ProtoKinetix, Inc.
Form 10-Q
August 14, 2014

UNITED STATES
SECURITIES AND EXCHANGE C OMMISSION

Washington, D.C. 20549

FORM 10-Q

[**X**] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2014**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number**: 0-32917**

PROTOKINETIX, INC.

Nevada	**94-3355026**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2225 Folkestone Way
West Vancouver, British Columbia Canada V7S 2Y6
(Address of principal executive offices, including zip code)

Registrant s telephone number, including area code**: (604) 926-6627**

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

Securities registered pursuant to Section 12(g) of the Act: **$.0000053 par value common stock**

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the 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 [**X**] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company.

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [X]

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.

Yes [ ] No [X]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Exchange Act of 1934 after the distribution of securities under a plan confirmed by a court.
Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

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

175,662,433 common shares outstanding, $0.0000053 par value, at August 14, 2014

PART I

ITEM 1. FINANCIAL STATEMENTS

PROTOKINETIX, INC.

Balance Sheets at June 30, 2014 and December 31, 2013

Statements of Operations for the three and six months ended June 30, 2014 and 2013

Statements of Stockholder s Deficiency for the Period from December 31, 2013 to June 30, 2014

Statements of Cash Flows for the six months ended June 30, 2014 and 2013

Notes to Financial Statements

PROTOKINETIX, INC.
(Unaudited)
(Expressed in US Dollars)

BALANCE SHEETS

	June 30, 2014	December 31, 2013
ASSETS		
Current Assets		
Cash	$ 6,802	$ 3,065
Prepaid expenses and deposits	1,920	21,461
Accounts receivable (Note 2)	1,275	119
Total current assets and total assets	$ 9,997	$ 24,645
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 129,508	$ 173,962
Short-term loans (Note 4)	122,033	143,833
Deposit on sale (Note 3)	55,000	25,000
Convertible notes payable (Note 5)	310,000	300,000
Total current liabilities	616,541	642,795
Stockholders' Deficiency		
Common stock, $0.0000053 par value; 400,000,000 common shares authorized; 175.662.433 and 142.312.433 common shares issued and outstanding as at June 30, 2014 and December 31, 2013 respectively	939	763
Common stock issuable nil and 25,550,000 common shares as at June 30, 2014 and December 31, 2013 respectively (Note 8)	-	135
Share subscriptions received in advance	-	25,000
Additional paid-in capital	25,219,570	25,028,311
Accumulated deficit	(25,827,053)	(25,672,359)
Total stockholders deficiency	(606,544)	(618,150)
Total liabilities and stockholders deficiency	$ 9,997	$ 24,645

Basis of Presentation and Going Concern Uncertainties (Note 1)

See Notes to Financial Statements

PROTOKINETIX, INC.
(Unaudited)
(Expressed in US Dollars)

STATEMENTS OF OPERATIONS
For the Three and Six Months Ended June 30, 2014 and 2013

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenues	$ -	$ -	$ -	$ -
Expenses				
Professional fees	6,769	1,750	10,269	6,078
Consulting fees	3,978	42,708	49,278	82,083
Research and development	-	18,250	12,875	36,500
General and administrative	49,000	25,975	63,072	46,834
Interest	9,600	6,000	19,200	12,000
Net loss for the period	$ (69,347)	$ (94,683)	$ (154,694)	$ (183,495)
Net loss per common share (basic and diluted)	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding (basic and diluted)	171,697,598	135,703,642	169,086,466	135,111,325

See Notes to Financial Statements

PROTOKINETIX, INC.
(Unaudited)
(Expressed in US Dollars)

STATEMENTS OF STOCKHOLDERS DEFICIENCY
For the Period from December 31, 2013 to June 30, 2014

	Common Stock		Common Stock					
	Shares	Amount	Issuable Shares	Amount	Additional Paid-in Capital	Stock Subscriptions Received in advance	Accumulated Deficit	Total
Balance, December 31, 2013	142,312,433	$ 763	25,550,000	$ 135	$ 25,028,311	$ 25,000	$ (25,672,359)	$ (618,150)
Issuance of common stock to settle short-term loans	2,500,000	13	-	-	24,987	-	-	25,000
Issuance of common stock for services	25,600,000	136	(25,550,000)	(135)	999	-	-	1,000
Issuance of common stock from private placement	5,250,000	27	-	-	124,973	(25,000)	-	100,000
Fair value of compensatory warrants issued	-	-	-	-	40,300	-	-	40,300
Net loss for the period	-	-	-	-	-	-	(154,694)	(154,694)
Balance, June 30, 2014	175,662,433	$ 939	-	$ -	$ 25,219,570	$ -	$ (25,827,053)	$ (606,544)

See Notes to Financial Statements

PROTOKINETIX, INC.
(Unaudited)
(Expressed in US Dollars)

STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2014 and 2013

	2014	2013
Cash Flows used in Operating Activities		
Net loss for the period	$ (154,694)	$ (183,495)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of short-term loans	2,200	-
Issuance and amortization of common stock for services	8,667	3,333
Issuance and amortization of warrants for services	40,300	-
Commitment to issue common stock for services	-	127,750
Changes in operating assets and liabilities:		
Accounts receivable	(1,156)	6,020
Prepaid expenses and deposits	12,874	(1,919)
Accounts payable and accrued liabilities	(44,454)	28,899
Net cash used in operating activities	(136,263)	(19,412)
Cash Flows from (used in) Investing Activities		
Deposit on sale	30,000	25,000
Net cash from investing activities	30,000	25,000
Cash Flows from (used in) Financing Activities		
Short-term loan proceeds (repayments), net	-	(3,500)
Issuance of common stock for cash	100,000	-
Convertible note proceeds	10,000	-
Net cash from (used in) financing activities	110,000	(3,500)
Net change in cash	3,737	2,088
Cash, beginning of period	3,065	2,406
Cash, end of period	$ 6,802	$ 4,494
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Supplementary information - non-cash transactions:		
Common stock issued for prepaid consulting services	$ -	$ 20,000
Common stock issued to settle short-term loans	25,000	8,000
Commitment to issue common stock for services	-	127,750
Accounts payable converted to short-term loan	-	90,000

See Notes to Financial Statements

PROTOKINETIX, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Basis of Presentation, Going Concern Uncertainties and Significant Accounting Policies

ProtoKinetix, Inc. (the "Company") was incorporated under the laws of the State of Nevada on December 23, 1999. The Company is a medical research company whose mission is the advancement of human health care.

A Cease Trade Order (CTO) was issued in respect of the Company s securities by the British Columbia Securities Commission (BCSC) on May 9, 2013 based on the Company s failure to file annual consolidated financial statements for the year ended December 31, 2012 by the deadline of April 1, 2013. The Company is currently up-to-date on its filing requirements and is in continued correspondence with the BCSC regarding their ability to have the CTO removed.

In 2003, the Company entered into an assignment of license agreement (the "Agreement") with BioKinetix, Inc., a Canadian corporation. The Agreement provided the Company with an exclusive assignment of all of the rights (the "Rights") that BioKinetix possessed relating to two proprietary technologies that are being developed for the creation and commercialization of "superantibodies," an enhancement of antibody technology that makes ordinary antibodies much more lethal. In consideration, the Company's Board of Directors authorized the Company to issue 16,000,000 shares of its common stock to the shareholders of BioKinetix.

The Company is also currently researching the benefits and feasibility of proprietary synthesized Antifreeze Glycoproteins ("AFGP"). In preliminary studies, AFGP has demonstrated an ability to protect and preserve human cells at temperatures below freezing.

Basis of Presentation

The accompanying unaudited financial statements have been prepared by the Company in conformity with accounting principles generally accepted in the United States of America (US GAAP) applicable to interim financial information and with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed, or omitted, pursuant to such rules and regulations. In the opinion of management, the unaudited interim financial statements include all adjustments necessary for the fair presentation of the results of the interim periods presented. All adjustments are of a normal recurring nature, except as otherwise noted below. These financial statements should be read in conjunction with the Company s audited consolidated financial statements and notes thereto for the year ended December 31, 2013, included in the Company s Annual Report on Form 10-K, filed May 27, 2014, with the Securities and Exchange Commission. The results of operations for the interim periods are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

Going Concern

As shown in the financial statements, the Company has not developed a commercially viable product, has not generated any revenues to date and has incurred losses since inception, resulting in a net accumulated deficit at June 30, 2014. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company needs additional working capital to continue its medical research or to be successful in any future business activities and continue to pay its liabilities. Therefore, continuation of the Company as a going concern is

dependent upon obtaining the additional working capital necessary to accomplish its objective. Management is presently engaged in seeking additional working capital.

The accompanying financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary should the Company fail in any of the above objectives and is unable to operate for the coming year.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The more significant accounting estimates inherent in the preparation of the Company's financial statements include estimates as to valuation of equity related instruments issued.

Earnings per Share and Potentially Dilutive Securities

Basic loss per share is computed by dividing the net loss available to common stockholders by the weighted average number of common shares outstanding in the period. Diluted loss per share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive securities. The effect of 13,500,000 (June 30, 2013: 15,800,000) outstanding warrants and debt convertible into 12,040,000 (June 30, 2013: 12,000,000) common shares was not included in the computation of diluted loss per share for all periods presented because it was anti-dilutive due to the Company's losses. Common stock issuable is considered outstanding as of the original approval date for purposes of loss per share computations.

Share-Based Compensation

The Company has granted warrants and options to purchase shares of the Company's common stock to various parties for consulting services. The fair values of the warrants and options issued have been estimated using the Black-Scholes option-pricing model.

The Company accounts for stock-based compensation under "Share-Based Payment," which recognizes awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes option-pricing model.

The Company accounts for stock compensation arrangements with non-employees in accordance with FASB Codification 505 50 Equity-Based Payments to Non-Employees , which requires that such equity instruments are recorded at their fair value on the measurement date. The measurement of stock-based compensation is subject to periodic adjustment as the underlying instruments vest. The fair value of stock options is estimated using the Black-Scholes valuation model and the compensation charges are amortized over the vesting period.

Fair Value of Financial Instruments

Financial instruments, including cash, accounts payable and accrued liabilities, short-term loans, deposit on sale and convertible notes payable are carried at cost, which management believes approximates fair value due to the short-term nature of these instruments.

The Company measures the fair value of financial assets and liabilities pursuant to ASC 820 Fair Value Measurements and Disclosures which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The policy describes three levels of inputs that may be used to measure fair value:

Level 1 quoted prices in active markets for identical assets or liabilities
Level 2 quoted prices for similar assets and liabilities in active markets or inputs that are observable
Level 3 inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 6,802	$ -	$ -	$ 6,802

Recent Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation . This ASU does the following, among other things: a) eliminates the requirement to present inception-to-date information on the statements of income, cash flows, and shareholders' equity, b) eliminates the need to label the financial statements as those of a development stage entity, c) eliminates the need to disclose a description of the development stage activities in which the entity is engaged, and d) amends FASB ASC 275, Risks and Uncertainties , to clarify that information on risks and uncertainties for entities that have not commenced planned principal operations is required. The amendments in ASU No. 2014-10 related to the elimination of Topic 915 disclosures and the additional disclosure for Topic 275 are effective for public companies for annual and interim reporting periods beginning after December 15, 2014. Early adoption is permitted. The Company has evaluated this ASU and early adopted beginning with the period ended June 30, 2014.

Note 2. Accounts Receivable

The accounts receivable is refundable sales tax paid on purchases.

Note 3. Sales Agreement with Intrepid Innovations Corporation

The Company entered into an agreement with Intrepid Innovations Corporation (Intrepid) to sell the exclusive rights for the application of the AAGP molecule. The total purchase price for the exclusive rights to the application is $2,500,000 to be paid as follows:

- $25,000 cash deposit (received);
- $25,000 paid by cash on or before April 22, 2014 as a balance of the transaction deposit (received);
- Six monthly payments of $25,000 on or before May 22, June 22, July 22, August 22, September 22 and October 22, 2014 ($5,000 received);
- $2,300,000 paid by the issuance of 3,500,000 restricted shares of the buyer as payment of the outstanding balance. These shares can be redeemed by a cash payment at any time within the first 6 months of the effective date of this agreement.

Once the Company has received $2,500,000 in total through payment, sale of the shares and through the redemption of the shares, any surplus shares will be returned to Intrepid. In the event that the total payment has not totaled $2,500,000, Intrepid will pay the difference to the Company no later than 13 months after the effective date of this agreement.

Note 4. Short-Term Loans

During the year ended December 31, 2013, the Company received a loan of $20,000. The loan is to be repaid by November 8, 2014, along with $10,000 in interest. In addition, the Company issued 500,000 warrants to the lender, exercisable at $0.25 for a period of 5 years. The proceeds of the loan were allocated between the debt and warrants based on a relative fair value approach, which bifurcates between the values of the two securities at the time of issuance. Using this approach, the fair value of the warrants was estimated at $4,400, with the remaining $15,600 being allocated to the debt portion; to be accreted to its settlement value over the term of the loan.

Accretion for the six months ending June 30, 2014 was $2,200 (2013 - $nil). Accrued interest on the loan principal totaled 6,667 as at June 30, 2014.

During the six month period ended June 30, 2014, the Company issued a total of 2,500,000 units to settle $25,000 in short-term loans (Note 8).

The remainder of the short-term loans in the amount of $103,500 (December 31, 2013 - $127,500) are unsecured, non-interest bearing and are repayable on demand.

Note 5. Convertible Notes Payable

On July 1, 2011, the Company executed a loan agreement under which the Company issued to a corporation an 8% convertible promissory note in exchange for $300,000. The note holder has the right to demand payment of outstanding principal and interest at any time with a 30-day grace period. The note is due and payable no later than June 30, 2016, and is convertible into shares of the Company's common stock at $0.025 per share. No beneficial conversion feature was applicable to this convertible note.

On June 17, 2014, the Company executed a loan agreement under which the Company issued to a related party an 8% convertible promissory note in exchange for an initial amount of $10,000, with the ability to be increased to $100,000. The note holder has the right to demand payment of outstanding principal and interest at any time with a 30-day grace period. The note is due and payable no later than December 31, 2015, and is convertible into shares of the Company's common stock at $0.25 per share. No beneficial conversion feature was applicable to this convertible note.

Note 6. Share-Based Compensation

The Company has 2003 and 2004 Stock Incentive Plans. Each plan provides for the issuance of incentive and non-qualified shares of the Company's stock to officers, directors, employees, and non-employees. The Board of Directors determines the terms of the shares or options to be granted, including the number of shares or options, the exercise price, and the vesting schedule, if applicable.

During the six month period ended June 30, 2014, the Company issued a total of 25,550,000 common shares for services performed during the year ended December 31, 2013. An additional 50,000 shares of common stock were issued during the period for consulting services.

At June 30, 2014 and December 31, 2013, there were no stock options outstanding.

Note 7. Warrants

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2013	21,300,000	$	0.04
Issued	4,700,000		0.07
Expired	(12,500,000)		0.03
Balance, June 30, 2014	13,500,000	$	0.05
Exercisable at June 30, 2014	13,500,000	$	0.05

At June 30, 2014, the following warrants were outstanding:

Number of Warrants	Exercise price	Expiry Date
2,500,000	$ 0.03	July 12, 2014
5,800,000	0.01	October 1, 2014
2,500,000	0.05	February 18, 2015
1,600,000	0.10	January 1, 2016
300,000	0.05	January 1, 2016
300,000	0.15	January 1, 2016

500,000	0.25	November 8, 2018
13,500,000		

During the six month period ended June 30, 2014, the Company issued a total of 4,700,000 warrants, of which 2,200,000 warrants were compensatory for consulting services provided to the Company by arm's length parties. The value of these warrants was estimated at $40,300 using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.36%
Annual dividends	-
Expected stock price volatility	125.00%
Expected life	2 years

The relative fair value of 500,000 warrants issued in connection with a loan advanced to the Company during the year ended December 31, 2013 (Note 4) was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.83%
Annual dividends	-
Expected stock price volatility	125.00%
Expected life	5 years

Note 8. Stockholders Deficiency

The Company is authorized to issue 400,000,000 shares of $0.0000053 par value common stock. The authorized share capital was increased from 200,000,000 during the three month period ended March 31, 2014. Each holder of common stock has the right to one vote but does not have cumulative voting rights.

Shares of common stock are not subject to any redemption or sinking fund provisions, nor do they have any preemptive, subscription or conversion rights. Holders of common stock are entitled to receive dividends whenever funds are legally available and when declared by the board of directors, subject to the prior rights of holders of all classes of stock outstanding having priority rights as to dividends. No dividends have been declared or paid as of June 30, 2014.

During the six month period ended June 30, 2014, the Company:

1. Issued 25,550,000 shares of restricted common stock for consulting, research and investor relations services provided during the year ended December 31, 2013. The value of these shares was $255,500 and had been accrued as common stock issuable as at December 31, 2013.
2. Issued 50,000 shares of common stock to an individual for website services provided during the six month period ended June 30, 2014. The value of these shares was $1,000 and was recorded as general and administrative expense.
3. Issued 2,500,000 units to settle a portion of the short-term loans totaling $25,000. Each unit consists of one share of common stock and one warrant exercisable at a price of $0.05 for a period of 1 year expiring on February 18 2015.
4. Issued 2,200,000 compensatory warrants with a fair value of $40,300 (Note 7).
5. Issued 5,000,000 shares of common stock at $0.02 per share to a related party for gross proceeds of $100,000.
6. Issued 250,000 shares of common stock pursuant to share subscriptions previously received. In accordance with the original subscription agreement, the Company issued the shares at $0.10 for a total value of $25,000.

As at December 31, 2013, the Company was committed to issue a total of 25,550,000 shares of common stock to arm`s length and related parties for consulting, research and investor relations services provided. For the six month period ended June 30, 2013, related party consulting fees totaled $22,500, representing the fair value of 2,250,000 shares of common stock. No amounts were recognized for related party services during the six month period ended June 30, 2014.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This discussion and analysis in this Quarterly Report on Form 10-Q should be read in conjunction with the accompanying unaudited Financial Statements and related notes for the six months ended June 30, 2014 and 2013. Our discussion and analysis of our financial condition and results of operations are based upon our unaudited financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. We review our estimates and assumptions on an on-going basis. Our estimates are based on our historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations. Our critical accounting policies, the policies we believe are most important to the presentation of our financial statements and require the most difficult, subjective and complex judgments, are outlined below in Critical Accounting Policies, and have not changed significantly.

In addition, certain statements made in this report may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve known or unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Specifically, but not limited to, 1) our ability to obtain necessary regulatory approvals for our products; and 2) our ability to increase revenues and operating income, is dependent upon our ability to develop and sell our products, general economic conditions, and other factors. You can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continues" or the negative of these terms or other comparable terminology. We base these forward-looking statements on our expectations and projections about future events, which we derive from the information currently available to us. Such forward-looking statements relate to future events or our future performance. Although we believe that the expectations reflected-in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Forward-looking statements are only predictions. The forward-looking events discussed in this Quarterly Report, the documents to which we refer you, and other statements made from time to time by us or our representatives, may not occur, and actual events and results may differ materially and are subject to risks, uncertainties, and assumptions about us. For these statements, we claim the protection of the bespeaks caution doctrine. The forward-looking statements speak only as of the date hereof, and we expressly disclaim any obligation to publicly release the results of any revisions to these forward-looking statements to reflect events or circumstances after the date of this filing.

Critical Accounting Policies

Our critical and significant accounting policies, including the assumptions and judgments underlying them, are disclosed in the Notes to the Financial Statements. These policies have been consistently applied in all material respects. The preparation of the financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. See our audited financial statements and notes thereto which contain accounting policies and other disclosures required by accounting principles, generally accepted in the United States of America.

Cease Trade Order

A Cease Trade Order (CTO) was issued in respect of the Company s securities by the British Columbia Securities Commission (BCSC) on May 9, 2013 based on the Company s failure to file annual consolidated financial statements for the year ended December 31, 2012 by the deadline of April 1, 2013. The Company is currently up-to-date on its filing requirements and is in continued correspondence with the BCSC regarding their ability to have the CTO removed.

Important Disclosures and Disclaimers.

Please note that ProtoKinetix, Inc. (the "Company") is a research and product development stage company that has not yet sold any products. The Company had $nil in revenues for the six month period ending June 30, 2014.

It is important to understand that although the Company (as is discussed below) is focused on various promising scientific and business development efforts, to date, we have not yet marketed a product. Ongoing testing of the AAGP molecule with three amino acids joined to a monosaccharide by a gemdifluride bond continues to show that there is significant promise in the field of medicine of preserving cells, tissue and organs from various stresses. The antiaging properties and the protective effect of AAGP also is of significant interest to the cosmetic and skin care industries. Tests have confirmed that the AAGP molecule improves the harvest of cells from cryopreservation by 30% to 120%. We believe there is a market for AAGP to preserve cells, particularly various stem cells, and we will continue testing with potential customers. At the same time we are taking steps to improve the manufacturing process to reduce costs and improve purity and biochemical activity.

Our progress to date has been achieved notwithstanding the inherent risks relating to the science, applications, market opportunities and commercial relationships. The progress of the business has and will continue to be dependant on having appropriate human and sufficient financial resources which have and will be uncertain.

Overview

ProtoKinetix owns the world-wide rights to a family of anti-aging glycopeptides, trademarked as AAGPs . In scientific studies and tests AAGPs have demonstrated the ability to enhance the health and extend the life of biologically sensitive cells which have been subjected to severe stress conditions under laboratory controlled test conditions. AAGPs are stable and non-toxic.

Since 2005, ProtoKinetix has primarily focused on scientific research, however recently the company has been in the process of directing major efforts to the practical side of commercial validation and product development initiatives, particularly in regenerative medicine and the preservation of stem cells and other biological products and tools used in medical applications. The commercial applications for AAGPs in large markets such as skincare/cosmetic products and targeted health care solutions are numerous. ProtoKinetix is currently working with researchers, business leaders and advisors and commercial entities to bring AAGP to market.

Native AFGP Compound

AFGP (Anti-Freeze Glycoprotein) is found in nature as a compound produced by some fish, insects, reptiles, bacteria and plants that enable survival in freezing temperatures.

One of the many accomplishments from pioneering research of the U.S. Antarctic Program was the discovery, in the early sixties, that fish living year-long in subzero temperature are extremely resistant to freezing. The substances that prevent these fish from freezing were isolated, characterized and designated as antifreeze glycoproteins or AFGP. Various kinds of AFGP were isolated from many species of fishes, and in some amphibians, plants and insects. All of the AFGPs share a common characteristic that prevents ice crystals from growing and connecting to each other. Research has also confirmed a cell membrane stabilizing characteristics of native AFGP.

There has been much scientific research done in an attempt to synthetically replicate AFGPs in research institutions because the protective properties of AFGPs could have commercial applications, primarily in food and crop preservation at freezing temperatures. The native antifreeze glycoproteins are very large molecules that are often made up of a repeating series of smaller molecules, glycoproteins. Glycoproteins are often very biologically active, but they are inherently quite unstable. The oxygen-glycosidic link is readily cleaved by glycosidases, resulting in a low bio-availability of these glycoconjugate based molecules.

Scientific research prior to AAGP has focused on building a stable and more efficient compound with a strong bond.

AAGP The Core Technology of ProtoKinetix

AAGP Invention

Dr. Geraldine Castelot-Deliencourt, along with Dr. Jean-Charles Quirion at the Research Institute of Organic Chemistry in Rouen, France, developed a patented process to stabilize the oxygen-glycosidic bond in these sugar based molecules. This patented process replaces the weaker oxygen bond with a C-F2 mimetic. The resultant molecules are biologically active and stable over a pH range of 2 to 13. They are not broken down by glycosidases.

AAGP Toxicity Tests

Tests have shown cells that have been exposed to AAGP at low and high concentrations have remained viable. A common viability test used on cell cultures using trypan blue dye exclusion method has been used to show AAGP non-toxicity.

AAGP Stability Tests

AAGP molecules have remained stable when subjected to three tests:

1. pH ranging from a strong acid level of 1.8 (stronger than stomach acid) to a strong alkali level of 13.8. (the pH scale is calibrated from 1, highly acidic, to 14, highly alkali);

2. Enzymatic action using protease, which targets the amino acid bonds, and glycosidase, which targets the amino acid bonds, and glycosidase, which targets the sugar molecules; and

3. Temperatures ranging from -196°C (cryopreservation) to +37°C (body temperature).

Stress Tests on 12 Different Cell Lines

Cell lines are selected for their high level of sensitivity. Cell lines are also selected for their potential role in adding value in medical applications, enhancing health and extending life. All tests are designed to explore how cells from different cell lines act biologically in the presence of AAGP when subjected to health and life threatening inflammatory stress conditions and agents.

Cell Lines Tested

Stem cells (human)
Whole blood cells
Blood Platelet cells
Heart tissue
Hela (cancer) cells
Kidney (KB and vero) cells
Adult skin fibroblast cells
Heart cells (cardiac myocites)
Liver cells (hepatocites)
Embryonic skin fibroblast cells
Islet cells (pancreatic)
Stem cells (mouse)

Stress Conditions and Agents

Temperature

- temperatures ranging from -80° C to +37°

UV-C Radiation

- harsh sterilizing radiation
- 254 nanometer wavelength

Oxidation

- hydrogen peroxide (H2O20
- powerful oxidant

Starvation

- serum free culture media
- food/growth/nutrients factors (fetal bovine serum) withheld

Inflammation

- Interleukin 1 Beta, a standard agent for stimulating inflammation in cell testing
- All of the above tests are also considered to cause inflammation

Bio-Screening Control Lab Testing

AAGP testing is conducted to international standards in outsourced research laboratories in North America and Europe. All tests are designed to explore both the safety and effectiveness of AAGP when challenged to enhance the health and extend the life of cells.

Test Results Summary

Cells that were tested in the presence of AAGP had a higher survival and viability rate than the controls. The overall effect of AAGP is to protect, preserve and in some cases to repair. Anti-inflammatory effects appear to be at work, although the mechanism and pathways of action are not yet determined. AAGP appears to enhance heath and extend cell life.

The test results are considered preliminary. The limited number of samples and extent of the tests are designed to investigate the potential attributes of AAGP and should not be considered as statistically or scientifically conclusive. Notwithstanding, we feel the results are sufficient to justify further tests by commercial entities in health care.

AAGP Commercial Applications

The extent of the value of the ProtoKinetix family of AAGPs is being investigated by companies and the Company is targeting commercial entities specializing in regenerative medicine, cellular and tissue therapies, organ transplantation, trauma, blood product banking, anti- inflammation and cosmetics/skin care.

Skincare and Cosmetics

In the skin care business it s about healthier, younger looking skin. The two major causes of dry, wrinkled, less elastic or even diseased skin are inflammation and oxidation. The main culprits are the sun (UV rays and free radicals) and other environmental and physiological stresses that also cause inflammation and oxidation.

When AAGP is combined with Coenzyme Q10 a powerful anti-oxidant effect is achieved that not only protects but also seems to help the cells repair previously existing damage. In vitro laboratory tests have shown the AAGP molecules can protect in vitro skin cells from damage and death that would otherwise occur from UV rays and free radicals. To the extent of the laboratory tests conducted, AAGP appears to protect in vitro skin cells from cold temperatures, oxidation, UV irradiation and pH variations.

Health Care

Acute medical problems are increasingly reliant on, and benefit from, solutions that can deal with the fundamental factors of inflammation and oxidation. Both are well-known causes of life-threatening conditions and diseases, and accelerated aging. In addition many acute medical problems are benefiting from cell therapies and transplantation of cells, tissues and time sensitive organs.

Health Care Applications of AAGP fall into two main categories: (i) harvesting, storage and transplanting cells, tissues and organs; and (ii) treatments for conditions and disease caused by stress factors, including UV radiation, oxidation and inflammation. These are all areas that expand into many sub-categories of existing and future health care solutions.

Intellectual Property

Because it is difficult and costly to protect our proprietary rights, we may not be able to ensure their protection. Our commercial success will depend in part on maintaining patent protection and trade secret protection for our products, as well as successfully defending these patents against third-party challenges. We will only be able to protect our technologies from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in pharmaceutical or biotechnology patents has emerged to date in the United States. The patent situation outside the United States is even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in our patents or in third-party patents.

Patents

As of the date of this Report, our development agents, including the parties we have licensed AAGP technologies from, have applied to receive patents for technologies we have licensed and continue to primarily base our research efforts on. At present, we have engaged the patent law firm of Cabinet-Moutard of Versaille, France, and have filed a number of international patent applications. These patent applications include:

WO 2004/014928 A2 (19 February 2004)
PCT Int. Appl. (2006), 87 pp. WO2006059227 A1 20060608 AN 2006:538719
Patent application: Fr 03 May 2006, 06 03952

Consistent with our agreements with the licensors of various technologies we license, we have no finished commercial product or products, and have received no final patents awards or FDA approvals for any product or diagnostic procedures. We are focused on the research and development of one primary compound known as AAGP , which we have filed a trademark application for.

Subject to our available financial resources, our intellectual property strategy is: (1) to pursue licenses, trade secrets, and know-how within our primary research areas, and (2) to develop and acquire proprietary positions to reagents and new platforms for the development of products related to these technologies.

Trade Secrets and Know-How

We have developed a substantial body of trade secrets and know-how relating to the development, use and manufacture of AAGP , including but not limited to the optimization of materials for efforts, and how to maximize sensitivity, speed-to-result, specificity, stability, purity and reproducibility.

Super Antibody and Catalytic Antibody Platform Technologies

We continue to own the rights to both the Super Antibody and the Catalytic Antibody platform technologies. We plan to, as a secondary priority and subject to available resources, search for a patentable receptor sites that exist on cancer cells.

Competition

The markets that we are focusing on are multi-billion dollar international industries. They are intensely competitive. Many of our competitors are substantially larger and have greater financial, research, manufacturing, and marketing resources.

Industry competition in general is based on the following:

- Scientific and technological capability;
- Proprietary know-how;

- The ability to develop and market products and processes;
- The ability to obtain FDA or other required regulatory approvals;
- The ability to manufacture products that meet applicable FDA requirements, (i.e. FDA s Quality System Regulations) see Governmental Regulation section;
- Access to adequate capital;
- The ability to attract and retain qualified personnel; and
- The availability of patent protection.

We believe our scientific and technological capabilities are significant.

Our ability to develop our research is in large measure dependent on having sufficient and additional resources and/or collaborative relationships.

Our access to capital is more challenging, relative to most of our competitors. This is a competitive disadvantage. We believe however that our access to capital may increase as we get closer to the development of a commercially viable product.

We believe that our research has enabled us to attract and retain qualified consultants. Because of the greater financial resources of many of our competitors, we may not be able to compete effectively for the same individuals to the extent that a competitor uses its substantial resources to attract any such individuals.

Employees

We currently have no full time employees. We operate with a skeletal management team of consultants headed by our Chief Executive Officer, Ross Senior. In addition, we receive advice and counsel from our Business and Scientific Advisory Board.

Governmental Regulation

Our AAGPs have commercial applications in markets and circumstances that fall under government regulations ranging from none to limited to extensive.

Although there is no such immediate need to make any regulatory filing in the United States or other jurisdictions, we have limited or no experience with regard to obtaining FDA or other required regulatory approvals. We intend to retain the services of appropriately experiences consultants. For this reason, should our research efforts continue to show promise, we will need to hire consultants to assist the Company with such governmental regulations.

As we continue to conduct research and testing programs, in collaboration with commercial entities, to expand and confirm the potential medical applications of AAGP in the a number of fields, including regenerative medicine, cell therapy, blood products, transplants and skin care/cosmetics, we intend to utilize the regulatory expertise of others, whether they are consultants or commercial entities involved on collaborative development programs with the Company.

The following discussion relates to factors that may come into play when and if we have a commercially viable product in an area which requires regulatory approval. These products may be regulated by the European regulatory agencies, FDA, U.S. Department of Agriculture, certain state and local agencies, and/or comparable regulatory bodies in other countries (collectively, these agencies shall be referred to as the "Agencies"). Government regulation affects almost all aspects of development, production, and marketing, including product testing, authorizations to market, labeling, promotion, manufacturing, and record keeping. The FDA and U.S. Department of Agriculture regulated products require some form of action by that agency before they can be marketed in the United States, and, after approval or clearance, the products must continue to comply with other FDA requirements applicable to marketed

products. Both before and after approval or clearance, failure to comply with the FDA s requirements can lead to significant penalties. Our proposed AAGP products will require government regulatory approval as a biologic agent. Such regulatory approval will be granted only after the appropriate preclinical and clinical studies are conducted to confirm efficacy and safety.

Every company that manufactures biologic products or medical devices distributed in the United States must comply with the FDA s Quality System Regulations. These regulations govern the manufacturing process, including design, manufacture, testing, release, packaging, distribution, documentation, and purchasing. Compliance with the Quality System Regulations is required before the FDA will approve an application. These requirements also apply to marketed products. Companies are also subject to other post-market and general requirements, including compliance with restrictions imposed on marketed products, compliance with promotional standards, record keeping, and reporting of certain adverse reactions or events. The FDA regularly inspects companies to determine compliance with the Quality System Regulations and other post-approval requirements. Failure to comply with statutory requirements and the FDA s regulations can lead to substantial penalties, including monetary penalties, injunctions, product recalls, seizure of products, and criminal prosecution.

The Clinical Laboratory Improvement Act of 1988 prohibits laboratories from performing in vitro tests for the purpose of providing information for the diagnosis, prevention or treatment of any disease or impairment of, or the assessment of, the health of human beings unless there is in effect for such laboratories a certificate issued by the U.S. Department of Health and Human Services applicable to the category of examination or procedure performed. Although a certificate is not required, we consider the applicability of the requirements of the Clinical Laboratory Improvement Act in the potential design and development of its products.

We are also subject to regulations in foreign countries governing products, human clinical trials and marketing, and may need to obtain approval or evaluations by international public health agencies, such as the World Health Organization, in order to sell products in certain countries. Approval processes vary from country to country, and the length of time required for approval or to obtain other clearances may in some cases be longer than that required for U.S. governmental approvals. The extent of potentially adverse governmental regulation affecting ProtoKinetix that might arise from future legislative or administrative action cannot be predicted.

Environmental Laws

To date, we have not encountered any costs relating to compliance with any environmental laws.

Plan of Operation

Our current operations are centered around our relationships with various research and development consultants who are conducting research on behalf of the company at discrete and established laboratories in various parts of the world. We intend to continue these efforts throughout 2014 and into 2015.

Recent Developments

The Company is currently both negotiating and engaged with a number of companies under collaboration and material transfer agreements for the purposes of research and product development and out-licensing.

The companies are working in mutually exclusive areas.

Sales and Marketing

Although there are no revenues currently being generated through dales of AAGP, we are actively marketing AAGP though collaborations and applications development initiatives as described in the recent developments section above.

Results of Operations for the six months ended June 30, 2014 compared to June 30, 2013 are as follows:

We had $nil in net revenues for the six month period ending June 30, 2014.

Operating expenses from continuing operations and net loss were $154,694 for the six month period ending June 30, 2014 compared to $183,495 for the six months ending June 30, 2013. These expenses were primarily incurred for professional fees, consulting services related to the operations of the Company's business, specifically, research and development related expenses, and other general and administrative expenses. Significant changes from the prior six month period include;

Professional fees increased by $4,191 from $6,078 to $10,269 primarily as a result of an increase in accounting services.

Consulting fees decreased by $32,805 from $82,083 to $49,278 as a result of a decrease in consulting services provided to the Company in 2014.

Liquidity and Capital Resources

At June 30, 2013, we had $6,802 in cash and $9,997 in total current assets. In the event that we need to raise additional capital, there can be no assurance that we will be able to raise capital from outside sources in sufficient amounts to fund our new business.

The failure to secure adequate outside funding would have an adverse affect on our plan of operation and results therefrom and a corresponding negative impact on shareholder liquidity.

Inflation

Although management expects that our operations will be influenced by general economic conditions, we do not believe that inflation had a material effect on our results of operations for the six month period ending June 30, 2014.

Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. The history of losses and the inability for the Company to make a profit from selling a good or service has raised substantial doubt about our ability to continue as a going concern. Given the cash position of the Company, we have very little cash to operate. We intend to fund the Company and attempt to meet corporate obligations by selling common stock. However the Company's common stock is at a low price and is not actively traded.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As defined by Rule 12b-2 of the Exchange Act, the Company is a smaller reporting company, and as such, is not required to provide the information required under this item

ITEM 4T. CONTROLS AND PROCEDURES

We evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q is recorded, processed, summarized and reported within the time periods specified by the SEC. Disclosure controls are also designed to ensure that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Based on the evaluation, our President and Chief Executive Officer, after evaluating the effectiveness of our disclosure controls and procedures , has concluded that, as of June 30, 2014, our disclosure controls and procedures were not effective due to the existence of several material weaknesses in our internal control over financial reporting.

Changes in internal controls

There were no significant changes in the Company s internal controls or other factors that could significantly affect the Company s internal controls subsequent to the date of their evaluation.

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PART II

ITEM 1. LEGAL PROCEEDINGS

We are not party to any legal proceedings and to our knowledge, no such proceedings are threatened or contemplated against us.

ITEM 1A. RISK FACTORS

Not Applicable.

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

On June 6, 2014, the Company issued 5,000,000 shares of common stock at a price of $0.02 per share for gross proceeds of $100,000 pursuant to a private placement financing with a related party.

On June 25, 2014, the Company issued 250,000 shares of common stock in return for share subscription proceeds previously received during the year ended December 31, 2011.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to the shareholders during the period.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

Ex. #	Description
31.1	Rule 13a-12(a)/15d-14(a) Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 302 the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(101)	**XBRL**
101.INS*	XBRL INSTANCE DOCUMENT
101.SCH*	XBRL TAXONOMY EXTENSION SCHEMA
101.CAL*	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
101.DEF*	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
101.LAB*	XBRL TAXONOMY EXTENSION LABEL LINKBASE
101.PRE*	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

Signatures

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Protokinetix, Inc.

/s/ Ross L. Senior

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By: Ross L. Senior
Its: President, CEO and CFO

In accordance with the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/Ross L. Senior	**Chief Executive Officer, President, and**	**August 14, 2014**
Ross L. Senior	**Chief Financial Officer**	