement by and between Yeda Research and Development Company Limited and Cell Source Limited
10.17 (8)	Form of Consulting Agreement pursuant to which the Company issued warrants to purchase an aggregate of 2,000,000 shares of the Company's common stock
10.18 (9)	Form of Promissory Note issued to the Company's Chief Executive Officer
10.19 (10)	Form of March 2015 Promissory Note
10.20 (10)	Form of March 2015 Warrant
10.21 (11)	Form of Note Amendment Letter Agreement
10.22 (11)	Form of May 2015 Note
10.23 (11)	Form of May 2015 Warrant
10.24 (12)	Form of Advisory/Consulting Agreement
10.25 (13)	Zolty Promissory Note

10.26 (13)	Zolty Warrant
10.27 (13)	Form of July 2015 Convertible Promissory Note
10.28 (13)	Form of July 2015 Warrant
10.29	Form of Bridge Note Subscription Agreement
10.30	Form of Convertible Note
10.31	Form of March 2016 Note
10.32	Form of March 2016 Warrant
16.1 (1)	Letter from Paritz & Company, P.A.
21 (14)	Subsidiaries
31.1	Certification of principal executive and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of principal executive and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 1, 2014.
(2) Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on June 6, 2012.
(3) Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 26, 2014.
(4) Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 6, 2014.
(5) Incorporated by reference to the Company's Form 10-Q filed with the Securities and Exchange Commission on August 19, 2014.
(6) Incorporated by reference to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 8, 2014.
(7) Incorporated by reference to the Company's Registration Statement Form S-1/A filed with the Securities and Exchange Commission on September 23, 2014.
(8) Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 30, 2014.
(9) Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on December 2, 2014.
(10) Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on April 1, 2015.
(11) Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 3, 2015.
(12) Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on June 10, 2015.
(13) Incorporated by reference to the Company's Form 8-K filed with the Securities and Exchange Commission on July 28, 2015.
(14) Incorporated by reference to the Company's Form 10-K filed with the Securities and Exchange Commission on March 13, 2015.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CELL SOURCE, INC.

Dated: April 14, 2016

By:/s/ Itamar Shimrat
Name: Itamar Shimrat
Title: Chief Executive Officer and Chief Financial Officer (Principal Executive, Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	*TITLE*	*DATE*
By: /s/ Dennis Brown Dennis Brown	Chairman	April 14, 2016
By: /s/ Itamar Shimrat Itamar Shimrat	Chief Executive Officer, Chief Financial Officer and Director (Principal Executive, Financial and Accounting Officer)	April 14, 2016
By: /s/ Ben Friedman Ben Friedman	Director	April 14, 2016
By: /s/ Yoram Drucker Yoram Drucker	Director	April 14, 2016
By: /s/ David Zolty David Zolty	Director	April 14, 2016

CELL SOURCE, INC. & SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Stockholders of Cell Source, Inc. & Subsidiary

We have audited the accompanying consolidated balance sheets of Cell Source, Inc. and Subsidiary (the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of operations, stockholders' deficiency and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cell Source, Inc. and Subsidiary, as of December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has had recurring losses, and has a working capital and stockholders' deficit as of December 31, 2015. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Marcum LLP

Marcum LLP
New York, NY
April 14, 2016

CELL SOURCE, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014
Assets		
Current Assets:		
Cash	$ 6,944	$ 19,480
Prepaid expenses	71,882	75,424
Deferred financing costs, current portion	124,650	-
Other current assets	134,736	26,074
Total Current Assets	338,212	120,978
Deferred financing costs, non-current portion	28,282	-
Property and equipment, net	1,267	2,127
Total Assets	$ 367,761	$ 123,105
Liabilities and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable and accrued expenses, current portion	$ 586,485	$ 233,869
Accounts payable and accrued expenses - related parties	214,629	285,415
Accrued compensation	324,672	968,849
Derivative liabilities	3,279,600	2,318,700
Notes payable, net of debt discount of $41,600 at December 31, 2015	708,400	-
Notes payable - related parties, net of debt discount of $19,300 at December 31, 2015	180,700	100,000
Convertible notes payable, current portion, net of debt discount of $89,900 at December 31, 2015	305,100	-
Advances payable	450,000	-
Total Current Liabilities	6,049,586	3,906,833
Convertible notes payable, non-current portion, net of debt discount of $260,550 at December 31, 2015	71,950	-
Accounts payable and accrued expenses, non-current portion	4,474	-
Total Liabilities	6,126,010	3,906,833
Commitments and contingencies	-	-
Stockholders' Deficiency:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding at December 31, 2015 and 2014	-	-
Common stock, $0.001 par value; 200,000,000 shares authorized; 23,929,256 and 23,579,256 shares issued and outstanding at December 31, 2015 and 2014, respectively	23,929	23,579
Additional paid-in capital	4,720,417	4,191,183
Accumulated deficit	(10,502,595)	(7,998,490)
Total Stockholders' Deficiency	(5,758,249)	(3,783,728)
Total Liabilities and Stockholders' Deficiency	$ 367,761	$ 123,105

See Notes to the Consolidated Financial Statements

CELL SOURCE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
	2015	**2014**
Revenues	$ -	$ -
Operating Expenses		
Research and development	392,925	806,157
Research and development - related party	829,970	1,012,464
Selling, general and administrative	1,097,580	2,235,445
Total Operating Expenses	2,320,475	4,054,066
Loss From Operations	(2,320,475)	(4,054,066)
Other Income (Expense)		
Change in fair value of derivative liabilities	208,250	(2,739)
Interest expense	(35,612)	(674)
Amortization of debt discount	(310,200)	-
Amortization of deferred financing costs	(46,068)	-
Total Other Expense	(183,630)	(3,413)
Net Loss	$ (2,504,105)	$ (4,057,479)
Net Loss Per Share		
- Basic and Diluted	$ (0.10)	$ (0.18)
Weighted Average Number of Common Shares Outstanding		
- Basic and Diluted	25,718,570	22,188,712

See Notes to the Consolidated Financial Statements

CELL SOURCE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance - December 31, 2013	14,155,262	$ 14,155	$ 3,229,522	$ (3,941,011)	$ (697,334)
Issuance of common stock and warrants for cash, net [1]	4,090,661	4,091	3,008,755	-	3,012,846
Reclassification of detachable warrants to derivative liabilities	-	-	(1,499,000)	-	(1,499,000)
Ticket to See, Inc. equity at the time of the reverse merger	5,000,000	5,000	(735,200)	-	(730,200)
Stock-based compensation:					
- common stock	100,000	100	42,900	-	43,000
Cashless exercise of warrant	233,333	233	(233)	-	-
Reclassification of derivative liabilities to equity	-	-	144,439	-	144,439
Net loss	-	-	-	(4,057,479)	(4,057,479)
Balance - December 31, 2014	23,579,256	$ 23,579	$ 4,191,183	$ (7,998,490)	$ (3,783,728)
Stock-based compensation:					
- common stock	100,000	100	39,900	-	40,000
- warrants	-	-	418,184	-	418,184
Common stock issued as debt discount in connection with issuance of convertible notes payable	250,000	250	71,150	-	71,400
Net loss	-	-	-	(2,504,105)	(2,504,105)
Balance - December 31, 2015	23,929,256	$ 23,929	$ 4,720,417	$ (10,502,595)	$ (5,758,249)

[1] Net of $55,150 of issuance costs.

See Notes to the Consolidated Financial Statements

CELL SOURCE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Year Ended December 31,	
	2015	**2014**
Cash Flows From Operating Activities		
Net loss	$ (2,504,105)	$ (4,057,479)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative liabilities	(208,250)	2,739
Amortization of debt discount	310,200	-
Amortization of deferred financing costs	46,068	-
Depreciation	860	455
Stock-based compensation:		
Common stock	100,000	43,000
Warrants	35,884	901,300
Changes in operating assets and liabilities:		
Prepaid expenses	3,542	(75,424)
Other current assets	(108,662)	37,263
Accounts payable and accrued expenses	323,853	28,484
Net Cash Used in Operating Activities	(2,000,610)	(3,119,662)
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(2,582)
Net Cash Used in Investing Activities	-	(2,582)
Cash Flows From Financing Activities		
Proceeds from issuance of notes payable	1,577,500	100,000
Payment of debt issuance costs	(39,426)	-
Proceeds from issuance of common stock and warrants, net [1]	-	3,012,846
Proceeds from cash advances	450,000	-
Net Cash Provided by Financing Activities	1,988,074	3,112,846
Net Decrease In Cash	(12,536)	(9,398)
Cash - Beginning	19,480	28,878
Cash - Ending	$ 6,944	$ 19,480
Supplemental Disclosures of Cash Flow Information:		
Non-cash investing and financing transactions:		
Reclassification of warrants to derivative liabilities	$ 482,300	$ 1,499,000
Warrants and conversion options issued in connection with issuance of notes payable	$ 650,150	$ -
Reclassification of derivative liability to equity	$ -	$ 144,439
Accrued deferred financing costs	$ 159,574	$ -
Ticket to See, Inc. equity at the time of the reverse merger	$ -	$ 730,200
Common stock issued in connection with issuance of notes payable	$ 71,400	$ -

[1] Net of $55,150 of equity issuance costs paid during the year ended December 31, 2014.

See Notes to the Consolidated Financial Statements

Note 1 – Business Organization and Nature of Operations

Organization and Operations

Cell Source, Inc. (“CSI” or the “Company”) is a Nevada corporation formed on June 6, 2012 that is the parent company of Cell Source Limited, which was founded in Israel in 2011 in order to commercialize a suite of inventions relating to certain cancer treatments. Cell Source Limited’s target indications include treatment of lymphoma, multiple myeloma and B-cell chronic lymphocytic leukemia (“BCLL”) (which is a common form of leukemia), facilitating transplantation acceptance (initially bone marrow transplantation and subsequently organ transplantation) and ultimately treating a variety of non-malignant diseases. Cell Source Limited’s lead prospective product is its patented Veto Cell immune system management technology, which is an immune tolerance biotechnology that enables the selective blocking of immune responses. Cell Source Limited’s Veto Cell immune system management technology is based on technologies patented, owned, and licensed to Cell Source Limited by Yeda Research and Development Company Limited, an Israeli corporation ("Yeda").

Share Exchange and Reorganization

On May 7, 2014, the Board of Directors and the majority stockholder of Ticket to See, Inc. ("TTSI") adopted resolutions approving an amendment (the "Amendment") of the Company's Articles of Incorporation to increase the number of authorized shares. Prior to the Amendment, the authorized shares of the Company consisted of 75,000,000 shares of common stock, $0.001 par value. The Amendment was filed with the Secretary of State of the State of Nevada on May 20, 2014, which increased the number of shares of common stock that the Company is authorized to issue from 75,000,000 shares to 200,000,000 shares. The Company also authorized 10,000,000 shares of preferred stock, par value $0.001, for designation in one or more series, with such designations, preferences and relative, participating, optional, or other special rights and qualifications, limitations, or restrictions thereof, as may, from time to time, be adopted by the Company's Board of Directors.

On June 23, 2014, the majority stockholder of TTSI adopted resolutions approving an amendment of the Company's Articles of Incorporation to change the name of the corporation from Ticket to See, Inc. to Cell Source, Inc. The Amendment was filed with the Secretary of State of the State of Nevada on June 23, 2014, which changed the name of the corporation from Ticket to See, Inc. to Cell Source, Inc., effective June 26, 2014. In connection with the name change, the trading symbol of the Company’s common stock was changed from TTSE to CLCS.

On June 27, 2014, CSI issued five-year warrants to purchase an aggregate of 2,000,000 shares of common stock at a price of $0.75 per share to consultants in exchange for consulting services previously provided to the Company. The exercise price issuable upon the exercise of the warrants will be subject to adjustment in the event that the Company issues any shares of common stock at a price lower than the exercise price of the warrants. Pursuant to the provision, at the date of issuance, the Company recorded these warrants as derivative liabilities at their fair value of $730,200. Any changes in the fair value of the warrants will be recognized in the Company’s consolidated statements of operations in the period in which such change occurs.

On June 30, 2014 (the “Closing Date”), CSI entered into and closed a Share Exchange Agreement (the “Share Exchange Agreement”) with Cell Source Limited and 100% of the shareholders of Cell Source Limited (the “CSL Shareholders”) whereby Cell Source Limited became the wholly-owned subsidiary of CSI (the "Share Exchange"), and whereby the CSL Shareholders, transferred to the Company all 18,245,923 outstanding shares of Cell Source Limited’s ordinary shares (“CSL Ordinary Shares”) in exchange for an aggregate of 18,245,923 newly issued shares of the Company's Common Stock, par value $0.001 per share (the “Company Common Stock” or the "Common Stock"). The aggregate of 18,245,923 shares of newly issued Company Common Stock represents 78.5% of the 23,245,923 outstanding shares of Company Common Stock following the Closing Date. In addition, outstanding five (5) year warrants to acquire 4,859,324 CSL Ordinary Shares at an exercise price of $0.75 per share (the "CSL Warrants") were exchanged for newly issued warrants to purchase shares of Company Common Stock at $0.75 per share (the “Company Warrants”), which Company Warrants contain substantially similar terms as the CSL Warrants. In addition, outstanding seven-year warrants to acquire 2,043,835 CSL Ordinary Shares at $0.001 per share were exchanged for warrants to purchase shares of Company Common Stock at $0.001 per share (the “Researcher Company Warrants”), which Researcher Company Warrants contain substantially similar terms as their warrants to acquire CSL Ordinary Shares. The aggregate of 6,903,159 Company Warrants and Researcher Company Warrants represents 77.5% of the outstanding warrants to purchase Common Stock of the Company following the Closing Date.

Note 1 – Business Organization and Nature of Operations – Continued

Share Exchange and Reorganization - Continued

For accounting purposes, the Share Exchange was treated as a reverse merger or recapitalization of Cell Source Limited, the accounting acquirer, because the Company shareholders own the majority of CSI's outstanding common stock following the transaction and exercise significant influence over the operating and financial policies of the consolidated entity. CSI was a non-operating company prior to the share exchange. Pursuant to Securities and Exchange Commission rules, the merger or acquisition of a private operating company into a non-operating public company with nominal net assets is considered a capital transaction in substance, rather than a business combination.

Note 2 – Going Concern and Management Plans

The Company has not generated any revenues, has recurring net losses, a working capital deficiency as of December 31, 2015 of approximately $5,711,000, and used cash in operations of approximately $2,001,000 and $3,120,000 for the years ended December 31, 2015 and 2014, respectively. In addition, as of December 31, 2015, the Company had an accumulated deficit of approximately $10,503,000. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Subsequent to December 31, 2015, the Company has raised an aggregate of $990,000 through debt financing. See Note 12 – Subsequent Events for additional details.

The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The ability of the Company to continue its operations is dependent on the execution of management's plans, which include the raising of capital through the debt and/or equity markets, until such time that funds provided by operations are sufficient to fund working capital requirements. If the Company were not to continue as a going concern, it would likely not be able to realize its assets at values comparable to the carrying value or the fair value estimates reflected in the balances set out in the preparation of the consolidated financial statements.

There can be no assurances that the Company will be successful in generating additional cash from the equity/debt markets or other sources to be used for operations. The consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary. Based on the Company's current resources, the Company will not be able to continue to operate without additional immediate funding. Should the Company not be successful in obtaining the necessary financing to fund its operations, the Company would need to curtail certain or all operational activities and/or contemplate the sale of its assets, if necessary.

Note 3 – Summary of Significant Accounting Policies

Principles of Consolidation

For June 30, 2014 and forward, the Company's financial statements are consolidated and include the accounts of CSI and Cell Source Limited. All significant intercompany transactions have been eliminated in the consolidation. Prior to June 30, 2014, the financial statements presented are those of Cell Source Limited.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The most significant estimates, among other things, are used in accounting for allowances for deferred income taxes, contingencies, as well as the recording and presentation of its common stock and related warrant issuances. Estimates and assumptions are periodically reviewed and the effects of any material revisions are reflected in the consolidated financial statements in the period that they are determined to be necessary. Actual results could differ from those estimates and assumptions.

Note 3 – Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents

The Company considers all highly-liquid instruments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2015 and 2014, the Company did not have any cash equivalents.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation which is recorded using the straight line method at a rate sufficient to charge the cost of depreciable assets to operations over the estimated useful life, which is 3 years. Maintenance and repairs are charged to operations as incurred. As of December 31, 2015 and 2014, accumulated depreciation was $1,315 and $455, respectively. During the years ended December 31, 2015 and 2014, depreciation expense was $860 and $455, respectively.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in the financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts ("temporary differences") at enacted tax rates in effect for the years in which the temporary differences are expected to reverse.

The Company adopted the provisions of Accounting Standards Codification ("ASC") Topic 740-10, which prescribes a recognition threshold and measurement process for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's consolidated financial statements as of December 31, 2015 and 2014. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date.

The Company's policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the consolidated statements of operations. There were no amounts accrued for interest or penalties for the years ended December 31, 2015 and 2014.

Research and Development Costs

Research and development costs are expensed as they are incurred and consist of salaries, benefits and other personnel related costs, fees paid to consultants, clinical trials and related clinical manufacturing costs, license and milestone fees, and facilities and overhead costs.

Loss Per Share

The Company computes basic net loss per share by dividing net loss by the weighted average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities. Diluted earnings per share includes the dilution that would occur upon the exercise or conversion of all dilutive securities into common stock using the "treasury stock" and/or "if converted" methods, as applicable. Weighted average shares outstanding for the years ended December 31, 2015 and 2014 includes the weighted average impact of warrants to purchase an aggregate of 2,043,835 shares of common stock because their exercise price was determined to be nominal.

Note 3 – Summary of Significant Accounting Policies - Continued

Loss Per Share - Continued

The common stock equivalents associated with the following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	December 31,	
	2015	2014
Warrants	11,074,324	6,459,324
Convertible notes	2,166,331	-
	13,240,655	6,459,324

Deferred Financing Costs

The Company has recorded deferred financing costs as a result of fees incurred by the Company in conjunction with its debt financing activities. These costs are amortized using the interest method over the shorter of (a) the term of the related debt or (b) the expected conversion date of the debt into equity instruments. As of December 31, 2015, there was $46,068 of accumulated amortization of deferred financing costs and $152,932 of unamortized deferred financing costs on the accompanying consolidated balance sheet.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For non-employees, the fair value of the award is generally re-measured on financial reporting dates and vesting dates until the service period is complete. The fair value amount is then recognized over the period the services are required to be provided in exchange for the award, usually the vesting period. Because the Company's common stock historically was not actively traded on a public market, the fair value of the Company's restricted equity instruments is estimated based on the historical observations of cash prices paid for the Company's common stock.

Derivative Financial Instruments

The fair value of an embedded conversion option that is convertible into a variable amount of shares and warrants that include price protection reset provision features are deemed to be "down-round protection" and, therefore, do not meet the scope exception for treatment as a derivative under ASC 815 "Derivatives and Hedging", since "down-round protection" is not an input into the calculation of the fair value of the conversion option and warrants and cannot be considered "indexed to the Company's own stock" which is a requirement for the scope exception as outlined under ASC 815.

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors.

The Black-Scholes option valuation model was used to estimate the fair value of the warrants and conversion options. The model includes subjective input assumptions that can materially affect the fair value estimates. The Company determined the fair value of the Binomial Lattice Model and the Black-Scholes Valuation Model to be materially the same. The expected volatility is estimated based on the most recent historical period of time equal to the weighted average life of the warrants.

Conversion options are recorded as debt discount and are amortized as interest expense over the life of the underlying debt instrument.

Note 3 – Summary of Significant Accounting Policies - Continued

Foreign Currency Translation

The New Israeli Shekel is the functional currency of the Company. Assets and liabilities are translated based on the exchange rates at the balance sheet date, while revenue and expense accounts are translated at the average exchange rates prevailing during the year. Equity accounts are translated at historical exchange rates. The resulting translation gain and loss adjustments are accumulated as a component of other comprehensive income.

Foreign currency gains and losses resulting from transactions denominated in foreign currencies, including intercompany transactions, are included in results of operations.

The Company recorded approximately $2,000 and $32,000 of transaction losses for the years ended December 31, 2015 and 2014, respectively, which have been included within general and administrative expenses in the accompanying consolidated statements of operations.

Comprehensive Income (Loss)

The Company reports comprehensive income (loss) and its components in its consolidated financial statements. Comprehensive income (loss) consists of net loss and foreign currency translation adjustments affecting stockholders' deficit that, under U.S. GAAP, are excluded from net loss. The differences between net loss as reported and comprehensive income (loss) have historically been immaterial. As of December 31, 2015, the exchange rate between U.S. Dollars and Israeli Shekel was U.S. $1.00 = NIS 3.8968, and the weighted average exchange rate for the year then ended was U.S. $1.00 = NIS 3.8785. As of December 31, 2014, the exchange rate between U.S. Dollars and Israeli Shekel was U.S. $1.00 = NIS 3.9041, and the weighted average exchange rate for the year then ended was U.S. $1.00 = NIS 3.5715.

Reclassifications

Certain prior period amounts have been reclassified for comparative purposes to conform to the fiscal 2015 presentation. These reclassifications have no impact on the previously reported net loss.

Recent Accounting Standards

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 amends the existing guidance to require that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. ASU 2015-03 is effective on a retrospective basis for annual and interim reporting periods beginning after December 15, 2015, but early adoption is permitted. The Company does not anticipate that the adoption of this standard will have a material impact on its consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" ("ASU 2015-17"). The FASB issued this ASU as part of its ongoing Simplification Initiative, with the objective of reducing complexity in accounting standards. The amendments in ASU 2015-17 require entities that present a classified balance sheet to classify all deferred tax liabilities and assets as a noncurrent amount. This guidance does not change the offsetting requirements for deferred tax liabilities and assets, which results in the presentation of one amount on the balance sheet. Additionally, the amendments in this ASU align the deferred income tax presentation with the requirements in International Accounting Standards (IAS) 1, Presentation of Financial Statements. The amendments in ASU 2015-17 are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company does not anticipate that the adoption of this standard will have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases. The ASU will also require new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating ASU 2016-02 and its impact on its consolidated financial statements.

The Company has evaluated all new accounting standards that are in effect and may impact its consolidated financial statements and does not believe that there are any other new accounting standards that have been issued that might have a material impact on its financial position or results of operations.

Note 3 – Summary of Significant Accounting Policies - Continued

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the consolidated financial statements, except as disclosed in Note 12.

Note 4 - Fair Value

The Company determines the estimated fair value of amounts presented in these consolidated financial statements using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current exchange between buyer and seller. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. These fair value estimates were based upon pertinent information available as of December 31, 2015 and 2014, and, as of those dates, the carrying value of all amounts approximates fair value.

The Company has categorized its assets and liabilities at fair value based upon the following fair value hierarchy:

Level 1 - Inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Inputs use directly or indirectly observable inputs. These inputs include quoted prices for similar assets and liabilities in active markets as well as other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company’s assessment of the significance of particular inputs to these fair measurements requires judgment and considers factors specific to each asset or liability.

Both observable and unobservable inputs may be used to determine the fair value of positions that are classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in historical company data) inputs.

Note 4 - Fair Value – Continued

The following table summarizes the valuation of the Company's derivatives by the above fair value hierarchy levels as of December 31, 2015 and 2014 using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

	Total	Quoted Prices In Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Accrued compensation	$ 60,000	$ -	$ -	$ 60,000
Derivative liability	3,279,600	-	-	3,279,600
Balance - December 31, 2015	$ 3,339,600	$ -	$ -	$ 3,339,600
Accrued compensation	$ 901,300	$ -	$ -	$ 901,300
Derivative liability	2,318,700	-	-	2,318,700
Balance - December 31, 2014	$ 3,220,000	$ -	$ -	$ 3,220,000

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company's Level 3 liabilities shown in the above table consist of warrants with "down-round protection", as the Company is unable to determine if it will have sufficient authorized common stock to settle such arrangements, warrants deemed to be derivative liabilities according to the Company's sequencing policy in accordance with ASC 815-40-35-12, the conversion option of convertible notes payable and an accrued obligation to issue warrants to certain founders of Cell Source Limited, which such warrants were issued as of December 31, 2015.

Assumptions utilized in the valuation of Level 3 liabilities are described as follows:

	For the Years Ended December 31,	
	2015	2014
Risk-free interest rate	0.14% - 1.93%	1.38% - 1.73%
Expected term (years)	0.04 - 6.50	3.83 - 5.00
Expected volatility	159% - 172%	164% - 172%
Expected dividends	0.00%	0.00%

The expected term used is the contractual life of the instrument being valued. Since the Company's stock has not been publicly traded for a sufficiently long period of time or with significant volume, the Company is utilizing an expected volatility based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

Note 4 - Fair Value – Continued

The following table provides a summary of the changes in fair value, including net transfers in and/or out, of all Level 3 liabilities measured at fair value on a recurring basis using unobservable inputs during the years ended December 31, 2015 and 2014:

	Accrued Compensation	Derivative Liability	Total
Balance - December 31, 2013	$ -	$ 231,200	$ 231,200
Accrual of warrant obligation	901,300	-	901,300
Change in fair value	-	2,739	2,739
Exercise of warrants	-	(144,439)	(144,439)
Issuance of warrants and conversion options	-	2,229,200	2,229,200
Balance - December 31, 2014	$ 901,300	$ 2,318,700	$ 3,220,000
Issuance of warrants and conversion options	-	686,850	686,850
Accrual of warrant and common stock obligation	110,684	-	110,684
Change in fair value	(51,500)	(208,250)	(259,750)
Reclassification to equity upon issuance	(418,184)	-	(418,184)
Reclassification to derivative liability upon issuance	(482,300)	482,300	-
Balance - December 31, 2015	$ 60,000	$ 3,279,600	$ 3,339,600

The Company's significant financial instruments such as cash, other current assets, accounts payable, accrued expenses and notes payable were deemed to approximate fair value due to their short term nature.

On October 28, 2013, as a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12, whereby these and all future instruments may be classified as a derivative liability, with the exception of instruments related to share-based compensation issued to employees or directors. As of December 31, 2015 and 2014, derivative liabilities valued at $3,279,600 and $2,318,700, respectively, were comprised of warrants to purchase an aggregate of 9,254,324 and 6,459,324 shares of common stock, respectively, and conversion options which, as of December 31, 2015, were convertible into an aggregate of 2,166,331 shares of common stock and warrants to purchase an aggregate of 815,676 shares of common stock.

On November 10, 2014, in connection with the effectiveness of the registration statement, the Company became obligated to issue to certain founders of Cell Source Limited five-year warrants to purchase an aggregate of 3,000,000 shares of common stock at an exercise price of $0.75 per share. As a result, during the year ended December 31, 2014, the Company accrued for the value of the obligation, which was the value of the warrants as computed using the Black Scholes option pricing model to be an aggregate of $901,300, which was recorded as stock-based compensation expense in the consolidated statements of operations and included in accrued compensation in the consolidated balance sheet as of December 31, 2014. During the year ended December 31, 2015, the Company issued the warrants to purchase an aggregate of 3,000,000 shares of common stock, of which, warrants to purchase an aggregate of 1,300,000 shares of common stock issued to employees with an issuance date value of $367,500 were reclassified to equity and warrants to purchase an aggregate of 1,700,000 shares of common stock issued to non-employees with an issuance date value of $482,300 were reclassified to derivative liability.

Note 4 - Fair Value – Continued

Of the warrants to purchase an aggregate of 3,000,000 shares of common stock issued in 2015, warrants to purchase an aggregate of 2,400,000 shares of common stock contain a provision that provides the Company with an option, prior to the expiration date, to redeem all of the warrants then outstanding upon not less than thirty (30) days nor more than (60) days notice to the applicable holder, at a redemption price of $0.01 per share, subject to the conditions that: (i) there is an effective registration statement covering the resale of the underlying shares of common stock and (ii) the common stock has traded for twenty (20) consecutive days with a closing price of at least $2.50 per share with an average trading volume of 100,000 shares per day.

The Company recorded the value of the warrant obligation, which, using the Black Scholes option pricing model, was determined to be an aggregate of $0 and $901,300, respectively, which was a component of accrued compensation in the consolidated balance sheets as of December 31, 2015 and 2014, respectively. During the years ended December 31, 2015 and 2014, the Company recorded a credit of $51,500 and $0, to stock-based compensation related to the change in value of the warrant obligation.

As of December 31, 2015, the Company had an obligation to issue 150,000 shares of common stock to a service provider. The shares had a fair value of $60,000, which was a component of accrued compensation in the consolidated balance sheet as of December 31, 2015 and was included within stock-based compensation expense during the year ended December 31, 2015.

See Note 6 – Notes Payable and Note 11 – Commitments and Contingencies for additional details associated with the issuance of warrants which were deemed to be derivative liabilities.

Note 5 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	December 31,	
	2015	2014
Accrued research and development	$ 186,815	$ 79,155
Accrued legal fees	216,956	75,200
Accrued other professional fees	75,164	34,839
Accrued director compensation	12,000	9,000
Accrued Scientified Advisory Board compensation	31,000	-
Accrued interest, current portion	25,139	-
Other accrued expenses	39,411	35,675
Accounts payable and accrued expenses, current portion	586,485	233,869
Non-current portion of accrued interest	4,474	-
Total accounts payable and accrued expenses	$ 590,959	$ 233,869

Note 6 – Notes Payable

Non-Convertible Notes

On March 26, 2015, the Company issued one-year notes payable in the aggregate principal amount of $500,000. The notes are non-interest bearing. The notes must be prepaid in whole from the proceeds of any closing after the issuance date, of any offering or offerings pursuant to which the Company receives aggregate gross proceeds greater than or equal to $3,000,000. In consideration of the loans, four-year warrants to purchase an aggregate of 500,000 shares of common stock at an exercise price of $0.75 per share, with an aggregate issuance date value of $177,200, were issued by the Company to the purchasers of the notes payable and were recorded as a debt discount under the residual value method. In connection with the Company's sequencing policy, the warrants were determined to be derivative liabilities. See Note 4 – Fair Value for additional details. The effective annual interest rate of the notes is 35%. Prior to the expiration date, the Company shall have the option to redeem the warrants then outstanding upon not less than thirty (30) days nor more than (60) days notice to the applicable holder, at a redemption price of $0.01 per share, subject to the conditions that: (i) there is an effective registration statement covering the resale of the underlying shares of common stock and (ii) the common stock has traded for twenty (20) consecutive days with a closing price of at least $2.50 per share with an average trading volume of 100,000 shares per day. See Note 12 – Subsequent Events – Notes Payable for additional details.

Note 6 – Notes Payable - Continued

Non-Convertible Notes – Continued

On May 15, 2015, the Company issued a four-month note payable in the principal amount of $250,000. The note bears interest at a rate of 12% per annum. In consideration of the loan, a four-year warrant to purchase 250,000 shares of common stock at an exercise price of $0.75 per share, with an issuance date fair value of $88,600, was issued by the Company to the purchaser of the note payable and was recorded as a debt discount under the residual value method. In connection with the Company's sequencing policy, the warrant was determined to be a derivative liability. See Note 4 – Fair Value for additional details. Prior to the expiration date, the Company shall have the option to redeem the warrants then outstanding upon not less than thirty (30) days nor more than (60) days notice to the holder, at a redemption price of $0.01 per share, subject to the conditions that: (i) there is an effective registration statement covering the resale of the underlying shares of common stock and (ii) the common stock has traded for twenty (20) consecutive days with a closing price of at least $2.50 per share with an average trading volume of 100,000 shares per day. On November 12, 2015, the Company entered into a letter agreement with the lender to extend the maturity date of the note to December 31, 2015. See Note 12 – Subsequent Events – Notes Payable for additional details.

See Note 8 – Related Parties for details related to non-convertible notes issued to the Company's Chief Executive Officer ("CEO").

Convertible Notes

Other Convertible Notes

On July 24, 2015, the Company issued one-year convertible promissory notes with an aggregate principal amount of $145,000. In consideration of the loans, four-year warrants to purchase an aggregate of 145,000 shares of common stock at an exercise price of $0.75 per share, were issued by the Company to the purchasers of the notes payable and were recorded as a debt discount under the residual value method. In connection with the Company's sequencing policy, the $61,500 aggregate issuance date fair value of the warrants and conversion options of the notes were determined to be derivative liabilities. See Note 4 – Fair Value for additional details. The notes shall not bear interest for the initial ninety (90) days from issuance, but beginning on the ninety-first (91st) day, each note shall bear interest at ten percent (10%) per annum, which interest will accrue on a daily simple interest basis and be due and payable on the maturity date. Each note contains a mandatory prepayment provision that the principal and accrued but unpaid interest must be prepaid, without premium or penalty, in whole, from the proceeds of any closing occurring after the original issuance date, of any offering or offerings of the securities of the Company pursuant to which the aggregate gross proceeds received by the Company is greater than or equal to $3,000,000. On or after the sixteenth (16th) day following the maturity date, the holder of each note will have the option to convert all or part of the outstanding principal and accrued but unpaid interest into shares of common stock, at a conversion price equal to the lesser of (i) $0.75; or (ii) seventy percent (70%) of the average daily volume weighted average price ("VWAP") of common stock for the twenty (20) trading days prior to the maturity date. However, the Company shall not effect any conversion of a note to the extent that after giving effect to such conversion, an investor would beneficially own in excess of 4.99% of the issued and outstanding shares of common stock of the Company. Prior to the expiration date of the warrants, the Company has the option to redeem all warrants outstanding for a $0.01 per share upon not less than thirty (30) days notice nor more than sixty (60) days notice to the holder of the warrant, provided that at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the Warrant Shares, and (ii) the average trading price of the Company's common stock, or shares into which the common stock have been exchanged, for each of the twenty (20) consecutive trading days prior to the date of the notice of redemption is at least $2.50, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events, with an average daily trading volume during such period of no less than 100,000 shares. The Company shall not effect any exercise of a Warrant to the extent that after giving effect to such exercise, an Investor would beneficially own in excess of 4.99% of the issued and outstanding shares of Common Stock of the Company.

On October 7, 2015, the Company issued one-year convertible notes payable in the aggregate principal amount of $250,000. The notes bear interest at a rate of 6% per annum. For a period of fifteen (15) business days beginning on the maturity date, at the option of the holder, the principal and any accrued and unpaid interest may be converted into common stock at a conversion price of $0.75 per share. In consideration of the loans, an aggregate of 250,000 shares of common stock, with an aggregate issuance date value of $71,400, were issued by the Company to the purchasers of the notes payable and were recorded as a debt discount with a corresponding credit to equity. In connection with the Company's sequencing policy, the conversion options of the notes, with an aggregate issuance date value of $600, were determined to be derivative liabilities. See Note 4 – Fair Value for additional details.

Note 6 – Notes Payable – Continued

Convertible Notes – Continued

10% Convertible Note Offering

During November 2015, the Company closed on an aggregate of $332,500 in principal amount of convertible notes to investors, which are payable eighteen (18) months from the date of issuance (the "Maturity Date") and bear interest at a rate of 10% per annum (the "10% Convertible Notes"). The 10% Convertible Notes shall be automatically converted into shares of the Company's common stock upon the earlier of (i) the closing of an offering of equity securities pursuant to which the Company receives an aggregate of at least $5,000,000 in gross proceeds ("Qualified Financing"); (ii) the closing of a strategic transaction (including but not limited to the Company's entry into a joint venture or partnership agreement or the sublicensing of the Company's intellectual property) pursuant to which the Company, directly or indirectly, receives, or expects to receive within eighteen months, cash, assets or other consideration with a total aggregate value of at least $4,000,000 ("Strategic Transaction"); or (iii) the Maturity Date of the 10% Convertible Notes.

In the event the 10% Convertible Notes are converted upon the occurrence of a Qualified Financing (the "QF Conversion Shares"), the conversion price of the 10% Convertible Notes shall be the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing; or (ii) $0.75. The QF Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing on which the Company generates aggregate gross proceeds under the Qualified Financing of at least $5,000,000. In the event the 10% Convertible Notes are converted upon the occurrence of a Strategic Transaction (the "ST Conversion Shares"), the conversion price of the 10% Convertible Notes shall be equal to $0.75. In addition, upon conversion of the 10% Convertible Notes following the occurrence of a Qualified Financing or a Strategic Transaction, each holder of a 10% Convertible Note shall automatically receive five-year warrants to purchase that number of shares of common stock into which the 10% Convertible Notes are convertible and such warrants shall have an exercise price equal to one hundred ten percent (110%) of the per-share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing or $0.825 in the case of a Strategic Transaction, as applicable. The ST Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing of a Strategic Transaction. In the event the 10% Convertible Notes are automatically converted upon the Maturity Date, the conversion price of the 10% Convertible Notes shall be equal to the quotient obtained by dividing $15 million by the aggregate number of outstanding shares of the common stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the Maturity Date (the "Maturity Conversion Price"). In addition, in the event of an automatic conversion of the 10% Convertible Notes upon the Maturity Date, the holder shall automatically receive five-year warrants to purchase that number of common stock into which the 10% Convertible Notes are convertible and such warrants shall have an exercise price equal to the Maturity Conversion Price.

In connection with the Company's sequencing policy, the conversion options of the notes were determined to be derivative liabilities. The $287,350 aggregate issuance date fair value was recorded as a debt discount and will be amortized over the term of the notes. See Note 4 – Fair Value for additional details.

Summary

During the years ended December 31, 2015 and 2014, the Company recorded interest expense related to notes payable of $35,612 and $674, respectively.

During the years ended December 31, 2015 and 2014, the Company recorded amortization of debt discount of $310,200 and $0, respectively.

Note 7 – Advances Payable

During the year ended December 31, 2015, the Company received an aggregate of $450,000 from investors in connection with a future offering of convertible notes that had not closed as of December 31, 2015. Upon closing of the offering, the Company will evaluate and record the impact of the conversion feature. See Note 12 – Subsequent Events – Notes Payable for additional details.

Note 8 – Related Parties

On October 3, 2011, the Company entered into a definitive research and license agreement for Veto Cell technology and also an exclusive option agreement to negotiate an additional license for organ regeneration technology with Yeda Research and Development Company Limited ("Yeda"), a founder and shareholder of the Company. Yeda is the technology transfer and commercial arm of the Weizmann Institute of Science, for research conducted at the Weizmann Institute of Science for an invention comprising methods of bone marrow transplantation and cell therapy utilizing Veto-Cells. The evaluation period with respect to the option to license the organ regeneration technology originally expired on October 3, 2012 and had been previously extended to December 31, 2015. On December 23, 2015, the Company and Yeda executed an amendment to the exclusive option agreement to negotiate a license for organ regeneration technology which extends the evaluation period through March 31, 2016. See Note 12 – Subsequent Events for additional details.

Under the terms of the amended research and license agreement, Yeda granted the Company an exclusive worldwide license for the licensed information and the patents for the development, manufacture and sale of the products derived therefrom. In consideration for the grant of the license, the Company has paid or will pay Yeda: (1) $210,000 on October 3, 2011; (2) an annual research budget commitment for 7 years in the amount of $800,000 for the period until October 3, 2018, however, in the event that the Company and Yeda execute a new research and license agreement, then the Company will annually fund research in the amount of $900,000 for the period until October 3, 2018. Such a new research and license agreement must be in accordance with the exclusive option agreement; (3) a non-refundable and non-creditable license fee of $50,000 per year during the terms of the agreement, commencing on the first day after the date of termination or expiration of the research period (which period has not expired and will be extended); and (4) a royalty of 4% of net future sales by or on behalf of the Company or any sub licensees.

If the Company fails to achieve any of the milestones by the dates set forth in the agreement, Yeda is entitled to terminate the license upon written notice to the Company. To date, the Company has met all of the milestones and the next milestone in the agreement is October 3, 2016. Either Yeda or the Company may terminate the agreement and the license after the commitment of a material breach by the other party and in certain other instances as detailed in the agreement.

For the years ended December 31, 2015 and 2014, the Company recorded a charge to operations of approximately $830,000 and $1,012,000, respectively, related to its research and license agreement with Yeda. As of December 31, 2015 and 2014, approximately $208,000 and $285,000 has been accrued and is payable to Yeda, respectively.

During the year ended December 31, 2014, the Company issued two six-month notes payable in the aggregate principal amount of $100,000 to the Company's CEO. The notes bear interest at a rate of 6% per annum payable at maturity. On June 1, 2015, the Company entered into a letter agreement with the Company's CEO to extend the maturity dates of the two promissory notes from May 2015 to October 30, 2015. On November 12, 2015, the Company entered into a letter agreement with the Company's CEO to extend the maturity dates of the two promissory notes to March 31, 2016. See Note 12 – Subsequent Events – Notes Payable for additional details.

On July 20, 2015, the Company issued a one-year note payable in the principal amount of $100,000 to a member of the Board of Directors of the Company. The note is non-interest bearing. The note must be prepaid in whole from the proceeds of any closing after the issuance date, of any offering or offerings pursuant to which the Company receives aggregate gross proceeds greater than or equal to $3,000,000. In consideration of the loan, a four-year warrant to purchase 100,000 shares of common stock at an exercise price of $0.75 per share, with an issuance date fair value of $34,900, was issued by the Company to the purchaser of the note payable and was recorded as a debt discount under the residual value method. In connection with the Company's sequencing policy, the warrant was determined to be a derivative liability. See Note 4 – Fair Value for additional details. The warrant contains an exercise limitation such that at no time may the warrant be exercised if the shares of common stock to be issued upon such exercise would exceed, when aggregated with all other shares of common stock owned by the holder (or his permitted successors or assigns), 4.99% of the issued and outstanding shares of the common stock of the Company. In the event the principal amount of the note is not paid by the Company on or before July 20, 2016, the Company shall (i) pay to the lender a one-time cash penalty payment of five percent (5%) of the principal amount of the note due and unpaid on such date, and (ii) issue to the lender a warrant to purchase, at an exercise price of $0.75 per share, the number of shares the Company's common stock equal to the product of (a) the principal amount of the note due and unpaid on July 20, 2015 and (b) ten percent (10%).

Note 9 – Stockholders' Deficiency

Fair Value of Common Stock

The Company performed valuations to estimate the fair value of its common stock during the years ended December 31, 2015 and 2014. To determine the value of its common stock, the Company considered the following three possible valuation methods (1) the income approach, (2) the market approach and the (3) cost approach to estimate its enterprise value.

The income approach focuses on the income-producing capability of a business by estimating value based on the expectation of future cash flows that a company will generate – such as cash earnings, cost savings, tax deductions, and the proceeds from disposition. These cash flows are discounted to the present using a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The selected discount rate is generally based on rates of return available from alternative investments of similar type, quality, and risk.

The market approach valuation method measures the value of an asset or business through an analysis of recent sales or offerings of comparable investments or assets. When applied to the valuation of equity interests, consideration is given to the financial condition and operating performance of the entity being appraised relative to those of publicly traded entities operating in the same or similar lines of business, potentially subject to corresponding economic, environmental, and political factors and considered to be reasonable investment alternatives.

In addition to the income approach and market approach valuation methods, the Company also considered the cost approach as a valuation method. This approach measures the value of an asset by the cost to reconstruct or replace it with another of like utility.

The Company selected the market approach to estimate the fair value of its common stock as the Company sold notes payable to third parties convertible into shares of common stock in 2015 (see Note 6 – Notes Payable – Convertible Notes) and sold shares of common stock to third parties in 2014 (See Note 9 – Stockholders' Deficiency – Common Stock and Warrant Offerings).

Using an option pricing method and the relative fair values, the Company derived the implied equity value for the common stock as follows:

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Common Stock Equivalents	Fair Value	Allocation %	Common Stock Equivalents	Fair Value	Allocation %
Common stock	443,333	$ 332,500	52%	4,090,661	$ 3,067,996	57%
Warrants	443,333	$ 311,480	48%	4,090,661	$ 2,320,054	43%
	Relative fair value of the common stock		$ 0.39	Relative fair value of the common stock		$ 0.43

There is inherent uncertainty in the Company's forecasts and projections, and if the Company had made different assumptions and estimates than those described previously, the determined fair value of its common stock for either period could have been materially different.

Note 9 – Stockholders' Deficiency - Continued

Common Stock and Warrant Offerings

During the year ended December 31, 2014, the Company entered into an investment agreement with a group of investors. Pursuant to the agreement, the investors contributed to the Company aggregate net proceeds of $3,012,846 (gross proceeds of $3,067,996 less issuance costs of $55,150) in exchange for 4,090,661 units. Each unit was sold for $0.75 per unit and consisted of one share of common stock and an immediately vested five-year warrant to purchase one share of common stock at an exercise price of $0.75 per share. The warrants carried provisions that were deemed to be "down round" price protection features. As a result, during the year ended December 31, 2014, the Company reclassified $1,499,000 for the fair value of the warrants to derivative liabilities which will be marked to market at each subsequent reporting period. Prior to the expiration date, the Company shall have the option to redeem all of the warrants then outstanding upon not less than thirty (30) days nor more than (60) days notice to the applicable holder, at a redemption price of $0.01 per share, subject to the conditions that: (i) there is an effective registration statement covering the resale of the underlying shares of common stock and (ii) the common stock has traded for twenty (20) consecutive days with a closing price of at least $2.50 per share with an average trading volume of 100,000 shares per day.

Compensatory Common Stock

On July 7, 2014, the Board of Directors resolved to issue 100,000 shares of common stock to a service provider in connection with the June 30, 2014 completion of the Share Exchange. The Company recognized the $43,000 value of the award as stock-based compensation expense during the year ended December 31, 2014, which was the service period. On July 29, 2014, the Company issued the 100,000 shares of common stock.

See Note 11 – Commitments and Contingencies – Consulting Agreement for details of the issuance of other common stock as compensation during the year ended December 31, 2015.

Stock Warrants

See Note 4 – Fair Value, Note 6 – Notes Payable and Note 11 – Commitments and Contingencies for additional details associated with warrants. See Note 1 – Business Organization and Nature of Operations – Share Exchange and Reorganization for details of the issuance of warrants to consultants.

During the year ended December 31, 2014, the Company issued 233,333 shares of common stock to a warrant holder who elected to exercise a warrant to purchase 400,000 shares of common stock on a "cashless" basis under the terms of the warrant. The warrant had an exercise price of $0.75 per share and the intrinsic value of the warrant exercised was $420,000.

A summary of the warrant activity during the years ended December 31, 2015 and 2014 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, December 31, 2013	2,812,498	$ 0.21		
Granted	6,090,661	0.75		
Exercised	(400,000)	0.75		
Forfeited	-	-		
Outstanding, December 31, 2014	8,503,159	$ 0.57		
Granted	4,615,000	0.75		
Exercised	-	-		
Forfeited	-	-		
Outstanding, December 31, 2015	13,118,159	$ 0.63	3.7	$ 815,490
Exercisable, December 31, 2015	12,724,159	$ 0.63	3.7	$ 815,490

Note 9 – Stockholders' Deficiency - Continued

Stock Warrants – Continued

The following table presents information related to stock warrants at December 31, 2015:

Warrants Outstanding		Warrants Exercisable	
Exercise Price	Outstanding Number of Warrants	Weighted Average Remaining Life In Years	Exercisable Number of Warrants
$ 0.001	2,043,835	4.9	2,043,835
$ 0.750	11,074,324	3.5	10,680,324
	13,118,159	3.7	12,724,159

Note 10 – Income Taxes

Cell Source, Inc. was formed in June 2012 under the name Ticket to See, Inc. Prior to the Share Exchange in June 2014, the Company did not have any material operations in the United States. In June 2014, the Company became the parent of Cell Source Limited, a wholly owned Israeli subsidiary, which files tax returns in Israel.

The Israeli and U.S. components of income before income taxes were as follows:

	For The Years Ended December 31,	
	2015	2014
Israel	$ (1,986,936)	$ (3,817,479)
United States	(517,169)	(240,000)
Income before income taxes	$ (2,504,105)	$ (4,057,479)

The tax effects of temporary differences that give rise to deferred tax assets are presented below:

	December 31,	
	2015	2014
Net operating loss carryforwards	$ 2,094,000	$ 1,414,000
Foreign deferred research and development costs	356,000	416,000
Stock-based compensation expense	26,000	-
Deferred tax assets	2,476,000	1,830,000
Valuation allowance	(2,476,000)	(1,830,000)
Deferred tax assets, net	$ -	$ -

Note 10 – Income Taxes – Continued

The income tax provision (benefit) for the years ended December 31, 2015 and 2014 consists of the following:

	For The Years Ended December 31,	
	2015	2014
Current		
Foreign	$ -	$ -
Federal	-	-
U.S. State and local	-	-
Deferred		
Foreign	(358,000)	(1,045,000)
Federal	(226,000)	(82,000)
U.S. State and local	(62,000)	(24,000)
	(646,000)	(1,151,000)
Change in valuation allowance	646,000	1,151,000
Income tax provision (benefit)	$ -	$ -

The reconciliation of the expected tax expense (benefit) based on the U.S. federal statutory rates for 2015 and 2014, respectively, with the actual expense is as follows:

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	For The Years Ended December 31,	
	2015	2014
Expected federal statutory rate	(34.0%)	(34.0%)
State and local taxes, net of federal tax benefit	(2.5%)	(0.6%)
Statutory rate differential - domestic vs. foreign	7.7%	7.0%
Permanent difference - stock-based compensation	0.6%	5.9%
Change in tax rates and other	2.4%	0.0%
True-up to filed tax returns	0.0%	(6.7%)
Change in valuation allowance	25.8%	28.4%
Income tax provision (benefit)	0.0%	0.0%

At December 31, 2015 and 2014, the Company had approximately $6,808,000 and $4,936,000, respectively, of foreign net operating losses (“NOLs”) that may be available to offset future taxable income indefinitely. At December 31, 2015 and 2014, the Company had approximately $905,000 and $240,000, respectively, of federal and state (U.S.) NOLs that may be available to offset future taxable income until 2035. In accordance with Section 382 of the U.S. Internal Revenue Code, the usage of the Company’s net operating loss carry forwards may be subject to annual limitations following greater than 50% ownership changes. There was no greater than 50% ownership change during 2015.

The Company assesses the likelihood that deferred tax assets will be realized. ASC 740, “Income Taxes” requires that a valuation allowance be established when it is “more likely than not” that all, or a portion of, deferred tax assets will not be realized. A review of all available positive and negative evidence needs to be considered, including the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. After consideration of all the information available, management believes that uncertainty exists with respect to future realization of its deferred tax assets and has, therefore, established a full valuation allowance as of December 31, 2015 and 2014. For the years ended December 31, 2015 and December 31, 2014, the increase in the valuation allowance was approximately $646,000 and $1,151,000, respectively.

The Company’s tax returns are subject to examination by tax authorities beginning with the year ended December 31, 2012 (Israel) and December 31, 2012 (U.S.).

Note 11 – Commitments and Contingencies

Litigation

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed. There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows. As of December 31, 2015 and 2014, the Company has not accrued any amounts for contingencies.

Scientific Advisory Board

On June 4, 2015, the Company entered into an agreement, effective May 21, 2015, with a consultant to serve as Chairman of the Company's Scientific Advisory Board (the "SAB"). Unless terminated earlier at the option of the Company, the agreement terminates on May 21, 2017. Pursuant to the agreement, the Company agreed to compensation consisting of (i) quarterly payments to the consultant of $3,000; (ii) issuance of a five-year warrant to purchase 120,000 shares of the Company's common stock at an exercise price of $0.75 that vests quarterly over two years; and (iii) payments of $1,000 per day for each symposium meeting attended, with travel expenses to be reimbursed by the Company.

During the year ended December 31, 2015, the Company entered into agreements with four consultants to serve as members of the Company's SAB. Unless terminated earlier at the option of the Company, the agreements terminate between June and July 2017. Pursuant to the agreement, the Company agreed to compensation consisting of (i) quarterly payments to each consultant of $2,500; (ii) issuance of five-year warrants to purchase an aggregate of 400,000 shares (100,000 shares per consultant) of the Company's common stock at an exercise price of $0.75 per share that vest quarterly over two years; and (iii) payments of $1,000 per day to each consultant for each symposium meeting attended, with travel expenses to be reimbursed by the Company.

The warrants to purchase an aggregate of 520,000 shares of common stock issued to members of the Company's SAB during the year ending December 31, 2015 had an aggregate issuance date fair value of $190,900 ($0.37 per share) which will be recognized ratably over the vesting periods. During the year ended December 31, 2015, the Company recognized $50,684 of stock-based compensation expense related to the warrants. As of December 31, 2015, there was $140,216 of unrecognized stock-based compensation expense that will be recognized over approximately 1.5 years.

Consulting Agreement

On August 17, 2015, the Company entered into a one-year agreement with a consultant to provide accounting services for the Company ("Services Agreement"). In exchange for services provided by the consultant during the term, the Company agreed to (i) pay a fee of $5,000 per month (compensation commences on September 1, 2015 but payment is deferred until the Company raises at least $1,000,000), (ii) issue 100,000 shares of immediately vested common stock, valued at $40,000 which was recorded as stock-based compensation expense and (iii) issue an immediately vested five-year warrant to purchase 100,000 shares of common stock at an exercise price of $0.75 per share, valued at $36,700 which was recorded as stock-based compensation expense. In connection with the Company's sequencing policy, the warrant was determined to be a derivative liability. See Note 4 – Fair Value for additional details. Effective November 24, 2015, the parties agreed to terminate the Services Agreement under the following terms: (i) the Company agreed to pay the consultant a total of $12,500 pursuant to the Services Agreement and (ii) the consultant will retain the warrants and common stock previously issued.

Note 12 – Subsequent Events

Convertible Note Offering

Subsequent to December 31, 2015, the Company closed on an aggregate of $390,000 in principal amount of 10% Convertible Notes to investors. The 10% Convertible Notes bear interest at a rate of 10% per annum and are payable eighteen (18) months from the date of issuance. See Note 6 – Notes Payable – Convertible Notes for additional details.

Notes Payable

In January 2016, the Company issued a convertible note payable in the principal amount of $250,000 to an investor who advanced the funds to the Company in January 2015 (see Note 7 – Advances Payable). The note matures on July 27, 2016 and bears interest at a rate of 10% per annum, beginning from the date the funds were advanced. The note shall be automatically converted into shares of the Company's common stock upon the earlier of (i) the closing of an offering of equity securities pursuant to which the Company receives an aggregate of at least $5,000,000 in gross proceeds ("Qualified Financing"); or (ii) the maturity date. In the event the note is converted upon the occurrence of a Qualified Financing (the "QF Conversion Shares"), the conversion price of the note shall be the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing; or (ii) the quotient obtained by dividing $35,000,000 by the aggregate number of outstanding shares of the common stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the Qualified Financing. The QF Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) months from the date of the closing on which the Company generates aggregate gross proceeds under the Qualified Financing of at least $5,000,000. In addition, upon conversion of the note following the occurrence of a Qualified Financing, the holder shall automatically receive five-year warrants to purchase that number of shares of common stock into which the note is convertible and such warrants shall have an exercise price equal to the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of common stock or the price per unit divided by the number of shares of common stock underlying such unit) at which the Company sells its securities in a Qualified Financing; or (ii) $0.75. In the event the note is automatically converted upon the maturity date, the conversion price of the note shall be equal to the quotient obtained by dividing $20,000,000 by the aggregate number of outstanding shares of the common stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the maturity date (the "Maturity Conversion Price"). In addition, in the event of an automatic conversion of the note upon the maturity date, the holder shall automatically receive five-year warrants to purchase that number of common stock into which the note is convertible and such warrants shall have an exercise price equal to the Maturity Conversion Price.

On March 8, 2016, the Company issued six-month notes payable in the aggregate principal amount of $600,000 which bear interest at a rate of 10% per annum. In connection with the note issuances, the Company issued immediately vested warrants to purchase an aggregate of 300,000 shares of common stock at an exercise price of $0.75 per share. The warrants contain a provision that provides the Company with an option, prior to the expiration date, to redeem all of the warrants then outstanding upon not less than thirty (30) days nor more than (60) days notice to the applicable holder, at a redemption price of $0.01 per share, subject to the conditions that: (i) there is an effective registration statement covering the resale of the underlying shares of common stock and (ii) the common stock has traded for twenty (20) consecutive days with a closing price of at least $2.50 per share with an average trading volume of 100,000 shares per day. The warrants expire on March 25, 2019.

On April 4, 2016, the Company extended the maturity date of a note payable to the Company's CEO in the principal amount of $50,000, originally dated November 26, 2014, from March 31, 2016 to September 30, 2016.

On April 4, 2016, the Company extended the maturity date of a note payable in the principal amount of $250,000, originally dated May 15, 2015, from December 31, 2015 to June 30, 2016.

On April 6, 2016, the Company extended the maturity date of notes payable in the aggregate principal amount of $500,000, originally dated March 26, 2015, from March 26, 2016 to June 26, 2016.

Subsequent to December 31, 2015, the Company repaid a note payable in the principal amount of $50,000 to the Company's CEO.

Note 12 – Subsequent Events – Continued

Short Term Advances

Subsequent to December 31, 2015, the Company received a non-interest bearing short term advance in the amount of $134,000 from a director of the Company. In the event that the Company does not repay the advance by February 10, 2016, the Company will be required to issue the director a four-year warrant to purchase 134,000 shares of common stock at an exercise price of $0.75 per share. As of the date the financial statements were issued, the Company has repaid the director $67,000.

Exclusive Option Agreement

On March 29, 2016, the Company exercised its option pursuant to an October 3, 2011 exclusive option agreement with Yeda such that, effective immediately, it now exclusively licenses organ regeneration technology from Yeda.

EXHIBIT 10.29

SUBSCRIPTION AGREEMENT

Cell Source, Inc.
65 Yigal Alon Street
Tel Aviv, Israel 67433

Ladies and Gentlemen:

The undersigned (the "*Investor*") hereby confirms its agreement with Cell Source, Inc., a Nevada corporation (the "*Company*"), as follows:

1. This Subscription Agreement, including the Terms and Conditions For Purchase of Securities attached hereto as Annex I (collectively, this "*Agreement*") is made as of the date set forth below between the Company and the Investor.

2. The Company has authorized the sale and issuance to certain investors of up to an aggregate of $3,000,000 in principal of the Company's 10% Convertible Notes in the form attached hereto as Exhibit A (the "*Notes*" and individually, the "*Note*"), which Notes shall be automatically converted into shares of the Company's common stock, par value $0.001 per share (the "*Common Stock*") upon the earlier of (i) the closing of an offering of equity securities pursuant to which the Company receives an aggregate of at least $5,000,000 in gross proceeds (the "*Qualified Financing*"); (ii) the closing of a strategic transaction (including but not limited to the Company's entry into a joint venture or partnership agreement or the sublicensing of the Company's intellectual property) pursuant to which the Company, directly or indirectly, receives, or expects to receive within eighteen months, cash, assets or other consideration with a total aggregate value of at least $4,000,000 ("*Strategic Transaction*"); or (iii) the eighteen month anniversary of the issued of the Note, its maturity date (the "*Maturity Date*"). In the event the Notes are converted upon the occurrence of the Qualified Financing, the conversion price of the Notes shall be the lesser of (i) seventy percent (70%) of the price per share or per unit (assuming the unit includes one share of Common Stock or the price per unit divided by the number of shares of Common Stock underlying such unit) at which the Company sells its securities in the Qualified Financing; or (ii) $0.75. In the event the Notes are converted upon the occurrence of a Strategic Transaction, the conversion price of the Notes shall be equal to $0.75. In addition, upon conversion of the Notes following the occurrence of the Qualified Financing of a Strategic Transaction, each Note holder shall automatically receive five-year warrants to purchase that number of shares of Common Stock into which the Notes are convertible and such warrants shall have an exercise price equal to one hundred ten percent (110%) of the per-share or per unit (assuming the unit includes one share of Common Stock or the price per unit divided by the number of shares of Common Stock underlying such unit) at which the Company sells its securities in the Qualified Financing or $0.825 in the case of a Strategic Transaction, as applicable. In the event the Notes are automatically converted upon the Maturity Date, the conversion price of the Notes shall be equal to the quotient obtained by dividing $15 million by the aggregate number of outstanding shares of the Common Stock, measured on a fully-diluted basis, excluding certain shares, on the date immediately preceding the Maturity Date (the "*Maturity Conversion Price*"). In addition, in the event of an automatic conversion of the Notes upon the Maturity Date, the holder shall automatically receive five-year warrants to purchase that number of Common Stock into which the Notes are convertible and such warrants shall have an exercise price equal to the Maturity Conversion Price. The Notes and the Common Stock and warrants to purchase Common Stock into which the Notes are convertible are hereinafter referred to collectively as the "*Securities*".

3. The offering and sale of the Securities (the "*Offering*") are being made in accordance with and subject to the terms and conditions described in this Agreement and the Confidential Private Placement Memorandum of the Company dated on or around August 31, 2015, as amended or supplemented from time to time (the "*Memorandum*"), and pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "*Securities Act*"), by virtue of Section 4(a)(2) of the Securities Act and the provisions of Regulation D ("*Regulation D*") promulgated by the United States Securities and Exchange Commission (the "*SEC*") thereunder, based, in part, upon the representations, warranties and agreements of the Investor contained in this Subscription Agreement.

4. The Company and the Investor agree that pursuant to this Agreement and the Memorandum, the Investor will purchase from the Company and the Company will issue and sell to the Investor a Note in principal amount set forth on the signature page hereto for the Aggregate Purchase Price set forth on the signature page hereto. The Investor acknowledges that the Offering is not being underwritten, the Company has not engaged any placement agents (although it reserves the right to do so at its sole discretion) and that the minimum offering amount that must be raised is $250,000.

5. INSTRUCTIONS FOR INVESTING are as follows:

a. Please review the **Memorandum**.

a. Please review execute the signature pages to this **Subscription Agreement, including annexes thereto,** and e-mail a scanned copy of your signature pages for these items to the recipient below:

i) ishimrat@cell-source.com

b. You may also hand deliver your signed subscription documents to an officer of the Company, or mail printed and wet-ink signed versions of your subscription documents to:

Itamar Shimrat
Cell Source, Inc.
65 Yigal Alon Street
Tel Aviv, Israel 67433

c. Within three business days of your delivery of the above items to the Company, you should send payment of your subscription amount in full by wire transfer to the following escrow account:

Wire to:

Bank:	**Signature Bank** **950 Third Ave, 9th FL** **New York, NY 10022** **Attn: PCG# 311**
ABA Number:	**026013576**
SWIFT Code:	**SIGNUS33**
Account #:	
Account Name:	**Cell Source, Inc., Signature Bank as Escrow Agent (INVESTOR'S NAME)**

NOTE: if the name of the Investor is *different* from the sender of the wire transfer, please inform the Company (via email to ishimrat@cell-source.com) to ensure that your funds are properly credited.

6 Please note that the Company may reject this subscription for any reason (regardless of whether any wire transfer relating to this subscription is sent to the Company), and the Company will promptly return your funds without interest, and without deduction of any expenses, if rejected. The Company will send to you a fully executed copy of this Agreement if your subscription is accepted. If you have any questions about completing the foregoing documents, please contact Itamar Shimrat at the Company at ishimrat@cell-source.com.

7. The Investor represents that, except as set forth below, (a) it has had no position, office or other material relationship within the past three years with the Company or persons known to it to be affiliates of the Company, (b) it is not a member of the Financial Industry Regulatory Authority, Inc. ("*FINRA*") or an Associated Person (as such term is defined under the FINRA's NASD Membership and Registration Rules Section 1011) as of the Closing (as hereinafter defined), and (c) neither the Investor nor any group of Investors (as identified in a public filing made with the SEC) of which the Investor is a part in connection with the Offering, acquired, or obtained the right to acquire, 20% or more of the Common Stock (or securities convertible into or exercisable for Common Stock) or the voting power of the Company on a post-transaction basis.

Please note any exceptions to the statement above: _____
(If no exceptions, write "none." If left blank, response will be deemed to be "none.")

8. By its signature, the Investor hereby represents that it is an "accredited investor" as defined in applicable securities laws, it is purchasing the Securities as principal, it was not created or used solely to purchase or hold the Securities as an accredited investor, and it has concurrently executed and delivered the "Accredited Investor Certificate" attached as Annex I-A of this Agreement and, if applicable, the "Risk Acknowledgement Form" attached as Annex I-B of this Agreement and specifically represents and warrants that one or more of the categories set forth in Annex I-A correctly, and in all respects, describes it and will continue to describe it as at the Closing (as hereinafter defined), and it has so indicated by initialing the category therein which so describes it.

YOU SHOULD NOT SIGN AND RETURN THIS STATEMENT IF IT DOES NOT ACCURATELY REFLECT YOUR FINANCIAL SITUATION, INVESTMENT EXPERIENCE, AND INVESTMENT OBJECTIVES. YOU AGREE TO NOTIFY THE COMPANY IN WRITING IF ANY OF THE ABOVE INFORMATION CHANGES.

[*signature page follows*]

Principal Amount of Note: _____

Aggregate Purchase Price For the Securities: U.S. $_____

Please confirm that the foregoing correctly sets forth the agreement between us by signing in the space provided below for that purpose.

Dated as of:
_____ __,
2016

INVESTOR _____

By: _____

Print Name: _____

Title: _____

Address: _____

_____

Telephone number: _____

Email address: _____

Agreed and Accepted
this ___ day of _____ 2016:

Cell Source, Inc.

By: _____
Name: Itamar Shimrat
Title: Chief Executive Officer

ANNEX I

TERMS AND CONDITIONS FOR PURCHASE OF SECURITIES

1. Authorization and Sale of the Securities. Subject to the terms and conditions of this Agreement, the Company has authorized the sale of the Securities.

2. Agreement to Sell and Purchase the Securities; Placement Agent.

2.1 Pursuant to this Agreement, the Company will sell to the Investor, and the Investor will purchase from the Company, upon the terms and conditions set forth herein, a Note in principal amount set forth on the last page of the Agreement to which these Terms and Conditions for Purchase of the Securities are attached as Annex I (the "*Signature Page*") for the Aggregate Purchase Price therefor set forth on the Signature Page.

2.2 The Company proposes to enter into substantially this same form of Subscription Agreement with certain other investors (the "*Other Investors*") and expects to complete sales of Securities to them. The Investor and the Other Investors are hereinafter sometimes collectively referred to as the "Investors," and this Agreement and the Subscription Agreements executed by the Other Investors are hereinafter sometimes collectively referred to as the "*Agreements*."

2.3 Investor acknowledges that the Company may, at its sole discretion, engage registered broker-dealers ("Placement Agents") to offer and sell the Securities and may pay such Placement Agents fees and issue such Placement Agents warrants to purchase Common Stock, as described in the Memorandum.

2.4 The Company hereby makes the representations and warranties included this Annex II to the Investor. The Company confirms that neither it nor any other person acting on its behalf has provided the Investor or their agents or counsel with any information that constitutes or could reasonably be expected to constitute material, nonpublic information, except the existence of this Offering and as disclosed in the Memorandum. The Company understands and confirms that the Investor will rely on the foregoing representations in effecting transactions in securities of the Company.

3. Closings and Delivery of the Securities and Funds.

3.1 Closing. The completion of the purchase and sale of the Notes (the "*Closing*") shall occur after this Agreement has been signed by the Investor and the Company and the Company has received the Aggregate Purchase Price. Promptly after the Closing, (a) the Company shall deliver to the Investor the Notes purchased by the Investor as set forth on the Signature Page registered in the name of the Investor or, if so indicated on the "Investor Questionnaire" attached hereto as Annex I-C, in the name of a nominee designated by the Investor.

3.2 Conditions to the Obligations of the Parties.

(a) **Conditions to the Company's Obligations**. The Company's obligation to issue and sell the Securities to the Investor shall be subject to: (i) the receipt by the Company of the Aggregate Purchase Price for the being purchased hereunder as set forth on the Signature Page and (ii) the accuracy of the representations and warranties made by the Investor and the fulfillment of those undertakings of the Investor to be fulfilled prior to the Closing.

(b) **Conditions to the Investor's Obligations**. The Investor's obligation to purchase the Securities will be subject to the accuracy of the representations and warranties made by the Company and the fulfillment of those undertakings of the Company to be fulfilled prior to the Closing. The Investor's obligations are expressly not conditioned on the purchase by any or all of the Other Investors of the Securities that they have agreed to purchase from the Company.

3.3 Delivery of Funds. Within three business days of the Company's acceptance of Investor's subscription hereunder, Investor shall pay the Aggregate Purchase Price in full by wire transfer as required by the Escrow Agreement.

3.4 Delivery of Notes. Promptly after the Closing, (a) the Company shall deliver to the Investor the Notes purchased by the Investor as set forth on the Signature Page registered in the name of the Investor or, if so indicated on the "Investor Questionnaire" attached hereto as Annex I-C, in the name of a nominee designated by the Investor.

4. Representations, Warranties and Covenants of the Investor.

The Investor acknowledges, represents and warrants to, and agrees with, the Company that:

4.1 The Investor (a) is knowledgeable, sophisticated and experienced in making, and is qualified to make decisions with respect to, investments in securities presenting an investment decision like that involved in the purchase of the Securities, including investments in securities issued by the Company and investments in comparable companies, (b) has answered all questions on the Signature Page, the Investor Questionnaire and, if applicable, the Risk Acknowledgement Form and has completed the Accredited Investor Certificate and the answers thereto are true and correct as of the date hereof and will be true and correct as of the Closing and (c) in connection with its decision to purchase the Securities set forth on the Signature Page.

4.2 (a) No action has been or will be taken in any jurisdiction outside the United States by the Company that would permit an offering of the Securities, or possession or distribution of offering materials in connection with the issue of the Securities in any jurisdiction outside the United States where action for that purpose is required, (b) if the Investor is outside the United States, it will comply with all applicable laws and regulations in each foreign jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes any offering material, in all cases at its own expense and (c) no persons, agents or entities have not made any representation, disclosure or use of any information in connection with the issue, placement, purchase and sale of the Securities.

4.3 (a) The Investor has full right, power, authority and capacity to enter into this Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and (b) this Agreement constitutes a valid and binding obligation of the Investor enforceable against the Investor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' and contracting parties' rights generally and except as enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and except as to the enforceability of any rights to indemnification or contribution that may be in violation of the public policy underlying any law, rule or regulation (including any federal or state securities law, rule or regulation).

4.4 The Investor understands that nothing in this Agreement or any other materials presented to the Investor in connection with the purchase and sale of the Securities constitutes legal, tax or investment advice. The Investor has consulted such legal, tax and investment advisors and made such investigation as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of Securities.

4.5 The Investor acknowledges that this Agreement requires the Investor to provide certain personal information to the Company. Such information is being collected by the Company for the purposes of completing the Offering, which includes, without limitation, determining the eligibility of the Investor to purchase the Securities under applicable securities laws and completing filings required by any securities regulatory authority. Personal information regarding the Investor may be disclosed by the Company to: (a) securities regulatory authorities; (b) the Company's Transfer Agent; (c) any government agency, board or other entity; and (d) any of the other parties involved in the Offering, including the Company and its legal counsel, and may be included in record books in connection with the Offering. By executing this Agreement, the Investor is deemed to be consenting to the foregoing collection, use and disclosure of such personal information.

5. Survival of Representations, Warranties and Agreements; Third Party Beneficiary. Notwithstanding any investigation made by any party to this Agreement, all covenants, agreements, representations and warranties made by the Company and the Investor herein will survive the execution of this Agreement, the delivery to the Investor of the Securities being purchased and the payment therefor.

6. Notices. All notices, requests, consents and other communications hereunder will be in writing, will be mailed (a) if within the domestic United States by first-class registered or certified airmail, or nationally recognized overnight express courier, postage prepaid, or by facsimile or (b) if delivered from outside the United States, by International Federal Express or facsimile, and will be deemed given (i) if delivered by first-class registered or certified mail domestic, three business days after so mailed, (ii) if delivered by nationally recognized overnight carrier, one business day after so mailed, (iii) if delivered by International Federal Express, two business days after so mailed and (iv) if delivered by facsimile, upon electronic confirmation of receipt and will be delivered and addressed as follows:

(a) if to the Company, to:

Cell Source, Inc.
65 Yigal Alon Street
Tel Aviv, Israel 67433
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Sichenzia Ross Friedman Ference LLP
61 Broadway
New York, NY 10006
Attention: Gregory Sichenzia, Esq.
Fax: (212) 930-9725

(b) if to the Investor, at its address on the Signature Page hereto, or at such other address or addresses as may have been furnished to the Company in writing.

7. Changes. This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and the Investor.

8. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and will not be deemed to be part of this Agreement.

9. Severability. In case any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

10. Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflicts of law that would require the application of the laws of any other jurisdiction.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which will constitute an original, but all of which, when taken together, will constitute but one instrument, and will become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties.

12. Confirmation of Sale. The Investor acknowledges and agrees that such Investor's receipt of the Company's signed counterpart to this Agreement shall constitute written confirmation of the Company's sale of the Securities to such Investor.

13. Provision of Information. The Company shall not, and shall cause each of its subsidiaries and its and each of their respective officers, directors, affiliates, employees and agents not to, provide the Investor with any material, nonpublic information regarding the Company or any of its subsidiaries from and after the date hereof without the express prior written consent of such Investor. To the extent that the Company or any of its subsidiaries or any of their respective officers, directors, affiliates, employees and agents deliver any material, non-public information to an Investor without such Investor's consent, the Company hereby covenants and agrees that such Investor shall not have any duty of confidentiality to the Company, any of its Subsidiaries or any of their respective officers, directors, employees, affiliates or agents with respect to, or a duty not to trade on the basis of, such material, non-public information or any other obligation with respect to such information.

ANNEX I-A

_____

ACCREDITED INVESTOR CERTIFICATE

TO: Cell Source, Inc.

The Investor represents, warrants and certifies that the Investor or, if applicable, each beneficial purchaser on whose behalf the Investor is acting as agent, is an "accredited investor", as such term is defined under U.S. securities laws, and the Investor or, if applicable, each beneficial purchaser on whose behalf the Investor is acting as agent, falls within the category or categories marked by an "X" below.

PLEASE PLACE AN "X" AGAINST THE APPROPRIATE CATEGORY OR CATEGORIES BELOW:

[_] (a) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $1,000,000 **[NOTE: If the Investor is relying on this category of "accredited investor" to purchase the Securities, the Investor must also complete in duplicate Annex I-B hereto]** ;

[_] (b) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $5,000,000;

[_] (c) an individual whose net income before taxes exceeded $200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year **[NOTE: If the Investor is relying on this category of "accredited investor" to purchase the Securities, the Investor must also complete in duplicate Annex I-B hereto]** ;

[_] (d) an individual who, either alone or with a spouse, has net assets of at least $5,000,000 **[NOTE: If the Investor is relying on this category of "accredited investor" to purchase the Securities, the Investor must also complete in duplicate Annex I-B hereto]** ;

[_] (e) a person, other than an individual or investment fund, that has net assets of at least $5,000,000 as shown on its most recently prepared financial statements; or

[_] (f) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors.

For the purposes of this Annex A-1, the following definitions are included for convenience:

"**financial assets**" means:

(a) cash,

(b) securities, or

(c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

"**foreign jurisdiction**" means a country other than the U.S. or a political subdivision of a country other than the U.S.;

"**investment fund**" has the same meaning as in National Instrument 81-106 - *Investment Fund Continuous Disclosure* ;

"**person**" includes (a) an individual, (b) a corporation, (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

"**related liabilities**" means:

(a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or

(b) liabilities that are secured by financial assets;

"**spouse**" means, an individual who,

(a) is married to another individual and is not living separate and apart, from the other individual, or

(b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender.

All terms used in this Annex I-A which are not otherwise defined in this Annex I-A have the meanings defined in the Agreement to which this Annex I-A is attached.

Dated: _____, _____.

By: _____
Signature of Investor

_____
Title (if applicable)

_____
(Print Name of Investor)

ANNEX I-B

RISK ACKNOWLEDGEMENT FORM FOR CERTAIN INDIVIDUAL ACCREDITED INVESTORS

WARNING!
This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER

1. About your investment

Issuer: Cell Source, Inc. (the "Issuer")

Type of securities: 10% Convertible Note and securities issuable upon automatic conversion thereof (the "Securities")

Purchased from: the Issuer

SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER

2. Risk acknowledgement

This investment is risky. Initial that you understand that:	**Your initials**
Risk of loss - You could lose your entire investment of $ [*Instruction: Insert the total dollar amount of the investment.]*	
Liquidity risk - You may not be able to sell your investment quickly - or at all.	
Lack of information - You may receive little or no information about your investment.	
Lack of advice - You will not receive advice from any persons about whether this investment is suitable for you unless a Placement Agent that is registered is engaged by the Issuer. A registered Placement Agent, if applicable, is the person who meets with, or provides information to, you about making this investment. You should check whether such person(s) is registered.	

3. Accredited investor status

You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of "accredited investor". That person, or the Placement Agent, if any, identified in section 5, can help you if you have questions about whether you meet these criteria.	**Your initials**
· Your net income before taxes was more than $200,000 in each of the two most recent calendar years, and you expect it to be more than $200,000 in the current calendar year. (you can find your net income before taxes on your personal income tax return.)	

· Your net income before taxes combined with your spouse's was more than $300,000 in each of the two most recent calendar years, and you expect your combined net income before taxes to be more than $300,000 in the current calendar year. _____

· Either alone or with your spouse, you own more than $1 million in cash and securities, after subtracting any debt related to the cash and securities. _____

· Either alone or with your spouse, you have net assets worth more than $5 million. (Your net assets are
your total assets (including real estate) minus your total debt.) _____

4. Your name and signature

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.

First and last name (please print)**:**

Signature: Date:

Sign 2 copies of this document. Keep one for your records.

SECTION 5 TO BE COMPLETED BY THE PLACEMENT AGENT (if any)

5. Placement Agent information

[Instruction: The Placement Agent is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the Issuer, a registrant or a person who is exempt from the registration requirement.]

First and last name of Placement Agent (please print):

Telephone: Email:

Name of firm (if registered): Dealer Rep. Code:

SECTION 6 TO BE COMPLETED BY THE ISSUER

6. For more information about this investment

Cell Source, Inc.
65 Yigal Alon Street
Tel Aviv, Israel 67433
Attention: Itamar Shimrat
ishimrat@cell-source.com

ANNEX I-C

INVESTOR QUESTIONNAIRE

Pursuant to Section 3 of Annex I to the Agreement, please provide us with the following information:

1. The exact name that your Securities are to be registered in. You may use a nominee name if appropriate: _____

2. The relationship between the Investor and the registered holder listed in response to item 1 above: _____

3. The mailing address of the registered holder listed in response to item 1 above: _____

4. The Social Security Number or Tax Identification Number of the registered holder listed in the response to item 1 above: _____

ANNEX II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

(a) Each of the Company and its subsidiaries has been duly organized and is validly existing as a corporation or other entity in good standing under the laws of its jurisdiction of organization. Each of the Company and its subsidiaries has the power and authority (corporate or otherwise) to own its properties and conduct its business as currently being carried on and as described in the Company's public filings with the SEC (the "*SEC Filings*"), and is duly qualified to do business as a foreign corporation or other entity in good standing in each jurisdiction in which it owns or leases real property or in which the conduct of its business makes such qualification necessary and in which the failure to so qualify would have or is reasonably likely to result in a material adverse effect upon the business, prospects, properties, operations, condition (financial or otherwise) or results of operations of the Company and its subsidiaries, taken as a whole, or in its ability to perform its obligations under this Agreement (" Material Adverse Effect ").

(b) The Company has the power and authority to enter into this Agreement and to authorize, issue and sell the Securities as contemplated by this Agreement. Each of this Agreement and the Securities has been duly authorized, executed and delivered by the Company, and constitutes a valid, legal and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as rights to indemnity hereunder may be limited by federal or state securities laws and except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally and subject to general principles of equity.

(c) The execution, delivery and performance of this Agreement, the Notes and the warrants into which the Notes are convertible and the consummation of the transactions herein contemplated will not (A) result in a breach or violation of any of the terms and provisions of, or constitute a default under, any law, order, rule or regulation to which the Company or any subsidiary is subject, or by which any property or asset of the Company or any subsidiary is bound or affected, except to the extent such breach, violation or default is not reasonably likely to have a Material Adverse Effect, (B) conflict with, result in any violation or breach of, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any right of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) (a "Default Acceleration Event ") of, any agreement, lease, credit facility, debt, note, bond, mortgage, indenture or other instrument (the " Contracts ") or obligation or other understanding to which the Company or any subsidiary is a party or by which any property or asset of the Company or any subsidiary is bound or affected, except to the extent that such conflict, default or Default Acceleration Event is not reasonably likely to result in a Material Adverse Effect, or (C) result in a breach or violation of any of the terms and provisions of, or constitute a default under, the Company's certificate of incorporation, as amended, or by-laws, as amended.

(d) Neither the Company nor any of its subsidiaries is in violation, breach or default under its certificate of incorporation, as amended, by-laws, as amended, or other equivalent organizational or governing documents, except where the violation, breach or default in the case of a subsidiary of the Company is not reasonably likely to result in a Material Adverse Effect.

(e) No consents, approvals, orders, authorizations or filings are required on the part of the Company and its subsidiaries in connection with the execution, delivery or performance of this Agreement, the Notes and the warrants and Common Stock into which the Notes are convertible and the issue and sale of the Securities, except (A) such consents, approvals, authorizations, registrations or qualifications as may be required under state or foreign securities or Blue Sky laws and the rules of the Financial Industry Regulatory Authority, Inc. (" FINRA ") in connection with the offer and sale of the Securities by Placement Agents, if applicable, (B) such consents, approvals, orders, authorizations and filings the failure of which to make or obtain is not reasonably likely to result in a Material Adverse Effect, and (C) such consents, approvals and waivers which have been obtained by the Company, and which are in full force and effect as of the date hereof.

(f) The Company has an authorized capitalization as set forth in the SEC Filings. All of the issued and outstanding shares of capital stock of the Company are duly authorized and validly issued, fully paid and nonassessable, and have been issued in compliance with all applicable securities laws, and conform in all material respects to the description thereof in the SEC Filings. All of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims. Except for the issuances of options or restricted stock in the ordinary course of business, the Company has not entered into or granted any convertible or exchangeable securities, options, warrants, agreements, contracts or other rights in existence to purchase or acquire from the Company any shares of the capital stock of the Company. The Common Stock issuable upon exercise of the warrants into which the Notes are convertible, when issued, will be duly authorized and validly issued, fully paid and nonassessable, will be issued in compliance with all applicable securities laws, and will be free of preemptive, registration or similar rights and will conform to the description of the capital stock of the Company contained in the SEC Filings. The Securities, when issued, will conform in all material respects to the descriptions thereof set forth in the SEC Filings, as applicable.

(g) Each of the Company and its subsidiaries has (A) filed all returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof and (B) paid all taxes (as hereinafter defined) shown as due on such returns that were filed and has paid all taxes imposed on or assessed against the Company or such respective subsidiary, except, in all cases, for any such amounts that the Company or any subsidiary is contesting in good faith and except in any case in which the failure to so file or pay would not reasonably be expected to have a Material Adverse Effect. The provisions for taxes payable, if any, shown on the financial statements filed with or as part of the SEC Filings are sufficient for all accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. No issues have been raised and are currently pending by any taxing authority in connection with any of the returns or taxes asserted as due from the Company or its subsidiaries, and no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company or its subsidiaries. The term "taxes " means all federal, state, local, foreign, and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments, or charges of any kind whatever, together with any interest and any penalties, additions to tax, or additional amounts with respect thereto. The term "returns" means all returns, declarations, reports, statements, and other documents required to be filed in respect to taxes.

(h) Since the respective dates as of which the most current information is given in the SEC Filings, (a) neither the Company nor any of its subsidiaries has incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its capital stock, (c) there has not been any change in the capital stock of the Company or any of its subsidiaries (other than a change in the number of outstanding shares of Common Stock due to the issuance of shares upon the exercise of outstanding options or warrants or the issuance of restricted stock awards or restricted stock units under the Company's existing stock awards plan, or any new grants thereof in the ordinary course of business), (d) there has not been any material change in the Company's long-term or short-term debt, and (d) there has not been the occurrence of any Material Adverse Effect.

(i) Except as a set forth in the SEC Filings, there is not pending or, to the knowledge of the Company, threatened, any action, suit or proceeding to which the Company or any of its subsidiaries is a party or of which any property or assets of the Company or its subsidiaries is the subject before or by any court or governmental agency, authority or body, or any arbitrator or mediator, which is reasonably likely to result in a Material Adverse Effect or adversely affect the consummation of the transactions contemplated by this Agreement.

(j) The Company and each of its subsidiaries holds, and is in compliance with, all franchises, grants, authorizations, licenses, permits, easements, consents, certificates and orders ("Permits") of any governmental or self-regulatory agency, authority or body required for the conduct of its business, and all such Permits are in full force and effect, in each case except where the failure to hold, or comply with, any of them is not reasonably likely to result in a Material Adverse Effect.

(k) The Company and its subsidiaries have good and marketable title to all property (whether real or personal) described in the SEC Filings as being owned by them that is material to the business of the Company, in each case free and clear of all liens, claims, security interests, other encumbrances or defects, except those that are not reasonably likely to result in a Material Adverse Effect. The property held under lease by the Company and its subsidiaries is held by them under valid, subsisting and enforceable leases with only such exceptions with respect to any particular lease as do not interfere in any material respect with the conduct of the business of the Company and its subsidiaries.

(l) The Company and each of its subsidiaries owns or possesses or has valid right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights ("Intellectual Property") necessary for the conduct of the business of the Company and its subsidiaries as currently carried on and as described in the SEC Filings. To the knowledge of the Company, no action or use by the Company or any of its subsidiaries will involve or give rise to any infringement of, or license or similar fees for, any Intellectual Property of others, except where such action, use, license or fee is not reasonably likely to result in a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any notice alleging any such infringement or fee.

(m) The Company and each of its subsidiaries has complied with, is not in violation of, and has not received any notice of violation relating to any law, rule or regulation relating to the conduct of its business, or the ownership or operation of its property and assets, including, without limitation, (A) the Currency and Foreign Transactions Reporting Act of 1970, as amended, or any money laundering laws, rules or regulations, (B) any laws, rules or regulations related to health, safety or the environment, including those relating to the regulation of hazardous substances, (C) the Sarbanes-Oxley Act and the rules and regulations of the Commission thereunder, (D) the Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder, and (E) the Employment Retirement Income Security Act of 1974 and the rules and regulations thereunder, in each case except where the failure to be in compliance is not reasonably likely to result in a Material Adverse Effect.

(n) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, employee, representative, agent or affiliate of the Company or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (" OFAC "); and the Company will not directly or indirectly use the proceeds of the offering of the Securities contemplated hereby, or lend, contribute or otherwise make available such proceeds to any person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(o) The Company and each of its subsidiaries carries, or is covered by, insurance in such amounts and covering such risks as, in the Company's reasonable judgment, is adequate for the conduct of its business and the value of its properties and as is customary for similarly sized companies engaged in similar businesses in similar industries.

(p) No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, that is reasonably likely to result in a Material Adverse Effect.

(q) Except as set forth in the SEC Filings, neither the Company, its subsidiaries nor, to its knowledge, any other party is in violation, breach or default of any Contract that is reasonably likely to result in a Material Adverse Effect.

(r) No supplier, customer, distributor or sales agent of the Company has notified the Company that it intends to discontinue or decrease the rate of business done with the Company, except where such decrease is not reasonably likely to result in a Material Adverse Effect.

(s) The Company and each of its subsidiaries (i) are in compliance with all, and have not violated any, laws, regulations, ordinances, rules, orders, judgments, decrees, permits or other legal requirements of any governmental authority, including without limitation any international, national, state, provincial, regional, or local authority, relating to the protection of human health or safety, the environment, or natural resources, or to hazardous or toxic substances or wastes, pollutants or contaminants (including, without limitation, all health and safety laws) ("Environmental Laws") applicable to such entity, which compliance includes, without limitation, obtaining, maintaining and complying with all permits and authorizations and approvals required by Environmental Laws to conduct their respective businesses as described in the SEC Filings, except where the failure to comply would not, singularly or in the aggregate, have a Material Adverse Effect, and (ii) have not received notice of any actual or alleged violation of Environmental Laws, or of any potential liability for or other obligation concerning the presence, disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants. (i) There are no proceedings that are pending, or known to be contemplated, against the Company or any of its subsidiaries under Environmental Laws in which a governmental authority is also a party.

(ii) The Company and its subsidiaries are not aware of any existing liabilities concerning hazardous or toxic substances or wastes, pollutants or contaminants that could reasonably be expected to have a Material Adverse Effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries.

(iii) To the knowledge of the Company, no property which is or has been owned, leased, used, operated or occupied by the Company or its subsidiaries has been designated as a Superfund site pursuant to the Comprehensive Environmental Response, Compensation of Liability Act of 1980, as amended (42 U.S.C. Section 9601, et. seq.), or otherwise designated as a contaminated site under applicable state or local law.

(t) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting.

(u) Since the date of the latest audited financial statements included in the SEC Filings, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(v) The operations of the Company and its subsidiaries are being conducted in material compliance with applicable employment laws, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the " Employee Benefit Laws ") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Employee Benefit Laws is pending or, to the knowledge of the Company, threatened.

(w) Neither the Company nor any of its subsidiaries or affiliates, nor any director, officer, or employee, nor, to the Company's knowledge, any agent or representative of the Company or of any of its subsidiaries or affiliates, has taken any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage; and the Company and its subsidiaries and affiliates conduct their businesses in compliance in all material respects with applicable anti-corruption laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance in all material respects with such laws and with the representation and warranty contained herein.

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")AND APPLICABLE STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF CORPORATE COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

Original Issue Date: [*], 201[*] $[*]

CONVERTIBLE NOTE DUE [*], 20[*]

THIS CONVERTIBLE NOTE is one of a series of a duly authorized and validly issued Convertible Notes of Cell Source, Inc., a Nevada corporation (the "Company"), having its principal place of business at 65 Yigal Alon Street, Tel Aviv, Israel 67433, designated as its Convertible Note due [*], 20[*] (this Note, the "Note" and, collectively with the other Notes of such series, the "Notes").

FOR VALUE RECEIVED, the Company promises to pay to **[*]** or its registered assigns (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of $[*] on [*], 20[*] (the "Maturity Date") or such earlier date as this Note is required or permitted to be repaid as provided hereunder. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement and (b) the following terms shall have the following meanings:

"Bankruptcy Event" means any of the following events: (a) the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof, (b) there is commenced against the Company or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) the Company or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) the Company or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) the Company or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors, (f) the Company or any Significant Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts or (g) the Company or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 4(h).

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Change of Control Transaction" means the occurrence after the date hereof of any of (a) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 50% of the voting securities of the Company (other than by means of conversion or exercise of the Notes and the Securities issued together with the Notes), (b) the Company merges into or consolidates with any other Person, or any Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 66% of the aggregate voting power of the Company or the successor entity of such transaction, (c) the Company sells or transfers all or substantially all of its assets to another Person and the stockholders of the Company immediately prior to such

transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction, (d) a replacement at one time or within a three year period of more than one-half of the members of the Board of Directors which is not approved by a majority of those individuals who are members of the Board of Directors on the Original Issue Date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the date hereof), or (e) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

"Conversion Shares" means, the QF Conversion Shares, ST Conversion Shares or the Maturity Conversion Shares.

"Event of Default" shall have the meaning set forth in Section 5(a).

"Maturity Conversion" shall have the meaning set forth in Section 4(e).

"Maturity Conversion Price" shall have the meaning set forth in Section 4(f).

"Maturity Conversion Shares" shall have the meaning set forth in Section 4(e).

"New York Courts" shall have the meaning set forth in Section 6(d).

"Note Register" shall have the meaning set forth in Section 2(c).

"Original Issue Date" means the date of the first issuance of the Notes, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Notes.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of [*], 201[*] among the Company and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

"QF Conversion Price" shall have the meaning set forth in Section 4(b).

"QF Conversion Shares" shall have the meaning set forth in Section 4(a).

"Qualified Financing" means, as long as there remains a balance on a Note, an offering of equity securities pursuant to which the Company receives an aggregate of at least $5,000,000 in gross proceeds.

"Qualified Financing Conversion" shall have the meaning set forth in Section 4(a).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 4(c)(ii).

"ST Conversion Price" shall have the meaning set forth in Section 4(d).

"ST Conversion Shares" shall have the meaning set forth in Section 4(c).

"Strategic Transaction" means, as long as there remains a balance on a Note, a strategic transaction (including but not limited to the Company's entry into a joint venture or partnership agreement or the sublicensing of the Company's intellectual property) pursuant to which the Company, directly or indirectly, receives, or expects to receive within eighteen months, cash, assets or other consideration with a total aggregate value of at least $4,000,000.

"Strategic Transaction Conversion" shall have the meaning set forth in Section 4(c).

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT (formerly NYSE AMEX), the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board or the Pink OTC Markets (or any successors to any of the foregoing).

Section 2. Interest. The Notes shall bear interest at a simple interest rate of 10%. All payments hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "Note Register").

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same; provided, that the minimum principal amount of any replacement Note shall be $25,000. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations to successor Holders who provide the same investment representations to the Company.

c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

a) Qualified Financing Conversion. Upon consummation of a Qualified Financing, any outstanding principal and interest of the Note shall automatically convert, in whole (subject to the conversion limitations set forth in Section 4(h) hereof), into shares of Common Stock ("QF Conversion Shares") at the QF Conversion Price, which QF Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) month from the date of the closing on which the Company generates an aggregate gross proceeds under the Qualified Financing of at least $5,000,000 ("QF Conversion Share Lockup"). In addition, upon conversion under this Section 4(a), the Holder of the Note shall automatically receive a warrant to purchase 100% of that number of shares of Common Stock into which the Note automatically converts under this Section 4(a), which warrant shall be exercisable for five years at an exercise price equal to One Hundred Ten Percent (110%) of the per-share or per unit (assuming a unit consisting of one share of Common Stock) at which the Company sells its securities in the Qualified Financing. Such Underlying Warrant, at the sole discretion of the Company, shall be callable for $0.01 per share underlying the warrant if (i) the average daily volume weighted average price (VWAP) of the Company's Common Stock for any twenty (20) consecutive trading days is at least 250% of the price per share of Common Stock or per unit (assuming a unit consisting of one share of Common Stock) at which the Company sells its securities in the Qualified Financing; and (ii) the Company notifies the holder of such Underlying Warrant that such holder has a 30 calendar day period in which to exercise such Underlying Warrant and such holder does not exercise on or prior to the 30th day after the date of such notice. Furthermore, upon conversion under this Section 4(a), the Holder of the Note shall receive, with respect to the QF Conversion Shares and the Common Stock into which the Underlying Warrant is exercisable, the same registration rights granted to the investors in the Qualified Financing. **The Holder, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following a conversion into QF Conversion Shares of this Note, the Holder, and any assignee, shall be subject to the QF Conversion Share Lockup.**

b) Qualified Financing Conversion Price. The conversion price (the "QF Conversion Price") in effect upon the consummation of a Qualified Financing shall be equal to the lesser of (i) Seventy Percent (70%) of the price per share of Common Stock or per unit (assuming a unit consisting of one share of Common Stock) at which the Company sells its securities in the Qualified Financing; or (ii) $0.75.

c) Strategic Transaction Conversion. Upon consummation of a Strategic Transaction, any outstanding principal and interest of the Note shall automatically convert, in whole (subject to the conversion limitations set forth in Section 4(f) hereof), into shares of Common Stock ("ST Conversion Shares") at the ST Conversion Price, which ST Conversion Shares shall be subject to a prohibition from any sale, pledge or transfer for a period of six (6) month from the date of the closing of a Strategic Transaction ("ST Conversion Share Lockup"). In addition, upon conversion under this Section 4(c), the Holder of the Note shall automatically receive a warrant to purchase 100% of that number of shares of Common Stock into which the Note automatically converts under this Section 4(c), which warrant shall be exercisable for five years at an exercise price equal to One Hundred Ten Percent (110%) of the ST Conversion Price. Such Underlying Warrant, at the sole discretion of the Company, shall be callable for $0.01 per share underlying the warrant if (i) the average daily volume weighted average price (VWAP) of the Company's Common Stock for any twenty (20) consecutive trading days is at least 250% of the ST Conversion Price; and (ii) the Company notifies the holder of such Underlying Warrant that such holder has a 30 calendar day period in which to exercise such Underlying Warrant and such holder does not exercise on or prior to the 30th day after the date of such notice. **The Holder, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following a conversion into ST Conversion Shares of this Note, the Holder, and any assignee, shall be subject to the ST Conversion Share Lockup.**

d) Strategic Transaction Conversion Price. The conversion price (the "ST Conversion Price") in effect upon the consummation of a Strategic Transaction shall be equal to $0.75.

e) Maturity Conversion. So long as a Qualified Financing has not been consummated and the Company has not repaid all outstanding principal and interest, on the day following the Maturity Date, this Note shall be automatically converted, in whole (subject to the conversion limitations set forth in Section 4(h) hereof), into shares of Common Stock (the "Maturity Conversion Shares") at the Maturity Conversion Price. In addition, upon conversion under this Section 4(e), the Holder of the Note shall automatically receive a warrant to purchase 100% of that number of shares of Common Stock into which the Note automatically converts under this Section 4(e), which warrant shall be exercisable for five years at an exercise price equal to 100% of the Maturity Conversion Price. Such Underlying Warrant, at the sole discretion of the Company, shall be callable for $0.01 per share underlying the warrant if (i) the average daily volume weighted average price (VWAP) of the Company's Common Stock for any twenty (20) consecutive trading days is at least 250% of the Maturity Conversion Price; and (ii) the Company notifies the holder of such Underlying Warrant that such holder has a 30 calendar day period in which to exercise such Underlying Warrant and such holder does not exercise on or prior to the 30th day after the date of such notice.

f) Maturity Conversion Price. The conversion price (the "Maturity Conversion Price") in effect upon conversion under Section 4(e) shall be equal to the quotient obtained by dividing $15 million by the aggregate number of outstanding shares of the Common Stock, measured on a fully-diluted basis on the date immediately preceding the Maturity Date, but the Excluded Shares will be excluded from the calculation and shall not be deemed outstanding. "Excluded Shares" shall mean (i) shares issuable upon conversion of Notes or exercise of any warrants issued in connection herewith; and (ii) shares issuable upon the conversion or exchange of preferred stock or upon the conversion, exercise or exchange of other securities of the Company as a result of any anti-dilution adjustments required to be made on or after the date hereof under any charter provision, note, warrant, agreement or otherwise.

g) Mechanics of Conversion.

i . Conversion Shares Issuable Upon Conversion of Principal Amount. The number of Conversion Shares issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding principal amount of this Note to be converted and any accrued but unpaid interest, as applicable, by (y) the QF Conversion Price, the ST Conversion Price or the Maturity Conversion Price, as applicable.

ii. Delivery of Certificate Upon Conversion. Not later than ten (10) Trading Days after the date of the closing on which the Company generates an aggregate gross proceeds under the Qualified Financing of at least $5,000,000, the consummation of a Strategic Transaction or the Maturity Date (the "Share Delivery Date"), the Company shall deliver, or cause to be delivered, to the Holder (A) a certificate or certificates representing the Conversion Shares representing the number of Conversion Shares being acquired upon the conversion of this Note and (B) a bank check in the amount of any accrued and unpaid interest (if the Company has elected or is required to pay accrued interest in cash).

iii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the QF Conversion Price or the Maturity Conversion Price, as applicable, or round up to the next whole share.

iv. Transfer Taxes and Expenses. The issuance of certificates for shares of the Common Stock on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that, the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. The Company shall pay all Transfer Agent fees required for processing of any conversion hereunder.

h) Holder's Conversion Limitations. The Company shall not effect any conversion of this Note to the extent that after giving effect to such conversion, the Holder (together with the Holder's Affiliates, and any Persons acting as a group together with the Holder or any of the Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted principal amount of this Note beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Notes or Underlying Warrants) beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 4(h), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4(h) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which principal amount of this Note is convertible shall be in the sole discretion of the Holder, and the acceptance of any Conversion Shares shall be deemed to be the Holder's determination of whether this Note may be converted (in relation to other securities owned by the Holder together with any Affiliates) and which principal amount of this Note is convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, the Holder will be deemed to represent to the Company in the event the Company requests confirmation of such beneficial holding prior to the delivery of Conversion Shares and such Holder either does not respond or confirms that such issuance of Conversion Shares would not violate the restrictions set forth in this paragraph and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(h), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Company, or (iii) a more recent written notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two (2) Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership

Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Note held by the Holder. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 4(h), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Note held by the Holder and the Beneficial Ownership Limitation provisions of this Section 4(h) shall continue to apply. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(h) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

Section 5. Events of Default.

a) "Event of Default" means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

i. any default in the payment of (A) the principal amount of any Note or (B) interest, liquidated damages and other amounts owing to a Holder on any Note, as and when the same shall become due and payable on the Maturity Date or by acceleration or otherwise, which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within five (5) Trading Days;

ii. the Company shall fail to observe or perform any other material covenant or agreement contained in the Notes (other than a breach by the Company of its obligations to deliver shares of Common Stock to the Holder upon conversion, which breach is addressed in clause (x) below) which failure is not cured, if possible to cure, within the earlier to occur of (A) ten (10) Trading Days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) twenty (20) Trading Days after the Company has become or should reasonably have become aware of such failure;

iii. a material default or event of default (subject to any grace or cure period provided in the applicable agreement, document or instrument) shall occur under the Purchase Agreement;

iv. any representation or warranty made in this Note, the Purchase Agreement, any written statement pursuant hereto or thereto or any other report, financial statement or certificate made or delivered to the Holder or any other Holder shall be untrue or incorrect in any material respect as of the date when made or deemed made;

v. the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) shall be subject to a Bankruptcy Event;

vi. the Company shall be a party to any Change of Control Transaction; or

vii. any monetary judgment, writ or similar final process shall be entered or filed against the Company, any Subsidiary or any of their respective property or other assets for more than $100,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days.

b)Remedies Upon Event of Default. If any Event of Default occurs before the Maturity Date, the outstanding principal amount of this Note, plus liquidated damages, interest and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election, immediately due and payable in cash. Commencing five (5) days after the occurrence of any Event of Default that results in the eventual acceleration of this Note, the interest rate on this Note shall accrue at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted under applicable law. Upon the payment in full, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 5(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

Section 6. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above, or such other facsimile number or address as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section 6(a). Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, by email, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, email address or address of the Holder appearing on the books of the Company, or if no such facsimile number or address appears on the books of the Company, at the principal place of business of such Holder, as set forth in the Purchase Agreement. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company.

c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by the Purchase Agreement (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of the Purchase Agreement), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note on any other occasion. Any waiver by the Company or the Holder must be in writing.

f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

Cell Source, Inc.

By:

Name: Itamar Shimrat
Title: Chief Executive Officer

EXHIBIT 10.31

PROMISSORY NOTE
OF CELL SOURCE, INC.

NOTE NO. B __ March 8, 2016

FOR VALUE RECEIVED, the undersigned, Cell Source, Inc. a corporation with its principal office located at 65 Yigal Alon Street, Tel Aviv Israel 67443 (the "**Company**" or the "**Maker**"), hereby unconditionally promises to pay to _____ whose address is _____ or the registered assignee, upon presentation of this Promissory Note (the "**Note**") by the registered holder hereof (the "**Registered Holder**" or **Holder**") at the office of the Company, the amount of

$ ("**Principal Amount**") and other sums as hereinafter provided, subject to the terms and conditions as forth below. The effective date of execution and issuance of this Note is March 8, 2016 ("**Original Issuance Date**").

PAYMENT OF PRINCIPAL AMOUNT. The duration of the note shall be 6 months, with the principal amount of this Note due and payable on or before September 8, 2016.

INTEREST. Interest shall accrue at the rate of 10% per annum and be payable on the maturity date.

REPAYMENT. This Note may be prepaid in whole or in part. Thereafter, the Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Holder shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Holder.

EXPENSES. In the event any payment under this Note is not paid when due, the Maker agrees to pay, in addition to the principal and interest hereunder, reasonable attorneys' fees not exceeding a sum equal to five percent (5%) of the then outstanding balance owing on the Note, plus all other reasonable expenses incurred by Holder in exercising any of its rights and remedies upon default.

GOVERNING LAW. This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

SUCCESSORS. All of the foregoing is the promise of Maker and shall bind Maker and Maker's successors, heirs and assigns; provided, however, that Maker may not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the Holder.

[Signature Page Follows]

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the Original Issuance Date written above.

Cell Source, Inc.

By: _____
Name: Itamar Shimrat
Title: Chief Executive Officer

Section 1: INVESTOR INFORMATION

Investor Name(s):

(As is will appear on the Securities Purchased)

Individual Executing Profile or Trustee (If Applicable):

Marital Status:

SSN / Federal I.D. #

Joint Party Date of Birth:

Date of Birth:

Joint Party is Spouse? ☐ yes ☐ no

Investment Experience (Years):

Date of Organization (entities):

Total Assets (for entities, including irrevocable trusts, only):

Primary Street Address:

Primary City, State & Zip Code:

Home Fax:

Home Phone:

Email:

Mobile Phone:

Employer:

Type of Business:

Business Street Address:

Business City, State & Zip Code:

Business Fax:

Business Phone:

Section 2: OMNIBUS SIGNATURE PAGE

SIGNATURE PAGE

By execution and delivery of this signature page, you (the "**Investor**") hereby subscribe to purchase the Securities indicated below, for the aggregate purchase price indicated below, pursuant to the representation made in these transaction documents (the "**Transaction Documents**"). You further (i) acknowledge and agree that you have read and understand these Transaction Documents, (ii) represent and warrant that the statements contained in these Transaction Documents are complete and accurate with respect to you and (iii) acknowledge and agree that your offer to subscribe to purchase the Securities indicated below, for the aggregate purchase price indicated below, is irrevocable and that the Company may decline to accept your offer in its sole discretion.

INVESTOR:

If Investor is an Individual:

Print Name:

Signature:

Social Security # or Fed ID #:

Print Name (if joint investment):

Signature:

Social Security # or Fed ID #

***If Investor is an entity*:**

Name of Signatory:

Signature:

Title:

Telephone No.

Fed ID #

Street Address

Street Address – 2nd line

City, State, Zip

Investment Amount:

Principal Amount of Promissory Note Purchased:

Number of Warrants Purchased:

Aggregate Purchase Price:

Date:

THE COMPANY:

Agreed and accepted as of the __ day of March, 2016.

CELL SOURCE, INC.,
a Nevada corporation

By:
Name: Itamar Shimrat
Title: Chief Executive Officer

Section 3: INDIVIDUAL FORM OF PAYMENT

☐ Wire funds will be made from my outside account according to the wiring instructions contained herein.
☐ Other:_____ (specify form of payment).

Section 4: CERTIFICATE FOR INDIVIDUAL INVESTORS

If the Investor is an individual, including married couples and IRA accounts of individual Investors, pleased complete, date and sign this Certificate. The undersigned certifies that the representations and responses below are true and accurate:
The Investor has full power and authority to invest in the Company.

If the investment is to be held jointly, each investor must execute and deliver the Omnibus Signature Page and initial their investor status as requested in Section 5 below.

☐ Individual

☐ Joint Tenants (If you check this box, please note both joint tenants must complete Sections 4 and 5 below and sign the Investor Certification in Section 7)

☐ IRA

☐ Tenants in Common (If you check this box, please note both tenants-in-common must complete Sections 4 and 5 below and sign the Investor Certification in Section 7)

☐ Tenants in the Entirety

☐ Community Property (If you check this box, please note all holders must complete Sections 4 and 5 below and sign the Investor Certification in Section 7)

☐ Grantor of a Revocable Trust (Identify each grantor and indicate under what circumstances the trust is revocable by the grantor. If you check this box, please note all grantors must complete Sections 5, 6 and 7 below and trustee(s) must sign the Investor Certification in Section 14): _____

_____ ☐ Check if any Grantor is deceased, disabled or legally incompetent.

Section 5: INDIVIDUAL INVESTOR STATUS

In order for the Company to offer and sell the Securities in conformance with state and federal securities laws, the following information must be obtained regarding your investor status. Please initial each category applicable to you as an investor in the Company.

Annual Income: **Net Worth:** **Liquid Net Worth:**

1 _____ (Initial if Applicable) I certify that I have a net worth, or joint net worth with my spouse, in excess of $1 million. For purposes of the foregoing net worth calculation, I have excluded my/our primary residence, and I have not included any indebtedness secured by my/our primary residence as a liability, unless the amount of such indebtedness exceeds the fair market value of my/our primary residence at the time of purchase, in which event the amount of such indebtedness that exceeds the fair market value of my/our primary residence is included as a liability in determining my net worth or my joint net worth with my spouse.

2 _____ (Initial if Applicable) I certify that I have had an annual gross income for the past two years of at least $200,000 (or $300,000 jointly with my spouse) and expect my income (or joint income, as appropriate) to reach the same level in the current year.

3 _____ (Initial if Applicable) I certify that I am a director or executive officer of the Company.

Section 6: ADDITIONAL SUITABILITY CERTIFICATION (INDIVIDUALS)

(a) Please describe your current employment, including the company by which you are employed and its principal business:

(b) Please describe any college or graduate degrees held by you:

(c) Please list types of prior investments:

(d) Please state whether you have you participated in other private placements before:

YES_____ NO_____

(e) If your answer to question 7(d) above was "YES", please indicate frequency of such prior participation in private placements of:

	Public Companies	Private Companies	Public or Private Financial Services Companies
Frequently	_____	_____	_____
Occasionally	_____	_____	_____
Never	_____	_____	_____

(f) For individual Investors, do you expect your current level of income to significantly decrease in the foreseeable future?

YES_____ NO_____

(g) For all Investors, do you have any other investments or contingent liabilities which you reasonably anticipate could cause you to need sudden cash requirements in excess of cash readily available to you?

YES_____ NO_____

(h) For all Investors, are you familiar with the risk aspects and the non-liquidity of investments such as the securities for which you seek to subscribe?

YES_____ NO_____

(i) For all Investors, do you understand that there is no guarantee of financial return on this investment and that you run the risk of losing your entire investment?

YES_____ NO_____

Section 6: ADDITIONAL SUITABILITY CERTIFICATION (INDIVIDUALS) (Continued)

(j) Are you affiliated or associated with a FINRA member firm (please check one)?

YES_____ NO_____

If Yes, please describe:

*If Investor is a Registered Representative with a FINRA member firm, have the following acknowledgment signed by the appropriate party:

The undersigned FINRA member firm acknowledges receipt of the notice required by Article 3, Sections 28(a) and (b) of the Rules of Fair Practice.

_____
Name of FINRA Member Firm

By: _____ Date: _____
Authorized Officer

[Remainder of page intentionally left blank]

Section 7: INDIVIDUAL CERTIFICATION

The undersigned certifies that the representations and responses above are true and accurate and further certifies that the undersigned has the authority to execute and deliver these Transaction Documents and to take other actions with respect thereto.

The undersigned further certifies under penalty of perjury that:

(a) The undersigned's correct social security / federal taxpayer identification number is set forth above, and

(b) The undersigned is not subject to backup withholding.

Investor Name:	Investor Name (if joint investment):	
By (Signature) :	By (Signature) :	
Date:	Date:	

Section 8: CERTIFICATE FOR CORPORATE, PARTNERSHIP, LIMITED LIABILITY COMPANY, TRUST, FOUNDATION AND JOINT INVESTORS

If the Investor is a corporation, partnership, limited liability company, trust, pension plan, foundation, joint Investor (other than a married couple) or other entity, an authorized officer, partner, or trustee must complete, date and sign this Certificate.

☐ Limited Partnership

☐ General Partnership

☐ Limited Liability Company

☐ Corporation

☐ Irrecoverable Trust

☐ Pension, Profit Sharing, Money Purchase, Keogh or 401(k) Plan; IRA or other employee benefit plan

☐ Other form of organization:

Indicate the approximate date the undersigned entity was formed:

NOTE: PLEASE PROVIDE A COPY OF THE ORGANIZATIONAL DOCUMENTATION. (i.e., Article of Incorporation, Partnership Agreement, Operating Agreement, Trust Agreement, etc.)

FOR ERISA PLANS ONLY:
Is the Investor a "Benefit Plan Investor" or acquiring the Securities on behalf of any entity which is a "Benefit Plan Investor," as such term is defined in Appendix A (for entities only, including IRA investors)?

☐ yes ☐ no

Investors answering "yes" above, please check each box that accurately describes the Investor:

☐The Investor, or the entity on whose behalf the Investor is acquiring the Interests, **IS** a "Benefit Plan Investor" but **IS NOT** an "ERISA Investor" as such terms are defined in Appendix A.

☐The Investor, or the entity on whose behalf the Investor is acquiring the Interests, **IS** an ERISA Investor that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), but **IS NOT** subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Please notify the Company immediately if you checked the above box and the ERISA Investor subsequently becomes subject to Title I of ERISA.

☐The Investor, or the entity on whose behalf the Investor is acquiring the Interests, **IS** an ERISA Investor that **IS** subject to Title I of ERISA.

If the Investor answered "yes" above, is the Investor obligated to file an annual return/report on an IRS Form 5500 Series form?

☐ yes * ☐ no

** Investors answering "yes" please provide the following information:*

Investor's plan name:

Investor's plan number:

Name of plan sponsor:

EIN of plan sponsor:

Section 9: ENTITY FORM OF PAYMENT

☐ Wire funds will be made from my outside account according to the wiring instructions contained herein.
☐ Other:_____ (specify form of payment).

Section 10: ENTITY INVESTOR STATUS

In order for the Company to offer and sell the Securities in conformance with state and federal securities laws, the following information must be obtained regarding your investor status. Please initial each category applicable to you as an investor in the Company.

1 _____ (Initial if Applicable) A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;

2 _____ (Initial if Applicable) A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934;

3 _____ (Initial if Applicable) An insurance company as defined in Section 2(13) of the Securities Act;

4 _____ (Initial if Applicable) An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act;

5 _____ (Initial if Applicable) A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

6 _____ (Initial if Applicable) A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000;

7 _____ (Initial if Applicable) An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

8 _____ (Initial if Applicable) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

9 _____ (Initial if Applicable) Any partnership or corporation or any organization described in Section 501(c)(3) of the Internal Revenue Code or similar business trust, not formed for the specific purpose of acquiring the Securities, with total assets in excess of $5,000,000;

10 _____ (Initial if Applicable) A trust (including a revocable trust and an irrevocable trust) ,with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of the Securities Act; or

11 _____ (Initial if Applicable) An entity (other than an irrevocable trust) in which all of the equity owners* qualify under any of the above subparagraphs described in Section 6 or this Section 11. If the undersigned belongs to this investor category only, list the equity owners of the undersigned, and have each equity owner complete and deliver Sections 5-8 hereof (Note: an "equity owner" for the purposes of this Questionnaire means (1) stockholders in the case of a corporation, (2) limited partners only in the case of a limited partnership, (3) general partners in the case of a general partnership, (4) members in the case of a limited liability company, (5) partners in the case of a limited liability partnership, (6) grantor(s) in the case of a trust revocable at the sole option of grantor(s):

Section 11: ADDITIONAL SUITABILITY CERTIFICATION (ENTITIES)

(a) Please list types of prior investments:

(b) Please state whether you have you participated in other private placements before:

YES_____ NO_____

(c) If your answer to question 12(b) above was "YES", please indicate frequency of such prior participation in private placements of:

	Public Companies	Private Companies	Public or Private Financial Services Companies
Frequently	_____	_____	_____
Occasionally	_____	_____	_____
Never	_____	_____	_____

(d) For trust, corporate, partnership and other institutional Investors, do you expect your total assets to significantly decrease in the foreseeable future:

YES_____ NO_____

(e) For all Investors, do you have any other investments or contingent liabilities which you reasonably anticipate could cause you to need sudden cash requirements in excess of cash readily available to you:

YES_____ NO_____

(f) For all Investors, are you familiar with the risk aspects and the non-liquidity of investments such as the securities for which you seek to subscribe?

YES_____ NO_____

(g) For all Investors, do you understand that there is no guarantee of financial return on this investment and that you run the risk of losing your entire investment?

YES_____ NO_____

[Remainder of page intentionally left blank]

Section 11: ADDITIONAL SUITABILITY CERTIFICATION (ENTITIES) (Continued)

(h) Are you affiliated or associated with a FINRA member firm (please check one)?

YES_____ NO_____

If Yes, please describe:

_____
_____

*If Investor is a Registered Representative with a FINRA member firm, have the following acknowledgment signed by the appropriate party:

The undersigned FINRA member firm acknowledges receipt of the notice required by Article 3, Sections 28(a) and (b) of the Rules of Fair Practice.

_____
Name of FINRA Member Firm

By: _____ Date: _____
Authorized Officer

[Remainder of page intentionally left blank]

Section 12: INSTITUTIONAL SUITABILITY CERTIFICATE AFFIRMATIVE INDICATION OF EXERCISE OF INDEPENDENT JUDGMENT (Pursuant to FINRA Rule 2111)[1]

In connection with any recommended[2] transaction or investment strategy by a registered broker-dealer, the undersigned acknowledges on behalf of the Institution named below that:

I. It is an Institutional Account as defined in FINRA Rule 4512(c)[3];

II. It (1) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; and (2) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing;

III. It will notify the broker-dealer servicing the Institutional Account if anything in this Certificate ceases to be true;

IV. He or she is authorized to sign on behalf of the Institutional Account named below.

By signing this Certificate, the undersigned affirms that the above statements are accurate but does not waive any rights afforded under U.S. federal or state securities laws, including without limitation, any rights under Section 10(b) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

NOTE: This Certificate shall apply with respect to all recommended transactions and investment strategies involving securities that are entered into by the "Institutional Account" named in this Certificate, whether for the account of such Institutional Account or for the account of any beneficial owner that has delegated decision making authority to such Institutional Account.

Institutional Account Name:	Address, City, State, Zip:
Name of Authorized Signatory:	U.S. Tax ID/EIN (if applicable):
Title of Authorized Signatory:	Telephone:
Signature of Authorized Signatory:	Date:

1 Available at http://www.finra.org/Industry/Regulation/FINRARules/.

2 As defined in FINRA Rules.

3 The term "Institutional Account" means the account of: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million as of the date of this Certificate (whether such assets are invested for such person's own account or under management for the account of others).

Section 13: CERTIFICATION

The undersigned certifies that the representations and responses above are true and accurate:

The Investor has been duly formed and validly exists and has full power and authority to invest in the Company. The person signing on behalf of the undersigned has the authority to execute and deliver these Transaction Documents on behalf of the Investor and to take other actions with respect thereto and certifies further that each of these Transaction Documents have been duly and validly executed on behalf of the undersigned entity and constitutes a legal and binding obligation of the undersigned entity.

The undersigned further certifies under penalty of perjury that:

(a) The undersigned's correct federal taxpayer identification number is set forth above, and

(b) The undersigned is not subject to backup withholding.

Investor Name:

By (Signature):

Name (Print):

Title:

Date:

Wire Transfer Information

Wire to: **TD Bank**

224 West 57th Street
New York, NY 10019

A/C of Cell Source, Inc.
A/C#:
ABA#: 026013673
SWIFT Code: TDOMCATTTOR
Note: Cell Source March 2016 Bridge

EXHIBIT 10.32

WARRANT

NO. B __ 150,000 Shares

WARRANT TO PURCHASE COMMON STOCK

VOID AFTER 5:30 P.M., EASTERN

TIME, ON THE EXPIRATION DATE

THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

FOR VALUE RECEIVED, Cell Source, Inc. a Nevada corporation (the "Company"), hereby agrees to sell upon the terms and on the conditions hereinafter set forth, but no later than 5:30 p.m., Eastern Time, on the Expiration Date (as hereinafter defined) to _____ or registered assigns (the "Holder"), under the terms as hereinafter set forth, One Hundred Fifty Thousand (150,000) fully paid and non-assessable shares of the Company's common stock (the "Common Stock"), par value $0.001 per share (the "Warrant Stock"), at a purchase price of $0.75 per share (the "Warrant Price"), pursuant to this warrant (this "Warrant"). The number of shares of Warrant Stock to be so issued and the Warrant Price are subject to adjustment in certain events as hereinafter set forth. The term "Common Stock" shall mean, when used herein, unless the context otherwise requires, the stock and other securities and property at the time receivable upon the exercise of this Warrant.

1. Exercise of Warrant and Redemption of Warrant.

a. The Holder may exercise this Warrant according to its terms by surrendering this Warrant to the Company at the address set forth in Section 10, the Notice of Exercise attached hereto having then been duly executed by the Holder, accompanied by cash, certified check or bank draft in payment of the purchase price, in lawful money of the United States of America, for the number of shares of the Warrant Stock specified in the Notice of Exercise, or as otherwise provided in this Warrant, prior to 5:30 p.m., Eastern Time, on March 25, 2019 (the "Expiration Date").

This Warrant may be exercised in whole or in part so long as any exercise in part hereof would not involve the issuance of fractional shares of Warrant Stock. If exercised in part, the Company shall deliver to the Holder a new Warrant, identical in form, in the name of the Holder, evidencing the right to purchase the number of shares of Warrant Stock as to which this Warrant has not been exercised, which new Warrant shall be signed by the Chairman, Chief Executive Officer or President and the Secretary or Assistant Secretary of the Company. The term Warrant as used herein shall include any subsequent Warrant issued as provided herein.

b. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. The Company shall pay cash in lieu of fractions with respect to the Warrants based upon the fair market value of such fractional shares of Common Stock (which shall be the closing price of such shares on the exchange or market on which the Common Stock is then traded) at the time of exercise of this Warrant.

c. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Stock so purchased, registered in the name of the Holder, shall be delivered to the Holder within three (3) trading days after such rights shall have been so exercised (the " Warrant Stock Delivery Date "). The person or entity in whose name any certificate for the Warrant Stock is issued upon exercise of the rights represented by this Warrant shall for all purposes be deemed to have become the holder of record of such shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the Warrant Price and any applicable taxes was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the opening of business on the next succeeding date on which the stock transfer books are open. The Company shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on exercise of this Warrant.

d. In addition to any other rights available to the Holder, if the Company fails to cause its transfer agent to transmit to the Holder a certificate or the certificates representing the Warrant Stock pursuant to an exercise on or prior to the Warrant Stock Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Stock which the Holder anticipated receiving upon such exercise (a " Buy-In "), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of shares of Warrant Stock that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of shares of Warrant Stock for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

e. Redemption of Warrant

(i) General. Prior to the Expiration Date, the Company shall have the option, subject to the conditions set forth herein, to redeem all of the Warrants then outstanding upon not less than thirty (30) days nor more than sixty (60) days prior written notice to the Warrant Holders at any time provided that, at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the Warrant Shares, and (ii) the average trading price of the Company's Common Stock , or shares into which the Common Stock have been exchanged, for each of the twenty (20) consecutive trading days prior to the date of the notice of redemption is at least $2.50, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events, with an average daily trading volume during such period of 100,000 shares.

(ii) Notice. Notice of redemption will be effective upon mailing in accordance with this Section and such date may be referred to below as the "Notice Date." Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than 30 days prior to the date fixed for redemption to the Holders of the Warrants to be redeemed at their last addresses as they shall appear on the registration books. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder received such notice.

(iii) Redemption Date and Redemption Price. The notice of redemption shall state the date set for redemption, which date shall be not less than thirty (30) days, or more than sixty (60) days, from the Notice Date (the "Redemption Date"). The Company shall not mail the notice of redemption unless all funds necessary to pay for redemption of the Warrants to be redeemed shall have first been set aside by the Company for the benefit of the Warrant Holders so as to be and continue to be available therefor. The redemption price to be paid to the Warrant Holders will be $0.01 for each share of Common Stock of the Company to which the Warrant Holder would then be entitled upon exercise of the Warrant being redeemed, as adjusted from time to time as provided herein (the "Redemption Price").

(iv) Exercise. Following the Notice Date, the Warrant Holders may exercise their Warrants in accordance with Section 1 of this Warrant between the Notice Date and 5:00 p.m. Eastern Time on the Redemption Date and such exercise shall be timely if the form of election to purchase duly executed and the Warrant Exercise Price for the shares of Common Stock to be purchased are actually received by the Company at its principal offices prior to 5:00 p.m. Eastern Time on the Redemption Date.

(v) Mailing. If any Warrant Holder does not wish to exercise any Warrant being redeemed, he should mail such Warrant to the Company at its principal offices after receiving the notice of redemption. On and after 5:00 p.m. Eastern Time on the Redemption Date, notwithstanding that any Warrant subject to redemption shall not have been surrendered for redemption, the obligation evidenced by all Warrants not surrendered for redemption or effectively exercised shall be deemed no longer outstanding, and all rights with respect thereto shall forthwith cease and terminate, except only the right of the holder of each Warrant subject to redemption to receive the Redemption Price for each share of Common Stock to which he would be entitled if he exercised the Warrant upon receiving notice of redemption of the Warrant subject to redemption held by him.

2. Disposition of Warrant Stock and Warrant.

a. The Holder hereby acknowledges that this Warrant and any Warrant Stock purchased pursuant hereto are, as of the date hereof, not registered: (i) under the Securities Act of 1933, as amended (the "Securities Act"), on the ground that the issuance of this Warrant is exempt from registration under Section 4(2) of the Securities Act as not involving any public offering or (ii) under any applicable state securities law because the issuance of this Warrant does not involve any public offering; and that the Company's reliance on the Section 4(2) exemption of the Act, as the case may be, and under applicable state securities laws is predicated in part on the representations hereby made to the Company by the Holder that it is acquiring this Warrant and will acquire the Warrant Stock for investment for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same, subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

The Holder hereby agrees that it will not sell or transfer all or any part of this Warrant and/or Warrant Stock unless and until it shall first have given notice to the Company describing such sale or transfer and furnished to the Company either (i) an opinion, reasonably satisfactory to counsel for the Company, of counsel (skilled in securities matters, selected by the Holder) to the effect that the proposed sale or transfer may be made without registration under the Act and without registration or qualification under any state law, or (ii) an interpretative letter from the Securities and Exchange Commission to the effect that no enforcement action will be recommended if the proposed sale or transfer is made without registration under the Act.

b. If, at the time of issuance of the shares issuable upon exercise of this Warrant, no registration statement is in effect with respect to such shares under applicable provisions of the Act, the Company may at its election require that the Holder provide the Company with written reconfirmation of the Holder's investment intent and that any stock certificate delivered to the Holder of a surrendered Warrant shall bear legends reading substantially as follows:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES."

In addition, so long as the foregoing legend may remain on any stock certificate delivered to the Holder, the Company may maintain appropriate "stop transfer" orders with respect to such certificates and the shares represented thereby on its books and records and with those to whom it may delegate registrar and transfer functions.

3. Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance upon the exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance upon exercise of this Warrant. The Company further agrees that all shares which may be issued upon the exercise of the rights represented by this Warrant will be duly authorized and will, upon issuance and against payment of the exercise price, be validly issued, fully paid and non-assessable, free from all taxes, liens, charges and preemptive rights with respect to the issuance thereof, other than taxes, if any, in respect of any transfer occurring contemporaneously with such issuance and other than transfer restrictions imposed by federal and state securities laws.

4. Exchange, Transfer or Assignment of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of different denominations, entitling the Holder or Holders thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. Upon surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled. This Warrant may be divided or combined with other Warrants that carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the names and denominations in which new Warrants are to be issued and signed by the Holder hereof.

5. Capital Adjustments. This Warrant is subject to the following further provisions:

a. Intentionally Omitted.

b. Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its Common Stock, the number of shares of Warrant Stock purchasable upon exercise of this Warrant and the Warrant Price shall be proportionately adjusted.

c. Stock Dividends and Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall issue or pay the holders of its Common Stock, or take a record of the holders of its Common Stock for the purpose of entitling them to receive, a dividend payable in, or other distribution of, Common Stock, then (i) the Warrant Price shall be adjusted in accordance with Section 5(f) and (ii) the number of shares of Warrant Stock purchasable upon exercise of this Warrant shall be adjusted to the number of shares of Common Stock that the Holder would have owned immediately following such action had this Warrant been exercised immediately prior thereto.

d. Stock and Rights Offering to Shareholders. If the Company shall at any time after the date of issuance of this Warrant distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings or current year's or prior year's earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in the immediately preceding paragraph) (any of the foregoing being hereinafter in this paragraph called the "Securities"), then in each such case, the Company shall reserve shares or other units of such Securities for distribution to the Holder upon exercise of this Warrant so that, in addition to the shares of the Common Stock to which such Holder is entitled, such Holder will receive upon such exercise the amount and kind of such Securities which such Holder would have received if the Holder had, immediately prior to the record date for the distribution of the Securities, exercised this Warrant.

e. Intentionally Omitted.

f. Warrant Price Adjustment. Except as otherwise provided herein, whenever the number of shares of Warrant Stock purchasable upon exercise of this Warrant is adjusted, as herein provided, the Warrant Price payable upon the exercise of this Warrant shall be adjusted to that price determined by multiplying the Warrant Price immediately prior to such adjustment by a fraction (i) the numerator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately prior to such adjustment, and (ii) the denominator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately thereafter.

g. Certain Shares Excluded. The number of shares of Common Stock outstanding at any given time for purposes of the adjustments set forth in this Section 5 shall exclude any shares then directly or indirectly held in the treasury of the Company.

h. Deferral and Cumulation of De Minimis Adjustments. The Company shall not be required to make any adjustment pursuant to this Section 5 if the amount of such adjustment would be less than one percent (1%) of the Warrant Price in effect immediately before the event that would otherwise have given rise to such adjustment. In such case, however, any adjustment that would otherwise have been required to be made shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to not less than one (1%) percent of the Warrant Price in effect immediately before the event giving rise to such next subsequent adjustment.

i. Duration of Adjustment. Following each computation or readjustment as provided in this Section 5, the new adjusted Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant shall remain in effect until a further computation or readjustment thereof is required.

6. Limitation on Exercises.

a. Notwithstanding anything to the contrary set forth in this Warrant, at no time may all or a portion of the Warrant be exercised if the number of shares of Common Stock to be issued pursuant to such exercise would exceed, when aggregated with all other shares of Common Stock owned by the Holder at such time, the number of shares of Common Stock which would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules thereunder) more than 4.99% of all of the Common Stock outstanding at such time; provided , however , that upon the Holder providing the Corporation with sixty-one (61) days' advance notice (the "4.99% Waiver Notice") that the Holder would like to waive this Section 6 (a) with regard to any or all shares of Common Stock issuable upon exercise of this Warrant, this Section 6 (a) will be of no force or effect with regard to all or a portion of this Warrant referenced in the 4.99% Waiver Notice.

b. Notwithstanding anything to the contrary set forth in this Warrant, at no time may all or a portion of this Warrant be exercised if the number of shares of Common Stock to be issued pursuant to such exercise, when aggregated with all other shares of Common Stock owned by the Holder at such time, would result in the Holder beneficially owning (as determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder) in excess of 9.99% of the then issued and outstanding shares of Common Stock outstanding at such time (the " 9.99% Beneficial Ownership Limitation " and the lower of the 9.99% Beneficial Ownership Limitation and the 4.99% Beneficial Ownership Limitation then in effect, the " Maximum Percentage ").

c. By written notice to the Company, the Holder may from time to time decrease the Maximum Percentage to any other percentage specified in such notice

d. For purposes of this Warrant, in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (1) the Company's most recent Form 10-K, Form 10-Q, Current Report on Form 8-K or other public filing with the Securities and Exchange Commission, as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company setting forth the number of shares of Common Stock outstanding. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) business day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder and its affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6 to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation.

7. Notice to Holders.

a. Notice of Record Date. In case:

(i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right;

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation with or merger of the Company into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company will mail or cause to be mailed to the Holder hereof at the time outstanding a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution or winding-up. Such notice shall be mailed at least thirty (30) days prior to the record date therein specified, or if no record date shall have been specified therein, at least thirty (30) days prior to such specified date, provided, however, failure to provide any such notice shall not affect the validity of such transaction.

b. Certificate of Adjustment. Whenever any adjustment shall be made pursuant to Section 5 hereof, the Company shall promptly make a certificate signed by its Chairman, Chief Executive Officer, President, Vice President, Chief Financial Officer or Treasurer, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant after giving effect to such adjustment, and shall promptly cause copies of such certificates to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant.

8. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence satisfactory to it, in the exercise of its reasonable discretion, of the ownership and the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company and, in the case of mutilation, upon surrender and cancellation thereof, the Company will execute and deliver in lieu thereof, without expense to the Holder, a new Warrant of like tenor dated the date hereof.

9. Warrant Holder Not a Stockholder. The Holder of this Warrant, as such, shall not be entitled by reason of this Warrant to any rights whatsoever as a stockholder of the Company.

10. Notices. Any notice required or contemplated by this Warrant shall be deemed to have been duly given if transmitted by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service**,** to the Company at its principal executive offices, Attn: Chief Executive Officer, or to the Holder at the name and address set forth in the Warrant Register maintained by the Company.

11. Choice of Law. THIS WARRANT IS ISSUED UNDER AND SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

12. Jurisdiction and Venue. The Company and Holder hereby agree that any dispute which may arise between them arising out of or in connection with this Warrant shall be adjudicated before a court located in New York County, New York and they hereby submit to the exclusive jurisdiction of the federal and state courts of the State of York located in New York County with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Warrant or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth herein or such other address as either party shall furnish in writing to the other.

13. Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent signed by both (a) the Company and (b) holders of Warrants representing a majority of the Warrant Stock then outstanding and not exercised

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has duly caused this Warrant to be signed on its behalf, in its corporate name and by its duly authorized officers, as of this 8th day of March, 2016.

By:

Name:

Title:

NOTICE OF EXERCISE

TO:

Tel: (___) ___-____

Fax: (___) ___-____

(1) The undersigned hereby elects to purchase _____ shares of Warrant Stock of the Company pursuant to the terms of the attached Warrant to Purchase Common Stock, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of:

☐ in lawful money of the United States

Please issue a certificate or certificates representing said shares of Warrant Stock in the name of the undersigned or in such other name as is specified below:

The shares of Warrant Stock shall be delivered to the following DWAC Account Number, if permitted, or by physical delivery of a certificate to:

(3) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity:

Signature of Authorized Signatory of Investing Entity:

Name and Title of Authorized Signatory:

Date:

ASSIGNMENT FORM

(To assign the foregoing warrant, execute

this form and supply required information.

Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, all of or _____ shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____whose address is

_____

_____

Dated: _____, ____

Holder's Name:

Holder's Signature:

Name and Title of Signatory:

Holder's Address:

Signature Guaranteed:

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Instructions

To subscribe for Securities:

1. **ALL** Investors should **Complete and Return** Section 1 (Investor Profile) and Section 15.

2. **ALL** Investors should **Complete, Sign and Deliver** the Omnibus Signature Page for the subscription of the Securities (Section 2).

3. **Individual Investors** (including joint tenants, tenants in common, grantors of revocable trusts and IRAs) should **Complete and Initial** (as applicable) sections 3 – 7.

4. **Entity Investors** (including corporations, partnerships, trusts and limited liability companies) should **Complete and Initial** (as applicable) sections 8 – 13.

5. Funds should be wired to the account provided in the Wire Transfer Information page attached hereto.

6. Completed forms should be emailed to:

   Itamar Shimrat

   Cell Source, Inc.
   57 West 57th Street, Suite 400 New York, NY 10019
   T: 646 612 7554 F: 646 612-7545
   ishimrat@cell-source.com

Questions regarding completion of the attached Transaction Documents should be directed to Itamar Shirmrat at the contact information above.

Thank you for your interest,

Cell Source, Inc.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Itamar Shimrat, certify that:

1. I have reviewed this report on Form 10-K of Cell Source, Inc.;

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

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

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

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

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

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

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

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

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

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

Dated: April 14, 2016

By: /s/ Itamar Shimrat
Itamar Shimrat
Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Annual Report of Cell Source, Inc. (the "Company") on Form 10-K for the period ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Itamar Shimrat, Chief Executive Officer and 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; and

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

Dated: April 14, 2016

By: /s/ Itamar Shimrat
Itamar Shimrat
Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial and Accounting Officer)