
U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[mark one]

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

For the quarterly period ended: March 31, 2015

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

For the transition period from _____ to _____

Commission File Number 333-119366

CELLECTAR BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

*(State or other jurisdiction of
incorporation or organization)*

04-3321804

*(IRS Employer
Identification No.)*

**3301 Agriculture Drive
Madison, Wisconsin 53716**

(Address of principal executive offices)

(608) 441-8120

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

(Check one):

Large accelerated filer ☐

Accelerated filer

☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company

☒

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

Number of shares outstanding of the issuer's common stock as of the latest practicable date: 7,562,762 shares of common stock, \$0.00001 par value per share, as of May 15, 2015.

CELLECTAR BIOSCIENCES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CELLECTAR BIOSCIENCES, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	March 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,029,612	\$ 9,422,627
Restricted cash	55,000	55,000
Prepaid expenses and other current assets	171,025	220,611
Total current assets	7,255,637	9,698,238
FIXED ASSETS, NET	1,968,508	2,033,944
GOODWILL	1,675,462	1,675,462
OTHER ASSETS	11,872	11,872
TOTAL ASSETS	<u>\$ 10,911,479</u>	<u>\$ 13,419,516</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of notes payable	\$ 180,370	\$ 119,923
Accounts payable and accrued liabilities	824,240	933,988
Derivative liability	4,888,664	5,176,915
Capital lease obligations	2,259	2,180
Total current liabilities	5,895,533	6,233,006
LONG-TERM LIABILITIES:		
Notes payable, less current maturities	269,630	330,077
Deferred rent	148,313	147,774
Capital lease obligation, less current portion	9,836	11,126
Total long-term liabilities	427,779	488,977
TOTAL LIABILITIES	6,323,312	6,721,983
COMMITMENTS AND CONTINGENCIES (Note 8)		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.00001 par value; 7,000 shares authorized; none issued and outstanding as of March 31, 2015 and December 31, 2014	—	—
Common stock, \$0.00001 par value; 20,000,000 shares authorized; 7,562,762 shares issued and outstanding as of March 31, 2015 and December 31, 2014	76	76
Additional paid-in capital	66,000,917	65,809,127
Deficit accumulated	(61,412,826)	(59,111,670)
Total stockholders' equity	4,588,167	6,697,533
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 10,911,479</u>	<u>\$ 13,419,516</u>

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

CELLECTAR BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,	
	2015	2014
COSTS AND EXPENSES:		
Research and development	\$ 1,643,994	\$ 1,715,307
General and administrative	943,433	1,087,035
Restructuring costs	—	16,882
Total costs and expenses	<u>2,587,427</u>	<u>2,819,224</u>
LOSS FROM OPERATIONS	<u>(2,587,427)</u>	<u>(2,819,224)</u>
OTHER INCOME (EXPENSE):		
Gain (loss) on revaluation of derivative warrants	288,251	(54,945)
Interest expense, net	(1,980)	(69,244)
Total other income (expense), net	<u>286,271</u>	<u>(124,189)</u>
NET LOSS	<u>\$ (2,301,156)</u>	<u>\$ (2,943,413)</u>
BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>\$ (0.30)</u>	<u>\$ (1.03)</u>
SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE	<u>7,562,762</u>	<u>2,869,739</u>

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

CELLECTAR BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (2,301,156)	\$ (2,943,413)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	90,044	96,048
Stock-based compensation expense	191,790	262,526
Non-cash interest expense related to convertible debt	—	19,052
Loss on disposal of fixed assets	858	2,269
(Gain) loss on revaluation of derivative warrants	(288,251)	54,945
Changes in:		
Accounts payable and accrued liabilities	(109,748)	(169,751)
Prepaid expenses and other current assets	49,586	82,344
Other assets and liabilities	539	1,380
Cash used in operating activities	<u>(2,366,338)</u>	<u>(2,594,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	<u>(25,466)</u>	<u>(15,191)</u>
Cash used in investing activities	<u>(25,466)</u>	<u>(15,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible debentures	—	4,000,000
Payments on capital lease obligations	<u>(1,211)</u>	<u>(626)</u>
Cash (used in) provided by financing activities	<u>(1,211)</u>	<u>3,999,374</u>
(DECREASE) INCREASE IN CASH AND EQUIVALENTS	<u>(2,393,015)</u>	<u>1,389,583</u>
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	<u>9,422,627</u>	<u>2,418,384</u>
CASH AND EQUIVALENTS AT END OF PERIOD	<u><u>\$ 7,029,612</u></u>	<u><u>\$ 3,807,967</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Relative fair value of warrants issued with debentures	<u><u>\$ —</u></u>	<u><u>\$ 254,024</u></u>

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

CELLECTAR BIOSCIENCES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. NATURE OF BUSINESS, ORGANIZATION AND GOING CONCERN

Cellectar Biosciences, Inc. (the “Company”) is a biopharmaceutical company developing compounds for the treatment, diagnosis and imaging of cancer. The Company’s headquarters are located in Madison, Wisconsin.

The Company is subject to a number of risks similar to those of other small pharmaceutical companies. Principal among these risks are dependence on key individuals, competition from substitute products and larger companies, the successful development and marketing of its products in a highly regulated environment and the need to obtain additional financing necessary to fund future operations.

The accompanying financial statements have been prepared on a basis that assumes that the Company will continue as a going concern and that contemplates the continuity of operations, realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has devoted substantially all of its efforts toward research and development and has, during the three months ended March 31, 2015, generated a net loss of approximately \$2,301,000. The Company expects that it will continue to generate operating losses for the foreseeable future. The Company’s ability to execute its operating plan depends on its ability to obtain additional funding via the sale of equity and/or debt securities, a strategic transaction or otherwise. The Company plans to continue to actively pursue financing alternatives, but there can be no assurance that it will obtain the necessary funding. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The accompanying condensed consolidated balance sheet as of December 31, 2014 has been derived from audited financial statements. The accompanying unaudited condensed consolidated balance sheet as of March 31, 2015, the condensed consolidated statements of operations for the three months ended March 31, 2015 and 2014, the condensed consolidated statements of cash flows for the three months ended March 31, 2015 and 2014 and the related interim information contained within the notes to the condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions, rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial information. Accordingly, they do not include all of the information and the notes required by U.S. GAAP for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments which are of a nature necessary for the fair presentation of the Company’s consolidated financial position at March 31, 2015 and consolidated results of its operations for the three months ended March 31, 2015 and 2014, and its cash flows for the three months ended March 31, 2015 and 2014. The results for the three months ended March 31, 2015 are not necessarily indicative of future results.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and related notes thereto included in the Company’s Form 10-K for the fiscal year ended December 31, 2014, which was filed with the SEC on March 24, 2015, as amended by Form 10K/A filed with the SEC on May 20, 2015.

Principles of Consolidation — The consolidated financial statements include the accounts of the Company and the accounts of its wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Restricted Cash — The Company accounts for cash that is restricted for other than current operations as restricted cash. Restricted cash at March 31, 2015 and December 31, 2014 consisted of a certificate of deposit of \$55,000 required under the Company’s lease agreement for its Madison, Wisconsin facility.

Goodwill — Goodwill is not amortized, but is required to be evaluated for impairment annually or whenever events or changes in circumstances suggest that the carrying value of an asset may not be recoverable. The Company evaluates goodwill for impairment annually in the fourth fiscal quarter and additionally on an interim basis if an event occurs or there is a change in circumstances, such as a decline in the Company’s stock price or a material adverse change in the business climate, which would more likely than not reduce the fair value of the reporting unit below its carrying amount. No such event or change in circumstances occurred; therefore no changes in goodwill were made during the three months ended March 31, 2015 and 2014.

Impairment of Long-Lived Assets — Long-lived assets other than goodwill consist primarily of fixed assets, which we periodically evaluate for potential impairment. Whenever events or circumstances change, an assessment is made as to whether there has been an impairment in the value of long-lived assets by determining whether projected undiscounted cash flows generated by the applicable asset exceed its net book value as of the assessment date. No such event or change in circumstances occurred; therefore no such impairment occurred during the three months ended March 31, 2015 and 2014.

Stock-Based Compensation — The Company uses the Black-Scholes option-pricing model to calculate the grant-date fair value of stock option awards. The resulting compensation expense, net of expected forfeitures, for awards that are not performance-based is recognized on a straight-line basis over the service period of the award, which is generally three years for stock options. For stock options with performance-based vesting provisions, recognition of compensation expense, net of expected forfeitures, commences if and when the achievement of the performance criteria is deemed probable. The compensation expense, net of expected forfeitures, for performance-based stock options is recognized over the relevant performance period. Non-employee stock-based compensation is accounted for in accordance with the guidance of Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) Topic 505, *Equity*. As such, the Company recognizes expense based on the estimated fair value of options granted to non-employees over their vesting period, which is generally the period during which services are rendered and deemed completed by such non-employees.

Fair Value of Financial Instruments — The guidance under FASB ASC Topic 825, *Financial Instruments*, requires disclosure of the fair value of certain financial instruments. Financial instruments in the accompanying financial statements consist of cash equivalents, accounts payable and long-term obligations. The carrying amount of cash equivalents and accounts payable approximate their fair value due to their short-term nature. The carrying value of remaining long-term obligations, including the current portion, approximates fair value because the fixed interest rate approximates current market interest rates available on similar instruments.

Derivative Instruments — The Company generally does not use derivative instruments to hedge exposures to cash flow or market risks. However, certain warrants to purchase common stock that do not meet the requirements for classification as equity, in accordance with the Derivatives and Hedging Topic of the FASB ASC, are classified as liabilities. In such instances, net-cash settlement is assumed for financial reporting purposes, even when the terms of the underlying contracts do not provide for a net-cash settlement. These warrants are considered derivative instruments because the agreements contain a certain type of cash settlement feature, “down-round” provisions whereby the number of shares for which the warrants are exercisable and/or the exercise price of the warrants is subject to change in the event of certain issuances of stock at prices below the then-effective exercise price of the warrants. The number of shares issuable under such warrants was 5,494,388 at March 31, 2015 and December 31, 2014. The primary underlying risk exposure pertaining to the warrants is the change in fair value of the underlying common stock. Such financial instruments are initially recorded at fair value with subsequent changes in fair value recorded as a component of gain or loss on derivatives on the consolidated statements of operations in each reporting period. If these instruments subsequently meet the requirements for equity classification, the Company reclassifies the fair value to equity. At March 31, 2015 and December 31, 2014, these warrants represented the only outstanding derivative instruments issued or held by the Company.

Going Concern — In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties About an Entity’s Ability to Continue as a Going Concern*. The standard requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued and provides guidance on determining when and how to disclose going concern uncertainties in the financial statements.

ASU 2014-15 applies to all entities and is effective for annual and interim reporting periods ending after December 15, 2016, with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on its financial statements.

2. FAIR VALUE

In accordance with the Fair Value Measurements and Disclosures Topic of the FASB ASC 820, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1: Input prices quoted in an active market for identical financial assets or liabilities.
- Level 2: Inputs other than prices quoted in Level 1, such as prices quoted for similar financial assets and liabilities in active markets, prices for identical assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Input prices quoted that are significant to the fair value of the financial assets or liabilities which are not observable or supported by an active market.

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

The Company had issued warrants to purchase 1,365 shares of common stock in July 2010 ("July 2010 Warrants") that are classified within the Level 2 hierarchy. In February 2013, the Company issued warrants in a public offering ("February 2013 Public Offering Warrants"), of which 550,000 warrants are outstanding, and are classified within the Level 3 hierarchy. In August 2014, the Company issued 4,943,023 warrants as part of a public offering (the "August 2014 Warrants") which are listed on the NASDAQ Capital Market under the symbol "CLRBW". There are certain periods, however, when trading volume of the August 2014 Warrants is low, causing them to be classified within the Level 2 hierarchy.

The following tables set forth the Company's financial instruments carried at fair value using the lowest level of input applicable to each financial instrument as of March 31, 2015 and December 31, 2014:

March 31, 2015				
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
July 2010 Warrants	\$ —	\$ 700	\$ —	\$ 700
February 2013 Public Offering Warrants	—	—	1,039,500	1,039,500
August 2014 Warrants	—	3,848,464	—	3,848,464
Total	<u>\$ —</u>	<u>\$ 3,849,164</u>	<u>\$ 1,039,500</u>	<u>\$ 4,888,664</u>

December 31, 2014				
	Level 1	Level 2	Level 3	Fair Value
Liabilities:				
July 2010 Warrants	\$ —	\$ 999	\$ —	\$ 999
February 2013 Public Offering Warrants	—	—	1,127,500	1,127,500
August 2014 Warrants	—	4,048,416	—	4,048,416
Total	<u>\$ —</u>	<u>\$ 4,049,415</u>	<u>\$ 1,127,500</u>	<u>\$ 5,176,915</u>

In order to estimate the fair value of the July 2010 Warrants, the Company uses the Black-Scholes option pricing model and assumptions that consider, among other variables, the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates. Assumptions used are generally consistent with those disclosed for stock-based compensation (see Note 5).

In order to estimate the value of the February 2013 Public Offering Warrants considered to be derivative instruments as of March 31, 2015, the Company uses a modified option-pricing model together with assumptions that consider, among other variables, the fair value of the underlying stock, risk-free interest rate of .87%, volatility of 90%, remaining contractual term of 2.89 years, future financing requirements and dividend rates. The future financing estimates are based on the Company's estimates of anticipated cash requirements over the term of the warrants as well as the frequency of required financings based on its assessment of its historical financing trends and anticipated future events. Due to the nature of these inputs and the valuation technique utilized, these warrants are classified within the Level 3 hierarchy.

The assumptions used to estimate the value of the February 2013 Public Offering Warrants as of December 31, 2014 include the fair value of the underlying stock, risk free interest rates ranging from 1.07% to 2.63%, volatility ranging from 100% to 115%, the contractual term of the warrants ranging from 3.14 to 3.89 years, future financing requirements and dividend rates.

The following table summarizes the changes in the fair market value of the Company's warrants which are classified within the Level 3 fair value hierarchy.

	Three Months Ended March 31, 2015	Twelve Months Ended December 31, 2014
Beginning balance – Fair value	\$ 1,127,500	\$ 3,355,000
Gain on derivatives resulting from change in fair value	(88,000)	(2,227,500)
Ending balance – Fair value	<u>\$ 1,039,500</u>	<u>\$ 1,127,500</u>

To estimate the fair value of the August 2014 Warrants, the Company calculated the weighted average closing price of the August 2014 Warrants for the 10 trading day period that ended on the balance sheet date.

3. STOCKHOLDERS' EQUITY

August 2014 Underwritten Offering

On August 20, 2014, the Company completed an underwritten public offering of 3,583,333 shares of its common stock and warrants to purchase 3,833,333 shares of its common stock at an exercise price of \$4.68 per share, expiring on August 20, 2019 (the "August 2014 Underwritten Offering"). The offering price was \$3.75 per common share and \$.01 per warrant and resulted in gross proceeds of \$13,475,832 and net proceeds of \$11,877,143 after deducting transaction costs. The underwriter received a weighted average discount of approximately 6.4 percent on the underwritten securities. The underwriting discount, along with other legal and accounting costs associated with the offering, including those previously included as deferred issuance costs, totaling \$1,598,689, was recorded as a reduction of the gross proceeds received.

The warrant exercise price for all warrants issued as part of the August 2014 Underwritten Offering and the common stock issuable pursuant to such warrants is subject to adjustment only for stock dividends, stock splits and similar capital reorganizations so that the rights of the warrant holders after such events will be equivalent to the rights of the warrant holders prior to such events. The Company determined that these warrants meet the requirements for classification as equity.

In conjunction with the August 2014 Underwritten Offering, the Company's common stock and the warrants issued in the offering were listed on the NASDAQ Capital Market.

August 2014 Debenture Tender and Exchange

In conjunction with the August 2014 Underwritten Offering, all of the holders of the 8% convertible debentures issued in February 2014 elected to participate in the offering of common stock and warrants at the combined offering price of \$3.76 per share. As a result, the \$4,000,000 principal amount of debentures and accrued interest of \$172,435 was extinguished in exchange for 1,109,690 shares of the Company's common stock and warrants to purchase 1,109,690 shares of common stock at \$4.68 per share. All warrants to purchase common stock issues with the convertible debentures expired upon the extinguishment of the debentures.

Common Stock Warrants

The following table summarizes information with regard to outstanding warrants to purchase common stock as of March 31, 2015.

Offering	Number of Shares Issuable Upon Exercise of Outstanding Warrants	Exercise Price	Expiration Date
August 2014 Public Offering (1)	5,040,011	\$ 4.68	August 20, 2019
February 2013 Public Offering (1)	550,000	3.75	February 20, 2018
February 2013 Public Offering – Placement Agents	38,496	12.50	February 4, 2018
November 2012 Private Placement	50,000	25.00	November 2, 2017
June 2012 Public Offering	149,069	25.00	June 13, 2017
December 2011 Underwritten Offering	462,411	12.00	December 6, 2016
April 2011 Private Placement	302,922	15.00	March 31, 2016
July 2010 Warrants (1)	1,365	3.75	July 27, 2015
July 2010 warrants	5,252	321.30	July 27, 2015
July and December 2010 warrants	4,570	1,989.00 - 2019.60	December 31, 2015
Total	6,604,096		

- (1) These warrants have a certain type of cash settlement feature or their exercise prices or the number of shares for which the warrants may be exercised are subject to adjustment for “down-rounds” and the warrants have been accounted for as derivative instruments as described in Note 2, with the exception of 96,988 warrants issued to the underwriter in August 2014, which did not include the cash settlement feature.

4. NOTES PAYABLE

The notes payable balance at March 31, 2015 consists of two loans totaling \$450,000 from the Wisconsin Economic Development Corporation dated September 15, 2010.

5. STOCK-BASED COMPENSATION

Accounting for Stock-Based Compensation

The following table summarizes amounts charged to expense for stock-based compensation related to employee and director stock option grants and recorded in connection with stock options granted to non-employee consultants:

	Three Months Ended March 31,	
	2015	2014
Employee and director stock option grants:		
Research and development	\$ 43,356	\$ 63,427
General and administrative	145,336	184,385
	<u>188,692</u>	<u>247,812</u>
Non-employee consultant stock option grants:		
Research and development	3,098	14,714
	<u>3,098</u>	<u>14,714</u>
Total stock-based compensation	<u>\$ 191,790</u>	<u>\$ 262,526</u>

Assumptions Used In Determining Fair Value

Valuation and amortization method. The fair value of each stock award is estimated on the grant date using the Black-Scholes option-pricing model. The estimated fair value of employee stock options is amortized to expense using the straight-line method over the vesting period. The estimated fair value of the non-employee options is amortized to expense over the period during which a non-employee is required to provide services for the award (usually the vesting period).

Volatility. The Company estimates volatility based on an average of (1) the Company's historical volatility since its common stock has been publicly traded and (2) review of volatility estimates of publicly held drug development companies with similar market capitalizations.

Risk-free interest rate. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant commensurate with the expected term assumption.

Expected term. The expected term of stock options granted is based on an estimate of when options will be exercised in the future. The Company applied the simplified method of estimating the expected term of the options, as described in the SEC's Staff Accounting Bulletins 107 and 110, as the historical experience is not indicative of the expected behavior in the future. The expected term, calculated under the simplified method, is applied to groups of stock options that have similar contractual terms. Using this method, the expected term is determined using the average of the vesting period and the contractual life of the stock options granted. The Company applied the simplified method to non-employees who have a truncation of term based on termination of service and utilizes the contractual life of the stock options granted for those non-employee grants which do not have a truncation of service.

Forfeitures. The Company records stock-based compensation expense only for those awards that are expected to vest. A forfeiture rate is estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. An annual forfeiture rate of 2% and 0% was applied to all unvested options for employees and directors, respectively, for the three months ended March 31, 2015 and for the year ended December 31, 2014. Ultimately, the actual expense recognized over the vesting period will be for only those shares that vest.

The following table summarizes weighted-average values and assumptions used for options granted to employees, directors and consultants in the periods indicated:

	Three Months Ended March 31, 2015
Volatility	107%
Risk-free interest rate	1.70%
Expected life (years)	6.0
Dividend	0%
Weighted-average exercise price	\$ 2.69
Weighted-average grant-date fair value	\$ 2.20

Exercise prices for all grants made during the three months ended March 31, 2015 were equal to the market value of the Company's common stock on the date of grant. There were no stock option grants during the three months ended March 31, 2014.

Stock Option Activity

A summary of stock option activity is as follows:

	Number of Shares Issuable Upon Exercise of Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Contracted Term in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2014	719,466	\$ 15.59		
Granted	110,200	\$ 2.69		
Canceled	—	\$		
Forfeited	—	\$		
Outstanding at March 31, 2015	829,666	\$ 13.88		
Vested, March 31, 2015	365,865	\$ 22.84	4.80	\$ 6,657
Unvested, March 31, 2015	463,801	\$ 6.81	9.06	\$ 58,127
Exercisable at March 31, 2015	365,865	\$ 22.84	4.80	\$ 6,657

The aggregate intrinsic value of options outstanding is calculated based on the positive difference between the estimated per-share fair value of common stock at the end of the respective period and the exercise price of the underlying options. There have been no option exercises to date. Shares of common stock issued upon the exercise of options are from authorized but unissued shares.

As of March 31, 2015, there was approximately \$1,386,000 of total unrecognized compensation cost related to unvested stock-based compensation arrangements. Of this total amount, the Company expects to recognize approximately \$620,000, \$476,000, and \$290,000 during 2015, 2016, and 2017, respectively. The Company expects 381,996 unvested options to vest in the future. In addition, there are outstanding options to purchase 141,805 shares of common stock that vest upon the occurrence of future events. In certain cases, the Company was not able to conclude that the achievement of the performance condition is probable; in those cases, the Company has not recognized any expense associated with the fair value of the related awards, which totals \$327,000. Recognition of the expense will begin when and if the Company determines that achievement of the performance condition is probable. The weighted-average grant-date fair value of vested and unvested options outstanding at March 31, 2015 was \$13.65 and \$4.35, respectively.

6. INCOME TAXES

The Company accounts for income taxes in accordance with the liability method of accounting. Deferred tax assets or liabilities are computed based on the difference between the financial statement and income tax basis of assets and liabilities, and net operating loss carryforwards, (NOLs) using the enacted tax rates. Deferred income tax expense or benefit is based on changes in the asset or liability from period to period. The Company did not record a provision or benefit for federal, state or foreign income taxes for the three months ended March 31, 2015 or 2014 because the Company has experienced losses on a tax basis since inception. Because of the limited operating history, continuing losses and uncertainty associated with the utilization of the NOLs in the future, management has provided a full allowance against the value of its gross deferred tax asset.

The Company also accounts for the uncertainty in income taxes related to the recognition and measurement of a tax position taken or expected to be taken in an income tax return. The Company follows the applicable accounting guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition related to the uncertainty in income tax positions. No uncertain tax positions have been identified.

7. NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net loss, as adjusted, by the sum of the weighted average number of shares of common stock and the dilutive potential common stock equivalents then outstanding. Potential common stock equivalents consist of stock options and warrants. Since there is a net loss attributable to common stockholders for the three months ended March 31, 2015 and 2014, the inclusion of common stock equivalents in the computation for those periods would be antidilutive. Accordingly, basic and diluted net loss per share is the same for all periods presented.

The following potentially dilutive securities have been excluded from the computation of diluted net loss per share since their inclusion would be antidilutive:

	Three Months Ended March 31,	
	2015	2014
Warrants	6,604,096	1,964,123
Stock options	829,666	603,979

8. COMMITMENTS AND CONTINGENCIES

The Company is involved in legal matters and disputes in the ordinary course of business. We do not anticipate that the outcome of such matters and disputes will materially affect the Company's financial statements.

9. RELATED PARTY TRANSACTIONS

The Company's Chief Scientific Officer and principal founder of Collectar, who is a director and shareholder of the Company, is a faculty member at the University of Wisconsin-Madison ("UW"). During the three months ended March 31, 2015, the Company was invoiced \$285,185 by UW, of which \$262,968 has been paid, for costs associated with clinical trial agreements.

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

Forward-Looking Statements

This quarterly report on Form 10-Q includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. For this purpose, any statements contained herein regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of management, other than statements of historical facts, are forward-looking statements. The words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in our forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from those disclosed in the forward-looking statements we make. These important factors include our significant accounting estimates, such as those for amounts due to clinical research organizations, and clinical investigators and the risk factors set forth in our annual report on Form 10-K and below under the caption “Risk Factors”. Although we may elect to update forward-looking statements in the future, we specifically disclaim any obligation to do so, even if our estimates change, and readers should not rely on those forward-looking statements as representing our views as of any date subsequent to the date of this quarterly report.

Overview

Cellectar Biosciences, Inc. (the Company) is a biopharmaceutical company developing compounds for the treatment, diagnosis and imaging of cancer. Our cancer-targeting technology permits selective delivery of a wide range of agents to cancer cells, including cancer stem cells. By attaching different agents to our proprietary phospholipid ether (PLE) molecules as a cancer-targeting delivery platform, we believe we can engineer product candidates with the potential to treat, diagnose and image a wide range of cancers. This offers the potential for a paradigm shift in the detection and treatment of cancer by using the same delivery platform for both detecting and treating cancer in various stages of malignancy: primary tumors, metastases and cancer stem cells.

The Company is currently developing three proprietary product candidates:

- I-124-CLR1404 is a small-molecule, broad-spectrum, cancer-targeting positron emission tomography (PET) imaging agent that we believe has the potential to be the first of its kind for the selective detection of tumors and metastases in a broad range of cancers. Investigator-sponsored Phase 1/2 clinical trials of I-124-CLR1404 are ongoing across 11 solid tumor indications. In March 2014, we commenced enrollment in a Phase 2 clinical trial studying I-124-CLR1404 in the imaging of glioblastoma, a type of glioma. We contemplate reporting data from this trial during 2015. In April 2014, the U.S. Food and Drug Administration (FDA) granted I-124-CLR1404 orphan status as a diagnostic for the management of glioma.
- I-131-CLR1404 is a small-molecule, broad-spectrum, cancer-targeting molecular radiotherapeutic that is designed to deliver cytotoxic (cell-killing) radiation directly and selectively to cancer cells and cancer stem cells. We believe I-131-CLR1404 also has the potential to be the first therapeutic agent to use PLE analogs to selectively target cancer cells. Because of its highly radiosensitive nature, clear unmet medical need in the relapse/refractory setting and orphan drug indication, the Company is targeting relapse/remitting multiple myeloma, an incurable cancer of plasma cells, as an initial indication for future I-131-CLR1404 development. The Investigational New Drug (IND) application was accepted by the FDA in March 2014. In December 2014, the FDA granted orphan drug designation for I-131-CLR1404 for the treatment of multiple myeloma. We enrolled the first patient into the proof-of-concept trial of I-131-CLR1404 in multiple myeloma in April 2015.
- CLR1502 is a small-molecule, broad-spectrum cancer-targeting, non-radioactive optical imaging agent for intraoperative tumor and tumor margin illumination. We filed an IND with the FDA for CLR1502 in February 2015.

Together, we believe our compounds have the potential to improve upon current standard of care (SOC) for the treatment, diagnosis and imaging of a wide variety of human cancers.

Results of Operations

Research and development expense. Research and development expense consists of costs incurred in identifying, developing and testing, and manufacturing product candidates, which primarily include salaries and related expenses for personnel, costs of our research and manufacturing facility, cost of manufacturing materials and contract manufacturing fees paid to contract research organizations, fees paid to medical institutions for clinical trials, and costs to secure intellectual property. The Company analyzes its research and development expenses based on four categories as follows: clinical projects, preclinical projects, chemistry and manufacturing costs, and general fixed and overhead costs that are not allocated to the functional project costs, including personnel costs, facility costs, related overhead costs and patent costs.

General and administrative expense. General and administrative expense consists primarily of salaries and other related costs for personnel in executive, finance and administrative functions. Other costs include insurance, costs for public company activities, investor relations, directors' fees and professional fees for legal and accounting services.

Three Months Ended March 31, 2015 and 2014

Research and Development. Research and development expense for the three months ended March 31, 2015 was approximately \$1,644,000 (comprised of \$432,000 in clinical project costs, \$26,000 of preclinical project costs, \$150,000 of manufacturing and related costs and \$1,036,000 in general unallocated research and development costs) compared to approximately \$1,715,000 (comprised of \$409,000 in clinical project costs, \$159,000 of preclinical project costs, \$135,000 of manufacturing and related costs and \$1,012,000 in general unallocated research and development costs) for the three months ended March 31, 2014. The overall decrease in research and development expense of approximately \$71,000, or 4%, was due primarily to the following items: a decrease in purchased services and related expenses which was related to support of educational entities driving the investigator-sponsored IND activities offset by an increase in personnel related costs and a slight increase in travel-related expenses.

General and Administrative. General and administrative expense for the three months ended March 31, 2015 was approximately \$943,000 compared to approximately \$1,087,000 in the three months ended March 31, 2014. The approximately \$144,000 or 13% reduction was due primarily to decreases in consulting charges and legal fees related to an appellate matter finally adjudicated in November 2014, partially offset by a slight increase in travel-related activities.

Restructuring Costs. The Company recorded approximately \$17,000 of restructuring expenses related primarily to the closure of the Newton, Massachusetts executive offices in the three months ended March 31, 2014. The Company did not incur any such costs in the three months ended March 31, 2015.

Gain on Derivative Warrants. We recorded a gain on derivative warrants of approximately \$288,000 in the three months ended March 31, 2015 and a loss on derivative warrants of approximately \$55,000 in the three months ended March 31, 2014. These amounts represent the change in fair value, during the respective period, of outstanding warrants which contain a certain type of cash settlement feature, “down-round” anti-dilution provisions whereby the number of shares for which the warrants are exercisable and/or the exercise price of the warrants is subject to change in the event of certain issuances of stock at prices below the then-effective exercise prices of the warrants.

Interest expense, net. The approximately \$69,000 of interest expense, net, for the three months ended March 31, 2014 included approximately \$48,000 of interest expense related to the accrual of interest at the stated rate on the \$4,000,000 aggregate principal amount of 8% convertible debentures and approximately \$19,000 of non-cash interest expense related to the accretion of the discount thereon. Due to the extinguishment of those convertible debentures in August 2014, no such expense was incurred in the three months ended March 31, 2015. The remaining approximately \$2,000 related to the Company’s outstanding debt with the Wisconsin Economic Development Corporation, which was consistent with the three months ended March 31, 2015.

Liquidity and Capital Resources

We have financed our operations since inception primarily through the sale of equity and debt securities. As of March 31, 2015, we had approximately \$7,030,000 in cash and cash equivalents. To date, we have raised capital aggregating approximately \$147 million.

During the three months ended March 31, 2015, we reported a net loss of approximately \$2,301,000, while using approximately \$2,366,000 in cash in operations. The net loss included an approximately \$288,000 gain on the revaluation of derivative warrants, which was largely offset by approximately \$192,000 in stock-based compensation expense and approximately \$90,000 in depreciation and amortization expense. After adjustment for these non-cash items, changes in working capital used cash of \$60,000, which was the result of \$110,000 from the timing of payments of accounts payable and accrued expenses partially offset by a reduction in prepaid and other expenses of approximately \$50,000.

During the three months ended March 31, 2015, we purchased approximately \$25,000 in fixed assets.

The accompanying consolidated financial statements have been prepared on a basis that assumes that we will continue as a going concern and that contemplates the continuity of operations, realization of assets and the satisfaction of liabilities and commitments in the normal course of business. During the three months ended March 31, 2015, we generated a net loss of approximately \$2,501,000 and we expect that we will continue to generate operating losses for the foreseeable future. At March 31, 2015, our consolidated cash balance was approximately \$7,030,000. We believe this cash balance is adequate to fund operations through the third quarter of 2015. Our ability to execute our operating plan beyond that time depends on our ability to obtain additional funding via the sale of equity and/or debt securities, a strategic transaction or otherwise. We have, in the past, successfully completed multiple rounds of financings, but, due to market conditions and other factors, including our development stage, the proceeds we have been able to secure have been less than the amounts we sought to obtain. We plan to actively pursue all available financing alternatives; however, we have not entered into negotiations for any such transactions and there can be no assurance that we will obtain the necessary funding. Other than the uncertainties regarding our ability to obtain additional funding, there are currently no known trends, demands, commitments, events or uncertainties that are likely to materially affect our liquidity.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2015. Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive and financial officers, to allow timely decisions regarding required disclosures.

Based on the evaluation of our disclosure controls and procedures as of March 31, 2015 our management, including our principal executive officer and principal financial officer, concluded that we did not maintain effective internal control over financial reporting, due to a material weakness in our internal control over financial reporting, described below, related to our accounting for equity instruments. As a consequence of this material weakness, our Chief Executive Officer and our Chief Financial Officer concluded that, as of March 31, 2015, our disclosure controls and procedures were not effective.

Notwithstanding this material weakness, our management has concluded that our condensed consolidated financial statements included in this Quarterly Report on Amended Form 10-Q are fairly stated in all material respects in accordance with generally accepted accounting principles for each of the periods presented herein.

Our internal controls over financial reporting did not result in the proper classification of the warrants we issued in August 2014 which, due to its impact on our financial statements, is a material weakness. In response to this material weakness, our management has expended, and will continue to expend, a substantial amount of effort and resources for the remediation and improvement of our internal control over financial reporting. While we have processes to properly identify and evaluate the appropriate accounting technical pronouncements and other literature for all significant or unusual transactions, we are improving these processes to ensure that the nuances of such transactions are effectively evaluated in the context of the increasingly complex accounting standards. Our plans at this time include acquiring enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third party professionals with whom we consult regarding the application of complex accounting transactions. Our remediation plan can only be accomplished over time and will be continually reviewed to determine that it is achieving its objectives. We can offer no assurance that these initiatives will ultimately have the intended effects.

Change in Internal Control over Financial Reporting

The Company's management, in connection with its evaluation of internal controls (with the participation of the Company's principal executive officer and principal financial officer), did not identify any change in internal control over the financial reporting process that occurred during the Company's first quarter of 2015 that would have materially effected, or would have been reasonably likely to materially effect, the Company's internal control over financial reporting other than as explained above regarding the accounting for equity instruments.

Limitations on Effectiveness of Controls

In designing and evaluating our disclosure controls and procedures, our management recognizes that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part on certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Referred to in Note 8 to the condensed consolidated financial statements.

Item 1A. Risk Factors

We will require additional capital in order to continue our operations, and may have difficulty raising additional capital.

We expect that we will continue to generate significant operating losses for the foreseeable future. At March 31, 2015, our consolidated cash balance was approximately \$7,085,000. We believe our cash balance at March 31, 2015, is adequate to fund operations into the fourth quarter of 2015. We will require additional funds to conduct research and development, establish and conduct clinical and preclinical trials, establish commercial-scale manufacturing arrangements and provide for the marketing and distribution of our products. Our ability to execute our operating plan depends on our ability to obtain additional funding via the sale of equity and/or debt securities, a strategic transaction or otherwise. We plan to actively pursue financing alternatives. However, there can be no assurance that we will obtain the necessary funding in the amounts we seek or that it will be available on a timely basis or upon terms acceptable to us. If we obtain capital by issuing debt or preferred stock, the holders of such securities would likely obtain rights that are superior to those of holders of our common stock.

Our capital requirements and our ability to meet them depend on many factors, including:

- the number of potential products and technologies in development;
- continued progress and cost of our research and development programs;
- progress with preclinical studies and clinical trials;
- the time and costs involved in obtaining regulatory clearance;
- costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims;
- costs of developing sales, marketing and distribution channels and our ability to sell our drugs;
- costs involved in establishing manufacturing capabilities for clinical trial and commercial quantities of our drugs;
- competing technological and market developments;
- market acceptance of our products;
- costs for recruiting and retaining management, employees and consultants;
- costs for educating physicians regarding the application and use of our products;
- whether we are able to maintain our listing on a national exchange;
- uncertainty and economic instability resulting from terrorist acts and other acts of violence or war; and
- the condition of capital markets and the economy generally, both in the U.S. and globally.

We may consume available resources more rapidly than currently anticipated, resulting in the need for additional funding sooner than expected. We may seek to raise any necessary additional funds through the issuance of warrants, equity or debt financings or executing collaborative arrangements with corporate partners or other sources, which may be dilutive to existing stockholders or have a material effect on our current or future business prospects. In addition, in the event that additional funds are obtained through arrangements with collaborative partners or other sources, we may have to relinquish economic and/or proprietary rights to some of our technologies or products under development that we would otherwise seek to develop or commercialize by ourselves. If we cannot secure adequate financing when needed, we may be required to delay, scale back or eliminate one or more of our research and development programs or to enter into license or other arrangements with third parties to commercialize products or technologies that we would otherwise seek to develop ourselves and commercialize ourselves. In such an event, our business, prospects, financial condition, and results of operations may be adversely affected.

We will require additional funds to conduct research and development, establish and conduct preclinical and clinical trials, establish commercial-scale manufacturing arrangements and provide for the marketing and distribution of our products. Our ability to execute our operating plan depends on our ability to obtain additional funding via the sale of equity and/or debt securities, a strategic transaction or otherwise.

We have incurred net losses and negative cash flows since inception. We currently have no product revenues, and may not succeed in developing or commercializing any products that will generate product or licensing revenues. We do not expect to have any products on the market for several years. Our primary activity to date has been research and development and conducting clinical trials. Development of our product candidates requires a process of preclinical and clinical testing, during which our product candidates could fail. We may not be able to enter into agreements with one or more companies experienced in the manufacturing and marketing of therapeutic drugs and, to the extent that we are unable to do so, we may not be able to market our product candidates. Whether we achieve profitability or not will depend on our success in developing, manufacturing, and marketing our product candidates. We have experienced net losses and negative cash flows from operating activities since inception and we expect such losses and negative cash flows to continue for the foreseeable future. As of March 31, 2015, we had a stockholders' equity of approximately \$4,588,000. The net loss for the three months ended March 31, 2015 was approximately \$2,301,000, and we may never achieve profitability.

If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.

We identified a material weakness in our internal control over financial reporting, the disclosure of which may have an adverse impact on the price of our common stock (please refer to Part I, Item 4 for further discussion). We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely affect our public disclosures regarding our business, prospects, financial condition or results of operations. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting or disclosure of management's assessment of our internal controls over financial reporting may have an adverse impact on the price of our common stock.

Item 5. Other Information

Not Applicable

Item 6. Exhibits

Exhibit No.	Description	Filed with this Form 10- Q	Incorporation by Reference		Exhibit No.
			Form	Filing Date	
3.1	Second Amended and Restated Certificate of Incorporation		8-K	April 11, 2011	3.1
3.1.1	Amendment to the Second Amended and restated Articles of Incorporation		8-K	June 13, 2014	3.1
3.2	Amended and Restated By-laws		8-K	June 1, 2011	3.1
31.1	Certification of chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1	Certification of chief executive officer and chief financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
101	Interactive Data Files	X			

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CELLECTAR BIOSCIENCES, INC.

Date: May 20, 2015

By: /s/ Simon Pedder

Simon Pedder
President and Chief Executive Officer

I, SIMON PEDDER, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Collectar Biosciences, Inc., a Delaware Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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 effected, or is reasonably likely to materially effect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely effect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2015

/s/ Simon Pedder

Simon Pedder

President and Chief Executive Officer (Principal Executive Officer)

I, CHAD KOLEAN, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Collectar Biosciences, Inc., a Delaware Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and 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 effected, or is reasonably likely to materially effect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely effect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2015

/s/ Chad Kolean

Chad Kolean

Chief Financial Officer (Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Collectar Biosciences, Inc. (the "Company") for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Simon Pedder, President and Chief Executive Officer of the Company, and Chad J. Kolean, Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, 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.

/s/ Simon Pedder

Simon Pedder
President and Chief Executive Officer (Principal Executive Officer)

Date: May 20, 2015

/s/ Chad Kolean

Chad Kolean
Chief Financial Officer (Principal Financial and Accounting Officer)

Date: May 20, 2015
