

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

Form 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2011**

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 **333-141131**



**MABCURE INC.**

(Exact name of Registrant as specified in its charter)

**Nevada**

**20-4907813**

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

**760 Parkside Avenue #208, Brooklyn, New York 11226**

(Address of principal executive offices) (zip code)

**(914) 595-6342**

(Registrant's telephone number, including area code)

**N/A**

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of November 15, 2011, there were 63,915,065 shares of the Registrant's common stock issued and outstanding.

**MABCURE, INC.**

**TABLE OF CONTENTS**

**Part I—Financial Information**

Item 1. Financial Statements - Unaudited	3
Consolidated Balance Sheets as of September 30, 2011 and December 31, 2010	3
Consolidated Statements of Operations and Comprehensive Loss for the Three and Nine Months Ended September 30, 2011 and 2010 and Cumulative from Inception	4
Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2011 and 2010 and Cumulative from Inception	5
Notes to Consolidated Financial Statements September 30, 2011 and 2010	6
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	19
Item 4. Controls and Procedures	19

**Part II – Other Information**

Item 1. Legal Proceedings	20
Item 1A. Risk Factors	20
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 3. Defaults upon Senior Securities	20
Item 4. (Removed and Reserved)	20
Item 5. Other Information	20
Item 6. Exhibits	21
Signatures	22

**PART I - FINANCIAL INFORMATION**  
**Item 1. Financial Statements – (Unaudited)**

<b>MABCURE INC. AND SUBSIDIARY</b>		
<b>(A DEVELOPMENT STAGE COMPANY)</b>		
<b>CONSOLIDATED BALANCE SHEETS</b>		
	September 30,	December 31,
	2011	2010
	(unaudited)	
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 13,923	\$ 3,415
Accounts receivable - Other	19,394	44,923
Prepaid expenses	10,186	7,890
Total current assets	<u>43,503</u>	<u>56,228</u>
<i>Property and Equipment:</i>		
Computer and office equipment	11,946	11,733
Furniture and fixtures	8,314	8,244
Laboratory equipment	51,532	118,625
Vehicles	68,272	66,544
Website development costs	3,640	3,640
	<u>143,704</u>	<u>208,786</u>
Less: Accumulated depreciation and amortization	(80,338)	(84,867)
Net property and equipment	<u>63,366</u>	<u>123,919</u>
<i>Other Assets:</i>		
Intellectual property	16,000,000	16,000,000
Patent pending	4,675	4,675
Deposits and other	7,463	1,988
Deferred offering costs	-	20,663
Total other assets	<u>16,012,138</u>	<u>16,027,326</u>
<b>Total Assets</b>	<b>\$ <u>16,119,007</u></b>	<b>\$ <u>16,207,473</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Current Liabilities:</i>		
Accounts payable and accrued liabilities	\$ 706,017	\$ 286,044
Due to related parties - Directors and officers	57,153	10,629
Current portion of capital lease obligations	16,167	36,308
Loans payable - net of debt discount of \$49,153 and \$0	247,605	133,258
Unearned license fees	100,000	-
Total current liabilities	<u>1,126,942</u>	<u>466,239</u>
<i>Long-Term Debt, less current portion:</i>		
Capital lease obligations	7,953	16,275
Total liabilities	<u>1,134,895</u>	<u>482,514</u>
<i>Commitments and Contingencies</i>		
<i>Stockholders' equity:</i>		
Common stock, \$0.001 par value; 1,500,000,000 shares authorized; 63,565,065 and 62,399,725 shares issued and outstanding in 2011 and 2010, respectively	63,565	62,400
Additional paid-in capital	19,263,639	18,924,500
Donated capital	13,000	13,000
Accumulated other comprehensive loss	(30,532)	(31,816)
Deficit accumulated during the development stage	(4,325,560)	(3,243,125)
Total stockholders' equity	<u>14,984,112</u>	<u>15,724,959</u>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ <u>16,119,007</u></b>	<b>\$ <u>16,207,473</u></b>

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

<b>MABCURE INC. AND SUBSIDIARY</b>					
<b>(A DEVELOPMENT STAGE COMPANY)</b>					
<b>CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS</b>					
<b>FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011, AND 2010, AND</b>					
<b>CUMULATIVE FROM INCEPTION (MAY 8, 2006) THROUGH SEPTEMBER 30, 2011</b>					
<b>(Unaudited)</b>					
	Three Months Ended September 30,		Nine Months Ended September 30,		Cumulative
	2011	2010	2011	2010	from inception
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenses:</b>					
Research and development	97,600	123,264	314,590	366,215	1,124,985
General and administrative	169,025	145,102	621,718	412,237	2,840,545
Total expenses	266,625	268,366	936,308	778,452	3,965,530
<b>Loss from operations</b>	(266,625)	(268,366)	(936,308)	(778,452)	(3,965,530)
<b>Other Income (Expense):</b>					
Interest income	-	101	19	470	10,637
Interest expense	(8,944)	(196,977)	(174,143)	(204,726)	(398,664)
Gain on derivative liability	-	-	26,769	-	26,769
Other income	-	-	1,228	-	1,228
Total other income (expense)	(8,944)	(196,876)	(146,127)	(204,256)	(360,030)
<b>Loss before income taxes</b>	(275,569)	(465,242)	(1,082,435)	(982,708)	(4,325,560)
<b>Provision for income taxes</b>	-	-	-	-	-
<b>Net loss</b>	\$ (275,569)	\$ (465,242)	\$ (1,082,435)	\$ (982,708)	\$ (4,325,560)
<b>Comprehensive Loss:</b>					
Foreign currency translation adjustment	(1,371)	7,843	1,284	(10,908)	(30,532)
<b>Total Comprehensive Loss</b>	\$ (276,940)	\$ (457,399)	\$ (1,081,151)	\$ (993,616)	\$ (4,356,092)
<b>Basic and diluted loss per share</b>	\$ 0.00	\$ (0.01)	\$ (0.02)	\$ (0.02)	
<b>Weighted average number of shares outstanding - basic and diluted</b>	63,465,065	62,399,725	63,146,229	61,938,187	

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

<b>MABCURE INC. AND SUBSIDIARY</b>			
<b>(A DEVELOPMENT STAGE COMPANY)</b>			
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>			
<b>FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011, AND 2010, AND</b>			
<b>CUMULATIVE FROM INCEPTION (MAY 8, 2006) THROUGH SEPTEMBER 30, 2011</b>			
<b>(Unaudited)</b>			
	Nine Months Ended September 30,		Cumulative
	2011	2010	from inception
<b>Cash flows from operating activities:</b>			
Net loss	\$ (1,082,435)	\$ (982,708)	\$ (4,325,560)
Adjustments to reconcile net loss to net cash used in operating activities:			
Gain on derivative liability	(26,769)	-	(26,769)
Financing costs	156,474	-	156,474
Depreciation and amortization	28,207	32,672	114,936
Amortization of debt discount	4,468	-	4,468
Donated services	-	-	13,000
Stock-based compensation	142,052	99,471	521,869
Common stock issued for investor relations services	-	-	45,001
Common stock issued for consulting services	36,000	-	36,000
Increase in value of warrants due to amendment of term	-	195,671	195,671
Gain on sale of fixed assets	(1,224)	-	(1,224)
Changes in net assets and liabilities:			
Decrease (increase) in accounts receivable - other	27,791	(11,840)	(19,419)
Decrease (increase) in prepaid expenses and other current assets	(2,296)	21,292	(10,133)
Decrease (increase) in deposits and other	(5,423)	-	(7,686)
Increase in accounts payable and accrued liabilities	416,518	45,985	721,328
Increase in unearned license fees	100,000	-	100,000
<b>Net cash used in operating activities</b>	<b>(206,637)</b>	<b>(599,457)</b>	<b>(2,482,044)</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	-	(9,237)	(65,569)
Proceeds from sale of property and equipment	39,662	-	39,662
Patent pending	-	(4,675)	(4,675)
<b>Net cash provided by (used in) investing activities</b>	<b>39,662</b>	<b>(13,912)</b>	<b>(30,582)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from loan payable	163,500	-	831,813
Payments on loan payable	-	-	(35,055)
Payments of principal on capital lease obligations	(30,617)	(24,821)	(124,128)
Proceeds (repayments) from loans from related parties	46,578	(18,525)	57,783
Issuance of common stock for cash	10,829	500,000	1,861,829
Deferred offering costs	(11,241)	-	(31,904)
<b>Net cash provided by financing activities</b>	<b>179,049</b>	<b>456,654</b>	<b>2,560,338</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(1,566)</b>	<b>(10,512)</b>	<b>(33,789)</b>
<b>Net increase during period</b>	<b>10,508</b>	<b>(167,227)</b>	<b>13,923</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,415</b>	<b>214,480</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 13,923</b>	<b>\$ 47,253</b>	<b>\$ 13,923</b>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid during the period for:			
Interest	\$ 1,958	\$ 3,473	\$ 14,406
Income taxes	\$ -	\$ -	\$ -
<b>Supplemental Information of Noncash Investing and Financing Activities:</b>			
On July 7, 2008, MabCure issued 32,048,400 shares of common stock for the purchase of intellectual property valued at			
On March 5, 2010, MabCure entered into a conversion agreement wherein the Company exchanged \$500,000 in outstanding			
On February 24, 2011, the Company issued 100,000 shares of common stock, valued at \$36,000, for consulting services			

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

**MABCURE INC. AND SUBSIDIARY**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**(1) Summary of Significant Accounting Policies**

*Basis of Presentation and Organization*

MabCure Inc. (“MabCure” or the “Company”) was incorporated in the State of Nevada on May 8, 2006, under the name of Smartec Holdings, Inc. The Company originally was in the business of developing a detergent for removing pesticides from fruits and vegetables. Because the Company was not successful in implementing its business plan, it considered various alternatives to ensure the viability and solvency of the Company. On January 10, 2008, the Company changed its name to MabCure Inc. to better reflect its new business plan. On January 10, 2008, MabCure entered into an asset purchase agreement with Indigoleaf Associates Ltd. (“Indigoleaf”) and Dr. Amnon Gonenne pursuant to which the Company agreed to purchase all of Indigoleaf’s interest and rights to a proprietary technology for the rapid and efficient generation of monoclonal antibodies against desired antigens such as cancer markers, including, but not limited to, the know-how, secrets, inventions, practices, methods, knowledge and data owned by Indigoleaf. The Company purchased this proprietary technology pursuant to an intellectual property transfer agreement and consummated the other transactions contemplated by the asset purchase agreement on July 7, 2008. Pursuant to the asset purchase agreement, as amended on April 2, 2009, the Company issued 25,638,400 shares of its common stock to Indigoleaf in consideration for the purchase of Indigoleaf’s proprietary technology, and the Company issued 6,409,600 shares of common stock to Dr. Gonenne in consideration for being one of the founders of the Company’s cancer therapy and detection business.

On October 30, 2008, the Company established MabCure, N.V., a wholly-owned subsidiary in Belgium. The Belgian subsidiary was established in order to accelerate the development and commercialization of MabCure’s proprietary products for the early detection of cancer with specific antibodies and for the creation of highly specific therapeutics (antibodies and novel drugs) against cancer.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all necessary adjustments, consisting only of those of a recurring nature, and disclosures to present fairly the Company’s financial position and the results of its operations and cash flows for the periods presented. The balance sheet at December 31, 2010 was derived from the audited financial statements, but does not include all of the disclosures required by accounting principles generally accepted in the United States of America. These unaudited interim condensed consolidated financial statements should be read in conjunction with the financial statements and the related notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (the “Form 10-K”), filed on April 15, 2011.

*Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned Belgian subsidiary, MabCure, N.V. All significant intercompany accounts and transactions have been eliminated in consolidation.

*Cash and Cash Equivalents*

The Company considers all cash on hand, cash accounts not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

*Property and equipment*

Depreciation expense for the three months ended September 30, 2011 and 2010 totaled \$7,643 and \$10,545, respectively. Depreciation expense for the nine months ended September 30, 2011 and 2010 totaled \$28,207 and \$31,868, respectively.

*Deferred Offering Costs*

The Company defers the direct incremental costs of raising capital until such time as the offering is completed. At the time of the completion of the offering, the costs are charged against the capital raised. Should the offering be terminated, deferred offering costs are charged to operations during the period in which the offering is terminated. See Note 4 for additional information.

*Impairment of Intellectual Property*

The purchase of intellectual property from Indigoleaf was accounted for under Accounting Standards Codification (“ASC”) Topic 350. We believe that there are no legal, regulatory, contractual, competitive, or economic factors that limit the useful life of this

intangible asset. Consequently, we consider the useful life of this asset to be indefinite and we have recorded no amortization expense. In accordance with ASC Topic 350, we perform, at least annually, impairment testing in the last quarter of the year. See Note 3 below for a further discussion.

#### *Impairment of Long-Lived Assets*

The Company evaluates the recoverability of long-lived assets and the related estimated remaining lives at each balance sheet date. The Company records an impairment or change in useful life whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed. For the nine months ended September 30, 2011 and for the year ended December 31, 2010, no events or circumstances occurred for which an evaluation of the recoverability of long-lived assets was required.

#### *Derivative Instruments*

In connection with the sale of debt or equity instruments, we may sell options or warrants to purchase our common stock. In certain circumstances, these options or warrants may be classified as derivative liabilities, rather than as equity. Additionally, the debt or equity instruments may contain embedded derivative instruments, such as conversion options, which in certain circumstances may be required to be bifurcated from the associated host instrument and accounted for separately as a derivative instrument asset or liability.

Derivative instruments are re-valued at the end of each reporting period, with changes in the fair value recorded as charges or credits to income, in the period in which the changes occur. We determine the fair value of these instruments using the Black-Scholes option pricing model. That model requires assumptions related to the remaining term of the instruments and risk-free rates of return, our current common stock price and expected dividend yield, and the expected volatility of our common stock price over the life of the option. The identification of, and accounting for, derivative instruments and the assumptions used to value them can significantly affect our financial statements.

#### *Fair Value of Financial Instruments*

The Company estimates the fair value of financial instruments using the available market information and valuation methods. Considerable judgment is required in estimating fair value. Accordingly, the estimates of fair value may not be indicative of the amounts the Company could realize in a current market exchange. As of September 30, 2011 and December 31, 2010, the carrying value of the Company's financial instruments approximated fair value due to the short-term maturity of these instruments.

#### *Foreign Currency Translation*

MabCure accounts for foreign currency translation pursuant to ASC Topic 830. The functional currency of the Company's Belgian subsidiary is the euro. Under ASC Topic 830, all assets and liabilities are translated into United States dollars using the current exchange rate at the end of each fiscal period. Revenues and expenses are translated using the average exchange rates prevailing throughout the respective periods. Translation adjustments are included in other comprehensive income (loss) for the period. Certain transactions of the Company's Belgian subsidiary are denominated in United States dollars. Translation gains or losses related to such transactions are recognized for each reporting period in the related interim consolidated statements of operations and comprehensive (loss).

#### *Basic and Diluted Loss per Share*

In accordance with ASC Topic 260, basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similarly to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Due to net losses for the three and nine months ended September 30, 2011 and 2010, diluted loss per share is calculated using the weighted average number of common shares outstanding and excludes the effects of potential common stock shares that are anti-dilutive. The potential shares of common stock that have been excluded from the diluted loss per share calculation above for the three and nine months ended September 30, 2011 and 2010 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Stock options	3,010,000	660,000	3,010,000	660,000
Warrants	5,588,636	5,300,000	5,588,636	5,300,000

### *Stock-based Compensation*

The Company accounts for stock-based compensation in accordance with ASC Topics 505 and 718. Stock-based compensation for stock options is measured based on the estimated fair value of each award on the date of grant using the Black-Scholes valuation model. Stock-based compensation for restricted shares is measured based on the closing fair market value of the Company's common stock price on the date of grant. The Company recognizes stock-based compensation costs as expense ratably on a straight-line basis over the requisite service period.

The allocation of stock-based compensation expense by functional area for the three and nine months ended September 30, 2011 and 2010 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Research and development	\$ 12,960	\$ 6,356	\$ 28,615	\$ 19,066
General and administrative	49,064	13,079	113,437	81,444
Total	<u>\$ 62,024</u>	<u>\$ 19,435</u>	<u>\$ 142,052</u>	<u>\$ 100,510</u>

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with ASC Topic 505. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services as defined by ASC Topic 505.

### *Reclassification*

Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

### **(2) Development Stage Activities and Going Concern**

The Company is currently in the development stage. The original business plan of the Company was to develop a detergent for removing pesticides from fruits and vegetables. However, the Company has changed its business plan to develop and commercialize its proprietary antibody technology for the early detection of cancer and for the creation of highly specific therapeutics (antibodies and novel drugs) against cancer.

Given the current pace of clinical development of our products, and until the Company can draw sufficient funds from its equity funding facility, the Company estimates that it has sufficient cash on hand to fund clinical development only through the first quarter of 2012. Management of the Company is making efforts to raise additional funding by obtaining bridge financing in the form of convertible debt.

While management of the Company believes that it will be successful in its capital formation and planned operating activities, there can be no assurance that the Company will be able to raise additional equity capital, or be successful in the development and commercialization of its proprietary antibody technology for the early detection of cancer or for the creation of highly specific therapeutics (antibodies and novel drugs) against cancer that will generate sufficient revenues to sustain the operations of the Company.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has not established any source of revenues to cover its operating costs, and as such, has incurred an operating loss since inception. Further, as of September 30, 2011, the cash resources of the Company were insufficient to meet its current business plan. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

### **(3) Purchase of Intellectual Property and Stock Issuance to Founder**

On January 10, 2008, MabCure entered into an asset purchase agreement with Indigoleaf and Dr. Amnon Gonne pursuant to which

the Company agreed to purchase all of Indigoleaf's interest and rights to a proprietary technology for the rapid and efficient generation of monoclonal antibodies against desired antigens such as cancer markers, including, but not limited to, the know-how, secrets, inventions, practices, methods, knowledge and data owned by Indigoleaf. The Company purchased this proprietary technology pursuant to an intellectual property transfer agreement and consummated the other transactions contemplated by the asset purchase agreement on July 7, 2008. Pursuant to the asset purchase agreement, as amended on April 2, 2009, the Company issued 25,638,400 shares of its common stock to Indigoleaf in consideration for the purchase of Indigoleaf's proprietary technology, and issued 6,409,600 shares of common stock to Dr. Gonenne in consideration for being one of the founders of the Company's cancer therapy and detection business. The shares issued were valued at \$16,000,000.

The purchase of intellectual property from Indigoleaf was accounted for under ASC Topic 350. We believe that there are no legal, regulatory, contractual, competitive, or economic factors that limit the useful life of this intangible asset. Consequently, we consider the useful life of this asset to be indefinite. As such, we have recorded no amortization expense.

In accordance with ASC Topic 350, we perform, at least annually, impairment testing in the last quarter of the year. The Company did not record an impairment charge at September 30, 2011 and December 31, 2010.

#### **(4) Loans Payable and Lease Obligations**

##### *Leases:*

##### *Capital Leases*

The Company currently has capital lease commitments for laboratory equipment and vehicles. Amortization of the capital lease costs for items used in research and development is included in research and development expenses. Amortization of the capital lease costs for items not used in research and development is included in depreciation and amortization expense.

##### *Operating Lease*

As of April 1, 2011, the Company relocated its principal executive offices and laboratory to Brooklyn, New York. The Company is leasing its new facilities under a lease that expires in March 2012.

##### *Loans Payable and Equity Funding Facility*

On October 25, 2011, MabCure entered into a \$100,000 senior secured convertible debenture (the "New Debenture") with Biotech Investment Corp. ("Biotech"), the funds from which were used to pay off MabCure's previous senior secured convertible debenture (the "Old Debenture") which was due October 18, 2011. The New Debenture matures on October 20, 2012 and bears interest at the rate of 8% per annum. The New Debenture is convertible into shares of the Company's common stock at any time prior to maturity, at a price equal to \$0.10 per share. As part of the New Debenture agreement, the Company issued 350,000 shares to Biotech. The value of these shares will be recorded in the fourth quarter.

The New Debenture includes a security interest on all of the Company's assets that shall be automatically released following the date that the shares issuable upon conversion of the debenture can be resold without restriction under Rule 144, and 15% of the aggregate volume accrues to the debenture amount.

On June 28, 2011, the Company entered into a one-year working capital agreement with a third party lender for a \$63,500 convertible debenture, carrying an interest rate of 14% per annum. The debenture is convertible into shares of common stock beginning December 26, 2011 which is 180 days after the execution of the debenture agreement. Following the 180<sup>th</sup> day and until the 240<sup>th</sup> day, the lender may convert the loan at the higher of \$0.11 or 50% discount to the "market price". The agreement defines the "market price" as the average of the three lowest closing bid prices for the Company's common stock during the 10 trading day period ending one trading day prior to the date the conversion notice is sent by the lender. Following the 240<sup>th</sup> day, the lender may convert the loan at the lesser of \$0.11 or 39% discount to the "market price" as defined above. The Company has the option to prepay the loan at anytime with varying degrees of prepayment penalty. During the two-day period ending on and including the 240<sup>th</sup> day following the executing of this agreement, the Company may prepay the loan without incurring any prepayment penalties. In connection with this loan, the Company issued 288,636 warrants to purchase the Company's common stock at an exercise price of \$0.11 per share for a term of three years from date of issuance. Proceeds from this loan were received by the Company on July 6, 2011.

For financial reporting purposes, the Company recorded a discount of \$53,621 to reflect the value of the warrants issued. The estimated value of the warrants was determined using the Black-Scholes option pricing model under the following assumptions: life of 3 years, risk free interest rate of 0.75%, a dividend yield of 0% and volatility of 190.96%. Expected volatility is based on the historical volatility of the stock prices of several companies in the Company's industry. The discount is being amortized to the date of maturity

unless repaid or converted earlier. In addition, the Company has determined that the conversion feature of the debenture is considered to be a derivative financial instrument. Such derivative will be recorded at its fair value on December 26, 2011, the date at which the debenture can first be converted and then marked-to-market at the end of each reporting period.

On January 18, 2011, the Company entered into an investment agreement (“Investment Agreement”) with Centurion Private Equity, LLC (the “Investor”), an affiliate of Roswell Capital Partners, for the provision of an equity line funding facility of up to the amount of \$10 million. Pursuant to the terms and conditions of the Investment Agreement, the Company may sell newly issued shares of its common stock (the “Put Shares”) to the Investor (each such sale, a “Put”) from time to time at a price equal to the lesser of (i) 97% of the “Market Price” (as defined below) of its common stock or (ii) the Market Price of its common stock minus \$0.01, subject to certain dollar and share volume limitations for each Put, until the earlier of (a) 24 months from the date its registration statement is declared effective, (b) 30 months from the date of the Investment Agreement, or (c) until all Puts under the Investment Agreement have reached an aggregate gross sales price equal to \$10 million. The Investment Agreement provides that prior to exercising any Put, the Company must have a registration statement declared effective with the SEC with respect to the Put Shares. Such registration has been declared effective by the SEC on June 27, 2011. “Market Price” means the average of the three lowest daily volume weighted average prices published daily by Bloomberg LP for the Company’s common stock during the fifteen consecutive trading day period immediately following the date specified by the Company on which it intends to exercise the applicable Put. As consideration for the provision of the equity funding facility, the Company issued to the Investor 465,224 commitment shares and 34,892 fee shares to cover the Investor’s transaction fees.

Concurrent with the closing of the Investment Agreement, the Investor purchased a \$100,000 senior secured convertible debenture (the “Old Debenture”). The Old Debenture matured on October 18, 2011 and bore interest at the rate of 8% per annum which was payable to the Investor. The Old Debenture was originally convertible into shares of the Company’s common stock at any time prior to maturity, at a price equal to the lesser of (i) a price equal to 90% of the “Conversion Market Price” (as defined below) on the date of the initial issuance of the Old Debenture or (ii) 90% of the Conversion Market Price of the Company’s common stock on the applicable conversion date. “Conversion Market Price” was defined as the average of the three lowest daily volume weighted average prices published daily by Bloomberg, LP for the Company’s common stock over the fifteen consecutive trading day period immediately preceding the date in question.

On June 6, 2011, the Company entered into an amendment to the Old Debenture, pursuant to which the conversion price of the Old Debenture was fixed at \$0.165 per share. In addition, the Company entered into an amendment to the Investment Agreement with the Investor pursuant to which the Company issued to the Investor an additional 465,224 commitment shares. The value of the shares issued, totaling \$97,697, was recorded as financing costs and is included in interest expense on the consolidated statement of operations.

The Old Debenture included a security interest on all of the Company’s. As discussed above, on October 25, 2011, the Company repaid the Old Debenture using funds received from the New Debenture. As of September 30, 2011, the principle due was \$100,000 plus \$5,618 of accrued interest.

As described above, as of June 6, 2011, the Old Debenture ceased to contain a conversion option that was considered to be a derivative financial instrument. The Company removed the derivative liability from its consolidated balance sheet as of June 6, 2011 and the fair value of the warrants was reclassified to additional paid-in capital. For the three and nine months ended September 30, 2011, gain on derivative liability amounted to \$0 and \$26,769, respectively.

In addition, the Company determined that the change in terms of the conversion option to be substantially different and account for the amendment as a debt extinguishment. The Company determined that the effect of the amendment not to be material.

On December 7, 2010, the Company entered into a loan agreement to obtain a bridge loan of \$75,000 from a stockholder. The loan amount bears interest at a rate of ten percent per annum, is unsecured, and is due upon demand. The accrued interest will be payable on the repayment of the loan. The loan amount will be used for ordinary working capital needs. As of September 30, 2011, the principle due was \$75,000 plus \$6,616 of accrued interest.

The Company received loans from a third-party that were provided for working capital purposes. The loans are non-interest bearing, unsecured, and have no terms for repayment. As of September 30, 2011 and December 31, 2010, the amount due was \$58,258.

Loans payable, net of debt discounts, amounted to \$247,605 at September 30, 2011 and \$133,258 at December 31, 2010.

## (5) Stockholders' Equity

### *Common stock*

The Company is authorized to issue 1,500,000,000 shares of \$0.001 par value common stock. All common stock shares have equal voting rights, are non-assessable, have one vote per share, and entitle stockholders to receive dividends. Upon liquidation or wind-up, stockholders are entitled to participate equally with respect to any distribution of net assets or any dividends which may be declared. Voting rights are not cumulative and, therefore, the holders of more than 50 percent of the common stock could, if they choose to do so, elect all of the Directors of the Company.

On October 26, 2011, the Company issued 350,000 shares to Biotech in connection with the New Debenture entered into on October 25, 2011, which transaction is discussed in more detail in Note 4 to the Consolidated Financial Statements.

On June 29, 2011, the Company issued 100,000 shares in connection with its first Put notice under the Equity Funding Facility outlined in Note 4. Under this first Put, the Company received proceeds of \$10,829 on July 27, 2011.

On June 6, 2011, the Company issued 465,224 shares of common stock in connection with the change of terms of the Old Debenture, as outlined in the previous note.

On February 24, 2011, the Company issued 100,000 shares of common stock, valued at \$36,000, to a third party provider of consulting services to raise financing pursuant to a six-month agreement dated February 24, 2011. The value of the stock issuance was recognized as deferred compensation and was amortized over the six-month term of the agreement. Stock compensation amounted to \$12,000 and \$36,000 for the three and nine months ended September 30, 2011 and is included in general and administrative expenses.

### *Stock options*

On August 4, 2009, as part of the Company's Annual Meeting of Shareholders, the shareholders of the Company approved the adoption of the MabCure, Inc. 2009 Stock Option Plan (the "Plan"). The purpose of this Plan is to retain the services of valued key employees and consultants of the Company and to encourage such persons to acquire a greater proprietary interest in the Company, thereby strengthening their incentive to achieve the objectives of the shareholders of the Company, and to serve as an aid and inducement in the hiring of new employees and to provide an equity incentive to consultants and other persons selected by the Company. The Company has reserved 6,034,800 shares of common stock, par value \$0.001 per share, for issuance under the Plan, subject to adjustment to protect against dilution in the event of certain changes in the Company's capitalization.

The following is a summary of stock option grants issued under the Plan during 2011:

On May 19, 2011, the Company granted stock options to certain employees, members of the Company Board of Directors, and certain consultants of the Company to purchase a total of 2,350,000 shares of its common stock at an exercise price of \$0.50 per share. The terms of the options include the following:

1. Options for 950,000 shares of common stock vest over periods of one to three years and expire five years from the date of vesting.
2. Options for 1,400,000 shares of common stock vest upon the completion of qualified financing (as defined) and expire five years from the date of such qualified financing.

### *Warrants*

A summary of the warrants outstanding at September 30, 2011 is as follows:

<b>Warrants</b>	<b>Exercise Price</b>	<b>Expiration Date</b>
1,300,000	\$0.50	June 2012
2,000,000	\$0.60	February 2012
2,000,000	\$0.70	February 2012
288,636	\$0.11	June 2014
<u>5,588,636</u>		

## **(6) Related Party Transactions**

As of September 30, 2011 and December 31, 2010, the Company owed to directors and officers of the Company a total of \$57,153 and \$10,629, respectively, for various working capital loans received by the Company. The loans are unsecured, non-interest bearing, and have no terms for repayment.

## **(7) Commitments and Contingencies**

### *Commitments*

The Company is subject to various commitments under contractual and other commercial obligations.

### *Contingencies*

On January 10, 2011, the Company received a letter from counsel to Dr. Elisha Orr, the Company's former Chief Scientific Officer, demanding payment of approximately \$160,000 for unpaid management services fees, including payment for a three-month notice period, and for the reimbursement of certain expenses. In the Company's response to Dr. Orr's counsel, the Company has refuted the claims presented in the letter primarily because Dr. Orr was dismissed for breach and therefore was not entitled to three months' notice, and because the Company fully reimbursed Dr. Orr for all reimbursable expenses. Upon Dr. Orr's return of certain Company property in his possession, the Company intends to reconcile all amounts and pay Dr. Orr the amounts that are owed to him, which include amounts related to unpaid salaries and management service fees totaling \$103,429 as of September 30, 2011 and December 31, 2010, and which have been recorded under accounts payable and accrued liabilities.

## **(8) Recent Accounting Pronouncements**

On January 1, 2011, the Company adopted Accounting Standards Update ("ASU") 2010-13, "Compensation—Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades," or ASU 2010-13. ASU 2010-13 provides amendments to ASC Topic 718 to clarify that an employee share-based payment award with an exercise price denominated in currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. The adoption of ASU 2010-13 did not have a significant impact on its consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income" ("ASU 2011-05"). ASU 2011-05 provides that an entity that reports items of other comprehensive income has the option to present comprehensive income in either one continuous financial statement or two consecutive financial statements. ASU 2011-05 is effective for annual periods beginning after December 15, 2011. We do not expect ASU 2011-05 to have any impact on our financial position and results of operations.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not, or are not believed by management to, have a material impact on the Company's present or future consolidated financial statements.

## **(9) Transactions with Biotech Investment Corp.**

On November 15, 2011, we entered into a license agreement with Biotech Investment Corp. ("Biotech") pursuant to which MabCure granted to Biotech an exclusive worldwide license to certain MabCure hybridoma clones producing antibodies against prostate cancer and certain MabCure developed anti-PROSCA monoclonal antibodies against prostate cancer to conduct research, development, and commercialization efforts in the field of diagnosis, imaging, and therapy of prostate cancer. In consideration for the grant of the exclusive license, Biotech agreed to (a) pay MabCure a one-time license fee in the amount of \$500,000, of which \$100,000 was advanced to the Company in August 2011 (reflected as unearned license fees in the balance sheet), and a royalty on the sale or sublicensing of any products based on or embodying the licensed technology in an amount equal to 12.5%; and (b) issue to MabCure shares of Biotech amounting to 15% of the outstanding shares of Biotech on a fully diluted basis. Of the \$500,000 one-time license fee, \$350,000 shall be used by the Company for the payment of operating costs and expenses to enable the Company to conduct clinical trials and research and development relating to ovarian cancer. The remaining \$150,000 shall be used by the Company for the payment of the Company's existing indebtedness to the exclusion of payment or settlement of pre-existing claims as defined. The \$100,000 advance received in August has been recorded as "unearned license fees" as of September 30, 2011.

As part of the licensing transaction with Biotech, on October 25, 2011, MabCure entered into a \$100,000 senior secured convertible debenture (the "New Debenture") with Biotech, the funds from which were used to pay off MabCure's previous senior secured convertible debenture (the "Old Debenture") which was due October 18, 2011. The New Debenture matures on October 20, 2012 and bears interest at the rate of 8% per annum. The New Debenture is convertible into shares of the Company's common stock at any time prior to maturity, at a price equal to \$0.10 per share. As part of the New Debenture agreement, the Company issued 350,000 shares to Biotech. The value of these shares will be recorded in the fourth quarter. The New Debenture includes a security interest on all of the Company's assets that shall be automatically released following the date that the shares issuable upon conversion of the debenture can be resold without restriction under Rule 144, and 15% of the aggregate volume accrues to the debenture amount.

**(10) Subsequent Events**

The Company has reviewed subsequent events through the date of this filing.

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

### FORWARD-LOOKING STATEMENTS

*Certain statements that the Company may make from time to time, including all statements contained in this report that are not statements of historical fact, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the safe harbor provisions set forth in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by words such as "plans," "expects," "believes," "anticipates," "estimates," "projects," "will," "should," and other words of similar meaning used in conjunction with, among other things, discussions of future operations, financial performance, product development and new product launches, FDA and other regulatory applications and approvals, market position and expenditures. Factors that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company include the following: our future product development efforts may not yield marketable products due to results of studies or trials, failure to achieve regulatory approvals or market acceptance, proprietary rights of others or manufacturing issues; we face competition from several companies with greater financial, personnel and research and development resources than ours; delays in successfully completing any clinical trials we may conduct could jeopardize our ability to obtain regulatory approval or market our potential product candidates on a timely basis; biopharmaceutical product development is a long, expensive and uncertain process and the approval requirements for many products are still evolving; we may become subject to product liability claims, which could result in damages that exceed our insurance coverage; we may be subject to claims that our employees or we have wrongfully used or disclosed alleged trade secrets of their former employers; the commercialization of our product candidates may not be profitable; Our business could suffer if we cannot attract, retain and motivate skilled personnel and general economic conditions. The Company assumes no obligation to update any forward-looking statements. Additional information concerning these and other factors which could cause differences between forward-looking statements and future actual results is discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the SEC on April 15, 2011.*

### EXECUTIVE OVERVIEW

We were incorporated in the State of Nevada on May 8, 2006. We are a development stage company with limited operations and no revenues from our business operations. Our registered independent public accounting firm had issued a going concern opinion for our 2010 Annual Report.

Since 2008, we have been in the business of developing and commercializing our proprietary antibody technology for the early detection of cancer and for the creation of highly specific therapeutics (antibodies and novel drugs) against cancer.

In January 2011, we entered into an investment agreement with Centurion Private Equity, LLC (the "Investor" or "Centurion"), an affiliate of Roswell Capital Partners, for the provision of an equity funding facility of up to the amount of \$10 million. Pursuant to the terms and conditions of the Investment Agreement, we may sell newly issued shares of our common stock (the "Put Shares") to the Investor (each such sale, a "Put") from time to time at a price equal to the lesser of (i) 97% of the "Market Price" (as defined below) of our common stock or (ii) the Market Price of our common stock minus \$0.01, subject to certain dollar and share volume limitations for each Put, until the earlier of (a) 24 months from the date our registration statement is declared effective, (b) 30 months from the date of the Investment Agreement, or (c) until all Puts under the Investment Agreement have reached an aggregate gross sales price equal to \$10 million. The Investment Agreement provides that prior to exercising any Put we must have a registration statement declared effective with respect to the Put Shares. "Market Price" means the average of the three lowest daily volume weighted average prices published daily by Bloomberg LP for our common stock during the fifteen consecutive trading day period immediately following the date specified by us on which we intend to exercise the applicable Put. As consideration for the provision of the equity funding facility, we issued to the Investor 465,224 commitment shares and 34,892 fee shares to cover the Investor's transaction fees. On June 29, 2011, we issued 100,000 shares in connection with our first Put notice under the Equity Funding Facility. Under this first Put, we received proceeds of \$10,829 on July 27, 2011.

Concurrent with the closing of the Investment Agreement, the Investor purchased a \$100,000 senior secured convertible debenture. The debenture is due to mature on October 18, 2011 and bears interest at the rate of 8% per annum which is payable to the Investor at maturity. On June 6, 2011, we entered into an amendment related to this debenture under which the investor agreed to fix the price at which the Debenture may be converted into common stock to \$0.165 per share. In addition, on June 6, 2011, we entered into an amendment to the Investment Agreement with the Investor pursuant to which we issued to the Investor an additional 465,224 commitment shares.

As of April 1, 2011, we relocated our principal executive offices and our principal place of business to 760 Parkside Avenue #208, Brooklyn, NY 11226. Our mailing address is 228 Park Avenue South #15740, New York, NY 10003.

Over the next twelve months, we plan to:

- complete the analysis of our Asian clinical study for the diagnosis of ovarian cancer;
- initiate an additional clinical study for the diagnosis of ovarian cancer in the U.S.;
- initiate the antigen identification program in order to identify and sequence those antigens, or cancer markers, which are recognized by our novel MAbs; and
- hire an additional scientist to assist in carrying out the tasks described above.

## Recent Developments

On November 15, 2011, we entered into a license agreement with Biotech Investment Corp. ("Biotech") pursuant to which we granted to Biotech an exclusive worldwide license to certain MabCure hybridoma clones producing antibodies against prostate cancer and certain MabCure developed anti-PROSCA monoclonal antibodies against prostate cancer to conduct research, development, and commercialization efforts in the field of diagnosis, imaging, and therapy of prostate cancer. In consideration for the grant of the exclusive license, Biotech agreed to (a) pay MabCure a one-time license fee in the amount of \$500,000, of which \$100,000 were advanced to us in August 2011, and a royalty on the sale or sublicensing of any products based on or embodying the licensed technology in an amount equal to 12.5%; and (b) issue to MabCure shares of Biotech amounting to 15% of the outstanding shares of Biotech on a fully diluted basis. Of the \$500,000 one-time license fee, \$350,000 shall be used by the Company for the payment of operating costs and expenses to enable the Company to conduct clinical trials and research and development relating to ovarian cancer. The remaining \$150,000 shall be used by the Company for the payment of the Company's existing indebtedness to the exclusion of payment or settlement of pre-existing claims as defined. The \$100,000 advance received in August has been recorded as "unearned license fees" as of September 30, 2011.

As part of the licensing transaction with Biotech, on October 25, 2011, we entered into a \$100,000 senior secured convertible debenture (the "New Debenture") with Biotech, the funds from which were used to pay off our previous senior secured convertible debenture (the "Old Debenture") which was due October 18, 2011. The New Debenture matures on October 20, 2012 and bears interest at the rate of 8% per annum. The New Debenture is convertible into shares of the Company's common stock at any time prior to maturity, at a price equal to \$0.10 per share. As part of the New Debenture agreement, we issued 350,000 shares to Biotech. The New Debenture includes a security interest on all of our assets that shall be automatically released following the date that the shares issuable upon conversion of the debenture can be resold without restriction under Rule 144, and 15% of the aggregate volume accrues to the debenture amount.

## RESULTS OF OPERATIONS

We had no revenues for the period from May 8, 2006 (date of inception) through June 30, 2011. Beginning January 2009, we commenced our research and development activities with the proprietary antibody technology we acquired for the early detection of cancer and for the creation of highly specific therapeutics (antibodies and novel drugs) against cancer.

*For the three months ended September 30, 2011 and September 30, 2010*

Research and development expenses were \$97,600 for the three months ended September 30, 2011, compared to \$123,264 for the three months ended September 30, 2010. Research and development expenses were lower for the three months ended September 30, 2011, primarily due to contractual payments that were made in the prior year in connection with our clinical trials in Bangkok, Thailand. Research and development expenses primarily consist of salaries and wages for our scientists.

General and administrative expenses were \$169,025 for the three months ended September 30, 2011, compared to \$145,102 for the three months ended September 30, 2010. The increase in general and administrative expenses was primarily due to an increase in stock-based compensation expense as well as accounting and audit fees. General and administrative expenses primarily consist of salaries and wages, stock-based compensation, and professional fees.

Interest expense was \$8,944 for the three months ended September 30, 2011 compared to \$196,977 for the three months ended September 30, 2010. Interest expense in 2010 consists primarily of a finance charge of \$195,671 incurred for the increase in the value of warrants due to amendment of terms. Interest expense in 2011 and 2010 also includes interest on loans payable and capital lease obligations.

Our net loss for the three months ended September 30, 2011, was \$275,569 or \$0.00 per share compared to \$465,242 or \$0.01 per share for the three months ended September 30, 2010. The weighted average number of shares outstanding was 63,465,065 for the three months ended September 30, 2011, compared to 62,399,725 for the three months ended September 30, 2010.

*For the nine months ended September 30, 2011 and September 30, 2010*

Research and development expenses were \$314,590 for the nine months ended September 30, 2011, compared to \$366,215 for the nine months ended September 30, 2010. Research and development expenses were lower for the nine months ended September 30, 2011, primarily due to contractual payments that were made in 2010 in connection with our clinical trials in Bangkok, Thailand. Research and development expenses primarily consist of salaries and wages for our scientists.

General and administrative expenses were \$621,718 for the nine months ended September 30, 2011, compared to \$412,237 for the nine months ended September 30, 2010. The increase in general and administrative expenses was due to an increase in professional fees related to the Company's fund raising efforts, accounting and auditing fees, stock-based compensation, and financing costs. General and administrative expenses primarily consist of salaries and wages, stock-based compensation, and professional fees.

Interest expense was \$174,143 for the nine months ended September 30, 2011 compared to \$204,726 for the nine months ended September 30, 2010. Interest expense for both 2011 and 2010, consists primarily of a financing charges of \$156,474 and \$195,671, respectively, incurred for the issuance of common stock for the amendment of the Investment Agreement and for the increase in the value of warrants due to amendment of terms. Interest expense in 2011 and 2010 also includes interest on loans payable and capital lease obligations.

Our net loss for the nine months ended September 30, 2011, was \$1,082,435 or \$0.02 per share compared to \$982,708 or \$0.02 per share for the nine months ended September 30, 2010. The weighted average number of shares outstanding was 63,146,229 for the nine months ended September 30, 2011, compared to 61,938,187 for the nine months ended September 30, 2010.

## LIQUIDITY AND CAPITAL RESOURCES

As outlined in the overview above, in January 2011, we entered into an investment agreement with Centurion for the provision of an equity funding facility of up to the amount of \$10 million. Drawing funds from this facility is at our sole discretion and will be based on our ongoing needs for capital. We are now able to draw funds from the facility given that the SEC declared as effective our S-1 related to this equity funding facility. The facility will be available to us for a period of two years or 30 months from the date of the Investment Agreement, whichever is sooner. During this time, we will be working towards securing additional sources of capital.

As discussed above, on November 15, 2011, we entered into a license agreement pursuant to which we granted an exclusive worldwide license to certain of our hybridoma clones producing antibodies against prostate cancer and certain anti-PROSCA monoclonal antibodies against prostate cancer. In consideration, we received \$500,000, of which \$100,000 were advanced to us in August 2011. In addition, we will be receiving a royalty of 12.5% on the sale or sublicensing of any products based on or embodying the licensed technology. The funds from the licensing agreement will be used primarily to advance our R&D as well as for general corporate purposes.

We can give no assurance that we will be able to obtain additional capital or that any additional capital that we are able to obtain will be sufficient to meet our needs, which raises substantial doubt about our ability to continue operating as a going concern. We do not have any bank credit lines. In addition to the equity funding facility with Centurion, we currently plan to attempt to obtain financing from additional investors through third-party loans or convertible debentures. Furthermore, we may seek to obtain funding through strategic alliances with larger pharmaceutical or biomedical companies. We can give no assurances that we will be able to obtain any additional funding from these sources, or that such funding will be available to us on favorable terms.

Given the current pace of clinical development of our products, and our limited financial resources, we estimate that we have sufficient cash on hand to fund clinical development only through the first quarter of 2012. If we are unable to raise additional capital or enter into strategic partnerships and/or license agreements, we will be required to cease operations or curtail our desired development activities, which will delay the development of our products. Moreover, we will need additional financing after development of our products until we can achieve profitability, if ever.

*As of September 30, 2011*

As of September 30, 2011, our cash balance was \$13,923. We have been working on various fronts to attempt to obtain additional capital to fund our operations, including third-party loans, convertible debentures, equity investments, and strategic alliances. During the nine months ended September 30, 2011, we were able to obtain a total of \$100,000 in convertible debentures as well as a one-year working capital convertible debenture in the amount of \$63,500. We also received an advance of \$100,000 related to the license agreement discussed above as well as advances of \$57,153 from related parties.

For the nine months ended September 30, 2011, net cash used in operating activities was \$206,637 compared to net cash used in operating activities of \$599,457 for the quarter ended September 30, 2010. In both years, cash used in operating activities was used to fund our losses for the respective periods.

For the nine months ended September 30, 2011, we disposed of various assets and received proceeds of \$39,662 recorded as cash from investing activities.

Net cash flows from financing activities for the nine months ended September 30, 2011 were \$179,049, which resulted primarily from net proceeds of \$163,500 in connection with our January 2011 and June 2011 convertible debentures and net proceeds of \$46,578 from related parties. Net cash flows from financing activities for the nine months ended September 30, 2010 was \$456,654 and which resulted primarily from net proceeds of \$500,000 in connection with our March 2010 private placement.

#### *Key Financial Transactions*

On January 18, 2011, we entered into an investment agreement with Centurion for the provision of an equity funding facility of up to the amount of \$10 million. Concurrently, we issued to Centurion a senior secured convertible debenture in the amount of \$100,000.

On March 5, 2010, we closed a private placement consisting of 1,000,000 units of our securities at a price of \$0.50 per unit, for aggregate proceeds of \$500,000. Each unit consists of: (i) one common share; (ii) one non-transferable share purchase warrant entitling the holder thereof to purchase one share of common stock for a period of 24 months commencing from the closing of the private placement agreement, at an exercise price of \$0.60 per common share; and (iii) one non-transferable share purchase warrant entitling the holder thereof to purchase one share of common stock for a period of 24 months commencing from the closing of the private placement agreement, at an exercise price of \$0.70 per common share.

On March 5, 2010, we entered into a conversion agreement with the lender of a bridge loan in the amount of \$500,000, pursuant to which the loan and all accrued interest was converted into equity securities. In full repayment of the loan and all accrued interest, we issued to the lender 1,000,000 units, with each unit consisting of: (i) one common share; (ii) one non-transferable share purchase warrant entitling the holder thereof to purchase one share of common stock until February 16, 2012, at a price per share of \$0.60; and (iii) one non-transferable common stock purchase warrant entitling the holder thereof to purchase one share of common stock until February 16, 2012, at a price per share of \$0.70.

#### *Going Concern*

Our registered independent auditors have included an explanatory paragraph in their report on our consolidated financial statements regarding our ability to continue as a going concern. Our consolidated financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our registered independent auditors. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

We expect our current funds will be sufficient only to enable us to continue our operations as currently planned until approximately the first quarter of 2012. We currently estimate that we will require an additional \$2,000,000 to \$5,000,000 to fund our operations for the subsequent 12 to 24 month period.

However, until we can draw sufficient funds from our equity funding facility, there are no assurances that we will be able to obtain funds required for our continued operation. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease the operation of our business. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

#### *Off-Balance Sheet Arrangements*

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

## CRITICAL ACCOUNTING POLICIES

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent assets and liabilities as of the date of the financial statements and during the applicable periods. We base these estimates on historical experience and on other factors that we believe are reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions and could have a material impact on our financial statements.

For detailed information on our critical accounting policies and estimates, see our financial statements and notes thereto included in this Report and in our Annual Report on Form 10-K, for the year ended December 31, 2010. There have been no material changes to our critical accounting policies and estimates from those disclosed in our 10-K filed on April 15, 2011.

## RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 8 to the Consolidated Financial Statements entitled “Recent Accounting Pronouncements” included in this Annual Report for a discussion of recent accounting pronouncements and their impact on our Financial Statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not Applicable.

### **Item 4. Controls and Procedures.**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, 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 president (who is acting as our principal executive officer) and our chief financial officer (who is acting as our principal financial officer and principal accounting officer) to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of September 30, 2011, the end of the nine-month period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our president and our chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures.

As previously described in our Annual Report on form 10-K for the year ended December 31, 2010, the Company identified certain material weaknesses in the Company's internal control over financial reporting. We plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this quarterly report on Form 10-Q, we have not been able to remediate the material weaknesses. To remediate such weaknesses, we intend to hire on an as-needed outsourced basis, a qualified person to address the above stated issues; however, the remediation effort is dependent upon our securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be materially adversely affected.

There have been no significant changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2011, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

We know of no material active or pending legal proceedings against our Company, nor of any proceedings that a governmental authority is contemplating against us.

We know of no material proceedings to which any of our Directors, officers, affiliates, owner of record or beneficially of more than 5 percent of our voting securities or security holders is an adverse party or has a material interest adverse to our interest.

On January 10, 2011, we received a letter from counsel to Dr. Elisha Orr, our former Chief Scientific Officer, demanding payment of approximately \$160,000 for unpaid management services fees, including payment for a three-month notice period, and for the reimbursement of certain expenses. In our response to Dr. Orr's counsel, we have refuted the claims presented in the letter primarily because Dr. Orr was dismissed for breach and therefore was not entitled to three months' notice, and because the Company fully reimbursed Dr. Orr for all reimbursable expenses. Upon Dr. Orr's return of certain Company property in his possession, we intend to reconcile all amounts and pay Dr. Orr the amounts that are owed to him, which include amounts related to unpaid salaries and management service fees totaling \$106,122 as of December 31, 2010, and which have been recorded under accounts payable and accrued liabilities.

### **Item 1A. Risk Factors.**

Not Applicable.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

During the fiscal period ended September 30, 2011, except as included in our Annual Report on Form 10-K or in our Current Reports on Form 8-K, we have not sold any equity securities not registered under the Securities Act.

### **Item 3. Defaults Upon Senior Securities.**

None.

### **Item 4. (Removed and Reserved).**

Not applicable.

### **Item 5. Other Information.**

On November 15, 2011, we entered into a license agreement with Biotech Investment Corp. ("Biotech") pursuant to which MabCure granted to Biotech an exclusive worldwide license to certain MabCure hybridoma clones producing antibodies against prostate cancer and certain MabCure developed anti-PROSCA monoclonal antibodies against prostate cancer to conduct research, development, and commercialization efforts in the field of diagnosis, imaging, and therapy of prostate cancer. In consideration for the grant of the exclusive license, Biotech agreed to (a) pay MabCure a one-time license fee in the amount of \$500,000, and a royalty on the sale or sublicensing of any products based on or embodying the licensed technology in an amount equal to 12.5%; and (b) issue to MabCure shares of Biotech amounting to 15% of the outstanding shares of Biotech on a fully diluted basis.

As part of the licensing transaction with Biotech, on October 25, 2011, we entered into a \$100,000 senior secured convertible debenture (the "New Debenture") with Biotech, the funds from which were used to pay off our previous senior secured convertible debenture (the "Old Debenture") which was due October 18, 2011. The New Debenture matures on October 20, 2012 and bears interest at the rate of 8% per annum. The New Debenture is convertible into shares of the Company's common stock at any time prior to maturity, at a price equal to \$0.10 per share. As part of the New Debenture agreement, we issued 350,000 shares to Biotech. The New Debenture includes a security interest on all of our assets that shall be automatically released following the date that the shares issuable upon conversion of the debenture can be resold without restriction under Rule 144, and 15% of the aggregate volume accrues to the debenture amount.

## Item 6. Exhibits

<b>Exhibit No.</b>	<b>Description</b>
3.1	Articles of Incorporation (Incorporated by reference from our Registration Statement on Form SB-2 filed on March 8, 2007).
3.2	Bylaws (Incorporated by reference from our Registration Statement on Form SB-2 filed on March 8, 2007).
3.3	Certificate of Change (Incorporated by reference from our Quarterly Report on Form 10-QSB filed on November 20, 2007).
3.4	Certificate of Correction (Incorporated by reference from our Quarterly Report on Form 10-QSB/A filed on November 23, 2007).
3.5	Articles of Merger (Incorporated by reference from our Current Report on Form 8-K filed on January 24, 2008).
4.1	Specimen ordinary share certificate (Incorporated by reference from our Registration Statement on Form SB-2 filed on March 8, 2007).
10.1*	Debenture dated as of October 25, 2011, between Registrant and Biotech Investment Corp.
10.2*	License Agreement dated as of November 10, 2011 between Registrant and Biotech Investment Corp.
31.1*	Section 302 Certification of the Sarbanes-Oxley Act of 2002 of Dr. Amnon Gonenne.
31.2*	Section 302 Certification of the Sarbanes-Oxley Act of 2002 of Ron Kalfus.
32.1*	Section 906 Certification of the Sarbanes-Oxley Act of 2002 of Dr. Amnon Gonenne.
32.2*	Section 906 Certification of the Sarbanes-Oxley Act of 2002 of Ron Kalfus.

\* Filed herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 21, 2011

### **MABCURE INC.**

/s/ Dr. Amnon Gonenne

Dr. Amnon Gonenne  
President, Chief Executive Officer and a member of the Board of Directors  
(who also performs as the Principal Executive Officer)  
November 21, 2011

/s/ Ron Kalfus

Ron Kalfus  
Chief Financial Officer  
(who also performs as Principal Financial Officer and Principal Accounting Officer)  
November 21, 2011