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

FORM 10-K/A-1

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

For the fiscal year ended December 31, 2017

OR

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

For the transition period from_____ to _____

Commission file number 1-12830

BioTime, Inc.
(Exact name of registrant as specified in its charter)

California	**94-3127919**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1010 Atlantic Avenue, Suite 102
Alameda, California 94501
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(510) 521-3390**

Securities registered pursuant to Section 12(b) of the Act

Title of each class	**Name of exchange on which registered**
Common shares, no par value	NYSE American
Common share purchase warrants expiring October 1, 2018	NYSE American

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☐

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

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 13(a) of the Exchange Act. ☐

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

The approximate aggregate market value of voting common shares held by non-affiliates computed by reference to the price at which common shares were last sold as of June 30, 2017 was $223,153,000. Shares held by each executive officer and director and by each person who beneficially owns more than 5% of the outstanding common shares have been excluded in that such persons may under certain circumstances be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of common shares outstanding as of March 13, 2018 was 126,869,152.

Documents Incorporated by Reference

Portions of the registrant's Proxy Statement for 2018 Annual Meeting of Shareholders are incorporated by reference in Part III

EXPLANATORY NOTE

BioTime, Inc. ("BioTime") is filing this Amendment No. 1 (the "Amendment") to its Annual Report on Form 10-K for the period ended December 31, 2017, as originally filed with the Securities and Exchange Commission (the "SEC") on March 15, 2018 (the "Original Filing"), in accordance with Rule 3-09 of Regulation S-X to include as schedules to this Annual Report audited financial statements of OncoCyte Corporation ("OncoCyte") for the year ended December 31, 2017 which were included in OncoCyte's Annual Report on Form 10-K filed with the SEC on April 2, 2018 (the "OncoCyte Financial Statements"). The OncoCyte Financial Statements have been filed an Exhibit to this Amendment and are incorporated by reference as financial schedules in Item 15 of this Annual Report.

This Amendment does not reflect events occurring after the date of the Original Filing or modify or update any disclosures that may have been affected by subsequent events.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a-1) Financial Statements.

The following financial statements of BioTime are filed in this Report:

Consolidated Balance Sheets
Consolidated Statements of Operations
Consolidated Statements of Comprehensive Loss
Consolidated Statements of Changes in Shareholders' Equity
Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

(a-2) Financial Statement Schedules

Audited financial statements of Asterias are filed as Exhibit 99.1

(a-3) Exhibits.

Exhibit Number	Description
3.1	Restated Articles of Incorporation (1)
3.2	By-Laws, As Amended (2)
4.1	Specimen of Common Share Certificate (3)
4.2	Form of Warrant Issued June 2013 (4)
4.3	Warrant Agreement, dated as of October 1, 2013, as amended September 19, 2014, between BioTime, Inc. and American Stock Transfer & Trust Company, LLC as Warrant Agent for the benefit of Asterias Biotherapeutics, Inc. (5)
4.4	Warrant Issued October 1, 2013 to Asterias Biotherapeutics, Inc. (included in Exhibit 4.7) (5)
10.1	2002 Stock Option Plan, as amended (6)
10.2	Employment Agreement, dated October 10, 2007, between BioTime, Inc. and Michael D. West. (7)
10.3	Commercial License and Option Agreement between BioTime and Wisconsin Alumni Research Foundation (8)
10.4	License Agreement, dated July 10, 2008, between Embryome Sciences, Inc. and Advanced Cell Technology, Inc. (9)
10.5	First Amendment of Commercial License and Option Agreement, dated March 11, 2009, between BioTime and Wisconsin Alumni Research Foundation (10)
10.6	OrthoCyte Corporation 2010 Stock Option Plan; Form of OrthoCyte Corporation Stock Option Agreement (11)
10.7	BioTime Asia, Limited 2010 Stock Option Plan; Form of BioTime Asia Limited Stock Option Agreement (11)
10.8	License Agreement between BioTime, Inc. and Cornell University (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (12)
10.9	LifeMap Sciences, Inc. 2011 Stock Option Plan; and Form of LifeMap Sciences, Inc. Stock Option Agreement (13)

10.10	Exclusive License Agreement, dated February 15, 2006, between Glycosan BioSystems, Inc. and the University of Utah Research Foundation, as amended (14)
10.11	Form of Employee Incentive Stock Option Agreement (15)
10.12	Form of Non-employee Director Stock Option Agreement (15)
10.13	Option Agreement, dated March 4, 2014, between BioTime and certain investors (16)
10.14	Employment Agreement, dated December 29, 2014, between BioTime, Inc. Aditya Mohanty (17)
10.15	2012 Equity Incentive Plan, as amended (18)
10.16	Research & Development Agreement, dated September 29, 2015, between OrthoCyte Corporation and Heraeus Medical GmbH (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (19)
10.17	License Agreement, dated September 29, 2015, between OrthoCyte Corporation and Heraeus Medical GmbH (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (19)
10.18	Employment Agreement, dated November 16, 2015, between BioTime, Inc. and Russell Skibsted (20)
10.19	Amendment of Employment Agreement, dated November 24, 2015, between BioTime, Inc. and Michael D. West (21)
10.20	Amendment of Employment Agreement, dated November 24, 2015, between BioTime, Inc. and Aditya Mohanty (21)
10.21	Lease, dated December 10, 2015, between BioTime, Inc. and BSREP Marina Village Owner LLC (22)
10.22	Cross-License Agreement, dated February 16, 2016, among Asterias Biotherapeutics, Inc., BioTime, Inc., and ES Cell International Pte. Ltd. (23)
10.23	Cell Cure Neurosciences Ltd. Share Option Plan (24)
10.24	Form of Cell Cure Neurosciences Ltd. Share Option Plan Option Agreement (24)
10.25	Controlled Equity Offering[SM] Sales Agreement, dated as of April 6, 2017 between BioTime, Inc., and Cantor Fitzgerald & Co. (25)
10.26	Second Amended and Restated License Agreement, dated June 15, 2017, between Cell Cure Neurosciences, Ltd. and Hadasit Medical Research Services and Development Ltd. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (26)
10.27	Debt and Note Purchase Agreement, dated June 16, 2017, as amended June 29, 2017, between BioTime, Inc. and HBL-Hadasit Bio-Holdings Ltd. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (26)
10.28	Share Purchase and Transfer Agreement, dated June 16, 2017, by and among BioTime, Inc. and HBL-Hadasit Bio-Holdings Ltd. and Cell Cure Neurosciences Ltd. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment) (26)
10.29	2017 Amendment to 2012 Equity Incentive Plan (27)
10.30	Asset Contribution and Separation Agreement, dated August 17, 2017, between BioTime, Inc. and AgeX Therapeutics, Inc. (28)

10.31	License Agreement, dated August 17, 2017, between BioTime, Inc. and AgeX Therapeutics, Inc. (28)
10.32	Option to Purchase Shares of AgeX Therapeutics, Inc., dated August 4, 2017, granted by BioTime, Inc. to Alfred D. Kingsley (28)
10.33	AgeX Therapeutics, Inc. 2017 Equity Incentive Plan (29)
10.34	Form of AgeX Therapeutics, Inc. Stock Option Agreement (29)
10.35	Amendment, dated January 8, 2018, to Second Amended and Restated License Agreement, dated June 15, 2017, between Cell Cure Neurosciences, Ltd. and Hadasit Medical Research Services and Development (30)
21.1	List of Subsidiaries (30)
23.1	Consent of OUM & Co. LLP (30)
23.2	Consent of OUM & Co. LLP for Financial Statements of Asterias Biotherapeutics, Inc.(30)
23.3	Consent of OUM & Co. LLP for Financial Statements of OncoCyte Corporation.*
31	Rule 13a-14(a)/15d-14(a) Certification *
32	Section 1350 Certification *
99.1	Financial Statements of Asterias Biotherapeutics, Inc. (30)
99.2	Financial Statements of OncoCyte Corporation*
101	Interactive Data File
101.INS	XBRL Instance Document (30)
101.SCH	XBRL Taxonomy Extension Schema (30)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (30)
101.LAB	XBRL Taxonomy Extension Label Linkbase(30)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase(30)
101.DEF	XBRL Taxonomy Extension Definition Document(30)

(1) Incorporated by reference to BioTime's Current Report on Form 8-K/A, filed with the Securities and Exchange Commission on August 14, 2017

(2) Incorporated by reference to BioTime's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 7, 2017

(3) Incorporated by reference to Registration Statement on Form S-1, File Number 33-44549 filed with the Securities and Exchange Commission on December 18, 1991, and Amendment No. 1 and Amendment No. 2 thereto filed with the Securities and Exchange Commission on February 6, 1992 and March 7, 1992, respectively

(4) Incorporated by reference to BioTime's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 3, 2013

(5) Incorporated by reference to BioTime's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 23, 2014

(6) Incorporated by reference to BioTime's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009

(7) Incorporated by reference to BioTime's Annual Report on Form 10-KSB for the year ended December 31, 2007

(8) Incorporated by reference to BioTime's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 9, 2008

(9) Incorporated by reference to BioTime's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008

(10) Incorporated by reference to BioTime's Annual Report on Form 10-K for the year ended December 31, 2008

(11) Incorporated by reference to BioTime's Annual Report on Form 10-K for the year ended December 31, 2010

(12) Incorporated by reference to BioTime's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011

(13) Incorporated by reference to BioTime's Annual Report on Form 10-K for the year ended December 31, 2011

(14) Incorporated by reference to BioTime's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012

(15) Incorporated by reference to BioTime's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013

(16) Incorporated by reference to BioTime's Annual Report on Form 10-K for the year ended December 31, 2013

(17) Incorporated by reference to BioTime's Annual Report on Form 10-K for the year ended December 31, 2014

(18) Incorporated by reference to Registration Statement on Form S-8, File Number 333-205661 filed with the Securities and Exchange Commission on July 15, 2015

(19) Incorporated by reference to BioTime's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015

(20) Incorporated by reference to BioTime's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 16, 2015

(21) Incorporated by reference to BioTime's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 24, 2015

(22) Incorporated by reference to BioTime's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 9, 2015

(23) Incorporated by reference to BioTime's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 18, 2016

(24) Incorporated by reference to BioTime's Annual Report on Form 10-K for the year ended December 31, 2016

(25) Incorporated by reference to BioTime's Registration Statement on Form S-3, File Number 333-217182 filed with the Securities and Exchange Commission on April 6, 2017

(26) Incorporated by reference to BioTime's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017

(27) Incorporated by reference to Registration Statement on Form S-8, File Number 333-219204 filed with the Securities and Exchange Commission on July 7, 2017

(28) Incorporated by reference to BioTime's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017

(29) Incorporated by reference to BioTime's Current Report on Form 8-K, filed with the Securities and Exchange Commission on October 16, 2017

(30) Incorporated by reference to BioTime's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 15, 2018

* Filed herewith

(c) Financial Statement Schedules of Subsidiaries Not Consolidated and Fifty Percent or Less Owned Persons

The following financial statements of OncoCyte Corporation are incorporated by reference to the financial statements included in OncoCyte's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on April 2, 2018, and filed herewith as Exhibit 99.2.
Balance sheets as at December 31, 2017 and 2016
Statements of operations for the years ended December 31 2017, 2016, and 2015
Statements of comprehensive loss for the years ended December 31 2017, 2016, and 2015
Statement of stockholders' equity for the years ended December 31 2017, 2016, and 2015
Statements of cash flows for the years ended December 31 2017, 2016, and 2015
Notes to Financial Statements

ITEM 16. SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized on the 2nd day of April 2018.

BIOTIME, INC.

By: */s/ Michael D. West*
Michael D. West, Ph.D.
Co-Chief Executive Officer

By: */s/ Aditya Mohanty*
Aditya Mohanty
Co-Chief Executive Officer

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-2 (Registration Nos. 333-128083 and 333-109442), Form S-3 (Registration Nos. 333-218807, 333-217182, 333-166862, 333-183557, 333-187710, 333-188066, 333-201824, 333-209000, 333-217182 and 333-218807), and Form S-8 (Registration Nos. 333-219204, 333-205661, 333-101651, 333-122844, 333-163396, 333-192531, 333-205661 and 333-219204) and related prospectuses of BioTime, Inc. of our report dated April 2, 2018 relating to the financial statements of OncoCyte Corporation, included in this Annual Report on Form 10-K/A-1 of BioTime, Inc. for the year ended December 31, 2017.

/s/ OUM & CO. LLP

San Francisco, California
April 2, 2018

Exhibit 31

CERTIFICATIONS

I, Michael D. West, certify that:

1. I have reviewed this annual report on Form 10-K/A of BioTime, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: April 2, 2018

/s/ Michael D. West

Michael D. West
Co-Chief Executive Officer

Exhibit 31

CERTIFICATIONS

I, Aditya Mohanty, certify that:

1. I have reviewed this annual report on Form 10-K/A of BioTime, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: April 2, 2018

/s/ Aditya Mohanty

Aditya Mohanty
Co-Chief Executive Officer

Exhibit 31

CERTIFICATIONS

I, Russell Skibsted, certify that:

1. I have reviewed this annual report on Form 10-K/A of BioTime, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: April 2, 2018

/s/ Russell Skibsted

Russell Skibsted
Chief Financial Officer

Exhibit 32

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

In connection with the Annual Report on Form 10-K/A of BioTime, Inc. (the "Company") for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Michael D. West, Co-Chief Executive Officer, Aditya Mohanty, Co-Chief Executive Officer, and Russell Skibsted, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 2, 2018

/s/ *Michael D. West*
Michael D. West Ph.D.
Co-Chief Executive Officer

/s/ *Aditya Mohanty*
Aditya Mohanty
Co-Chief Executive Officer

/s/ *Russell Skibsted*
Russell Skibsted
Chief Financial Officer

Exhibit 99.2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
OncoCyte Corporation
Alameda, California

Opinion on the Financial Statements

We have audited the accompanying balance sheets of OncoCyte Corporation (the "Company") as of December 31, 2017 and 2016, the related statements of operations, comprehensive loss, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017**,** in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ OUM & CO. LLP

San Francisco, California
April 2, 2018
We have served as the Company's auditor since 2015.

ONCOCYTE CORPORATION
BALANCE SHEETS
(*In thousands*)

	December 31,	
	2017	**2016**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,600	$ 10,174
BioTime shares held as available-for-sale securities, at fair value	760	2,237
Prepaid expenses and other current assets	168	285
Total current assets	8,528	12,696
NONCURRENT ASSETS		
Intangible assets, net	746	988
Equipment and furniture, net	822	688
Deposits	120	75
TOTAL ASSETS	$ 10,216	$ 14,447
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Amount due to BioTime and affiliates	$ 2,099	$ 2,854
Accounts payable	175	422
Accrued expenses and other current liabilities	1,042	797
Loan payable, current	800	-
Capital lease liability, current	338	202
Total current liabilities	4,454	4,275
LONG-TERM LIABILITIES		
Loan payable, net of deferred financing costs, noncurrent	1,070	-
Capital lease liability, noncurrent	289	310
TOTAL LIABILITIES	5,813	4,585
Commitments and contingencies (see Note 9)		
STOCKHOLDERS' EQUITY		
Preferred stock, no par value, 5,000 shares authorized; none issued and outstanding	-	-
Common stock, no par value, 50,000 shares authorized; 31,452 and 28,737 shares issued and outstanding at December 31, 2017 and 2016, respectively	59,968	45,818
Accumulated other comprehensive loss on available-for-sale securities	(888)	(654)
Accumulated deficit	(54,677)	(35,302)
Total stockholders' equity	4,403	9,862
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 10,216	$ 14,447

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

ONCOCYTE CORPORATION
STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2017	**2016**	**2015**
OPERATING EXPENSES			
Research and development	$ 7,174	$ 5,677	$ 4,527
General and administrative	9,232	4,265	3,867
Sales and marketing	2,443	1,198	324
Total operating expenses	18,849	11,140	8,718
Loss from operations	(18,849)	(11,140)	(8,718)
OTHER EXPENSES, NET			
Loss on sale of available-for-sale securities and other expenses, net	(309)	-	-
Interest expense, net	(217)	(28)	(19)
Other income, net	-	-	2
Total other expenses, net	(526)	(28)	(17)
NET LOSS	$ (19,375)	$ (11,168)	$ (8,735)
Basic and diluted net loss per share	$ (0.64)	$ (0.42)	$ (0.42)
Weighted average shares outstanding: basic and diluted	30,195	26,529	21,009

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

ONCOCYTE CORPORATION
STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
NET LOSS	$ (19,375)	$ (11,168)	$ (8,735)
Other comprehensive loss, net of tax:			
Realized loss on sale of available-for-sale securities	293	-	397
Unrealized gain (loss) on available-for-sale securities	(527)	(304)	75
COMPREHENSIVE LOSS	$ (19,609)	$ (11,472)	$ (8,263)

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

ONCOCYTE CORPORATION
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands)

	Common Stock		Accumulated Other Comprehensive	Accumulated	Total Shareholders'
	Shares	Amount	Loss	Deficit	Equity (Deficit)
BALANCE AT DECEMBER 31, 2014	18,200	$ 15,147	$ (822)	$ (15,399)	$ (1,074)
Net loss	-	-	-	(8,735)	(8,735)
Unrealized gain on BioTime shares held as available-for-sale securities	-	-	75	-	75
Stock-based compensation	-	1,815	-	-	1,815
Common stock issued to BioTime for extinguishment of debt	1,500	3,300	-	-	3,300
Common stock issued to investors for cash	1,500	3,300	-	-	3,300
Common stock issued to BioTime upon conversion of BioTime convertible note payable and accrued interest	1,508	3,318	-	-	3,318
Common stock issued to BioTime for cash	2,711	8,349	-	-	8,349
Exercise of stock options	3	4	-	-	4
Fair value of contingently issuable warrant	-	65	-	-	65
OncoCyte common stock received as a dividend in kind from BioTime	(31)	-	-	-	-
Transfer of realized loss into equity from sale of BioTime shares	-	(397)	397	-	-
BALANCE AT DECEMBER 31, 2015	25,391	34,901	(350)	(24,134)	10,417
Net loss	-	-	-	(11,168)	(11,168)
Unrealized loss on BioTime shares held as available-for-sale securities	-	-	(304)	-	(304)
Stock-based compensation	-	922	-	-	922
Proceeds from issuance of common stock and warrants, net of discounts and financing costs	3,246	9,777	-	-	9,777
Exercise of stock options	100	218	-	-	218
BALANCE AT DECEMBER 31, 2016	28,737	45,818	(654)	(35,302)	9,862
Net loss	-	-	-	(19,375)	(19,375)
Unrealized loss on BioTime shares held as available-for-sale securities	-	-	(527)	-	(527)
Stock-based compensation	-	1,630	-	-	1,630
Issuance of common stock upon exercise of 2016 warrants	2,392	7,774	-	-	7,774
Exercise of stock options	323	610	-	-	610
Issuance of warrants for inducement to exercise 2016 warrants	-	4,074	-	-	4,074
Issuance of warrants to Silicon Valley Bank	-	62	-	-	62
Transfer of realized loss on sale of BioTime shares	-	-	293	-	293
BALANCE AT DECEMBER 31, 2017	31,452	$ 59,968	$ (888)	$ (54,677)	$ 4,403

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

ONCOCYTE CORPORATION
STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31		
	2017	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (19,375)	$ (11,168)	$ (8,735)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation expense	338	145	41
Amortization of intangible assets	242	242	242
Stock-based compensation	1,630	922	1,815
Loss on sale of available-for-sale securities, including selling commissions	309	-	-
Warrants issued to certain shareholders as inducement to exercise of warrants	4,074	-	-
Contingently issuable warrant expense to investors	-	-	65
Amortization of debt issuance costs and interest expense	83	-	18
Changes in operating assets and liabilities:			
Amount due to BioTime and affiliates	(753)	2,007	1,557
Prepaid expenses and other current assets	115	101	(274)
Accounts payable and accrued liabilities	(48)	229	1,042
Net cash used in operating activities	(13,385)	(7,522)	(4,229)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net proceeds from sale of available-for-sale securities	934	-	815
Purchase of equipment	(91)	(106)	(500)
Security deposit	-	(75)	-
Net cash provided by (used in) investing activities	843	(181)	315
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from exercise of options	610	218	4
Proceeds from exercise of warrants	7,774	-	-
Proceeds from sale of common stock	-	-	11,649
Proceeds from sale of common stock and warrants	-	10,550	-
Financing costs related to sale of common stock and warrants	-	(773)	-
Proceeds from issuance of loan payable, net of financing costs	1,982	-	-
Repayment of loan payable	(133)	-	-
Repayment of capital lease obligation	(265)	(114)	-
Net cash provided by financing activities	9,968	9,881	11,653
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,574)	2,178	7,739
CASH AND CASH EQUIVALENTS:			
At beginning of the year	10,174	7,996	257
At end of the year	$ 7,600	$ 10,174	$ 7,996
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest	$ 130	$ 29	$ -
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES			
Equipment purchased under capital leases	$ 381	$ 626	$ -
Debt issuance costs	196	-	-
Common stock issued to BioTime for extinguishment of debt	-	-	3,300
Common stock issued to BioTime upon conversion of convertible note payable and accrued interest	-	-	3,318
Realized loss on sale of BioTime shares	-	-	397

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

ONCOCYTE CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. Organization, Description of the Business and Liquidity

OncoCyte Corporation ("OncoCyte") is a developer of novel, non-invasive blood-based tests for the early detection of cancer. It is focused on developing molecular cancer diagnostics utilizing a discovery platform that focuses on identifying genetic markers that are differentially expressed in certain types of cancers. OncoCyte efforts have focused on developing diagnostic tests for use in detecting lung, bladder, and breast cancers. During 2017, OncoCyte devoted substantially all of its efforts on developing its lung cancer diagnostic test DetermaVu™.

OncoCyte was incorporated in 2009 in the state of California and at December 31, 2016 was a majority-owned subsidiary of BioTime, Inc. ("BioTime"), a publicly traded, clinical-stage, biotechnology company targeting degenerative diseases primarily in the fields of ophthalmology, aesthetics and cell/drug delivery. Beginning on February 17, 2017, OncoCyte ceased to be a subsidiary of BioTime for financial reporting purposes when BioTime's percentage ownership of outstanding OncoCyte common stock declined below 50% as a result of the issuance of additional OncoCyte common stock to certain investors who exercised OncoCyte stock purchase warrants (see Note 6).

Liquidity

For all periods presented, OncoCyte generated no revenues. Since inception, OncoCyte has financed its operations through the sale of its common stock and warrants, warrant exercises, a bank loan (see Note 5), and sales of BioTime common shares that OncoCyte holds as available-for-sale securities. BioTime has also provided OncoCyte with the use of BioTime facilities and services under a Shared Facilities and Services Agreement as described in Note 4. OncoCyte has incurred operating losses and negative cash flows since inception, and had an accumulated deficit of $54.7 million and $35.3 million as December 31, 2017 and 2016, respectively.

At December 31, 2017, OncoCyte had $7.6 million of cash and cash equivalents and held BioTime common shares as available-for-sale securities valued at $0.8 million. Based on cash, cash equivalents and available-for-sale securities currently on hand, including the $8.0 million in gross proceeds from the private placement completed on March 28, 2018, and the $2.0 million irrevocably committed to OncoCyte on or prior to April 30, 2018 (see Note 10), OncoCyte believes it has sufficient cash, cash equivalents, available-for-sale securities and working capital to carry out its current operations through at least twelve months from the issuance date of the financial statements included herein, but will need to raise additional capital if it determines to devote more resources to the development or initial commercialization efforts for its lung cancer test during that time frame.

OncoCyte plans to continue to invest significant resources in research and development in the field of molecular cancer diagnostics. OncoCyte expects to continue to incur operating losses and negative cash flows. If results of OncoCyte's research and development efforts, including the results of validation studies of its lung cancer test, DetermaVu™, are successful to the point where OncoCyte believes that a commercial product can be launched successfully, additional capital will be required to develop a sales and marketing team to market DetermaVu™ and to hire additional administrative personnel for patient billing and reimbursement procedures. OncoCyte will also need to raise additional capital in subsequent years to develop and launch additional diagnostic tests, for working capital, and for other expenses, until such time as it is able to generate sufficient revenues from the commercialization of its diagnostic tests to finance its operations. Delays in the development or commercialization of DetermaVu™ could prevent OncoCyte from raising, when needed, sufficient additional capital to finance the completion of development and commercial launch of DetermaVu™ or the other cancer diagnostic tests that OncoCyte is developing. The unavailability or inadequacy of financing or revenues to meet future capital needs could force OncoCyte to modify, curtail, delay, or suspend some or all aspects of its planned operations. Sales of additional equity securities could result in the dilution of the interests of its shareholders. OncoCyte cannot assure that adequate financing will be available on favorable terms, if at all.

2. Summary of Significant Accounting Policies

Basis of presentation

The financial statements presented herein have been prepared on a separate, stand-alone basis. The financial statements are presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Prior to February 17, 2017, BioTime consolidated the results of OncoCyte into BioTime's consolidated results based on BioTime's ability to control OncoCyte's operating and financial decisions and policies through its majority ownership of OncoCyte common stock. BioTime owned 51.1% of the outstanding common stock of OncoCyte at December 31, 2016. Beginning on February 17, 2017, BioTime's percentage ownership of the outstanding OncoCyte common stock declined below 50%, resulting in a loss of "control" of OncoCyte under GAAP and, as a result, BioTime deconsolidated OncoCyte's financial statements from BioTime's consolidated financial statements. As a result of this deconsolidation, OncoCyte is no longer considered a subsidiary of BioTime under GAAP with effect from February 17, 2017. OncoCyte remains an affiliate of BioTime based on BioTime's retained share ownership in OncoCyte, which is sufficient to allow BioTime to exert significant influence over the operations and management of OncoCyte.

To the extent OncoCyte does not have its own employees or human resources for its operations, BioTime or BioTime subsidiaries provide certain employees for administrative or operational services, as necessary, for the benefit of OncoCyte (see Note 4). Accordingly, BioTime allocates expenses such as salaries and payroll related expenses incurred and paid on behalf of OncoCyte based on the amount of time that particular employees devote to OncoCyte affairs. Other expenses such as legal, accounting, human resources, marketing, travel, and entertainment expenses are allocated to OncoCyte to the extent that those expenses are incurred by or on behalf of OncoCyte. BioTime also allocates certain overhead expenses such as facilities rent and utilities, property taxes, insurance, internet and telephone expenses based on a percentage determined by management. These allocations are made based upon activity-based allocation drivers such as time spent, percentage of square feet of office or laboratory space used, and percentage of personnel devoted to OncoCyte's operations or management. Management evaluates the appropriateness of the percentage allocations on a periodic basis and believes that this basis for allocation is reasonable.

As further discussed in Notes 4 and 7, OncoCyte granted stock options to employees of BioTime, or employees of other BioTime subsidiaries who performed services for OncoCyte, and OncoCyte recorded stock-based compensation expense in the accompanying statements of operations for the services performed in the periods presented.

Reverse stock split

On November 18, 2015, OncoCyte effected a one-for-two reverse stock split of its common stock. All share, per-share and related information including the price at which shares of common stock have been sold or may be issued, including shares issuable upon the exercise of stock options or convertible debt, have been retroactively adjusted, in these financial statements and accompanying footnotes, where applicable, to reflect the impact of the reverse stock split.

Use of estimates

The preparation of financial statements in conformity with GAAP 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 reporting period. On an ongoing basis, management evaluates estimates which are subject to significant judgment, including those related to the going concern assessments of OncoCyte financial statements, allocation of direct and indirect expenses, useful lives associated with long-lived intangible assets, equipment and furniture, loss contingencies, valuation allowances related to deferred income taxes, and assumptions used to value stock-based awards, debt or other equity instruments. Actual results could differ materially from those estimates.

Going concern assessment

With the implementation of FASB's new standard on going concern, Accounting Standard Update, or ASU No. 2014-15, beginning with year ended December 31, 2016 and all annual and interim periods thereafter, OncoCyte assesses going concern uncertainty in its financial statements to determine if it has sufficient cash on hand and working capital, including any available borrowings on loans, to operate for a period of at least one year from the date the financial statements are issued or available to be issued, which is referred to as the "look-forward period" as defined by ASU No. 2014-15. As part of this assessment, based on conditions that are known and reasonably knowable to OncoCyte, it will consider various scenarios, forecasts, projections, estimates and will make certain key assumptions, including the timing and nature of projected cash expenditures or programs, and its ability to delay or curtail expenditures or programs, if necessary, among other factors. Based on this assessment, as necessary or applicable, OncoCyte makes certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent OncoCyte deems probable those implementations can be achieved and it has the proper authority to execute them within the look-forward period in accordance with ASU No. 2014-15.

Fair value measurements

OncoCyte accounts for fair value measurements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements* ("ASC 820"). ASC 820 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and expands on required disclosures about fair value measurement. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 – Quoted prices in active markets for identical assets and liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In determining fair value, OncoCyte utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, and also considers counterparty credit risk in its assessment of fair value. For the periods presented, OncoCyte has no financial assets or liabilities recorded at fair value on a recurring basis, except for cash and cash equivalents consisting of money market funds and the available-for-sale securities of BioTime common stock held by OncoCyte described below. These assets are measured at fair value using the period-end quoted market prices as a Level 1 input.

The carrying amounts of cash equivalents, prepaid expenses and other current assets, amounts due to BioTime and other affiliates, accounts payable, accrued expenses and other current liabilities approximate fair values because of the short-term nature of these items.

The carrying amount of the Loan Payable to Silicon Valley Bank approximates fair value because the loan bears interest at a floating market rate (see Note 5).

Cash and cash equivalents

Cash equivalents typically consisted of highly liquid investments, with maturities of three months or less when purchased. At December 31, 2017 and 2016, OncoCyte's cash balances totaled $7.6 million and $10.2 million, respectively.

Financial instruments that potentially subject OncoCyte to credit risk consist principally of cash and cash equivalents. OncoCyte maintains cash and cash equivalent balances at financial institutions in excess of amounts insured by United States government agencies. OncoCyte places its cash and cash equivalents with high credit quality financial institutions.

Accounting for BioTime shares

OncoCyte accounts for the BioTime shares it holds as available-for-sale equity securities in accordance with ASC 320-10-25, *Investments – Debt and Equity Securities*, as the shares have a readily determinable fair value quoted on the NYSE American and are held principally for future working capital purposes, as necessary. These shares are measured at fair value and reported as current assets on the balance sheet based on the closing trading price of the security as of the date being presented. Unrealized holding gains and losses are excluded from the statements of operations and reported in equity as part of other comprehensive income or loss, net of income taxes, until realized. As discussed in Note 1, on February 17, 2017, BioTime deconsolidated OncoCyte's financial statements from its consolidated financial statements. Due to this deconsolidation, and based on BioTime no longer having "control" over OncoCyte under GAAP, any realized gains and losses OncoCyte generates from the sale of BioTime shares after February 17, 2017 are included in the statements of operations. Prior to February 17, 2017, any realized gains and losses for shares sold were reclassified out of accumulated other comprehensive income or loss and included in equity, as an increase or decrease to common stock equity consistent with, and pursuant to, ASC 805-50 *Business Combinations* ("ASC 805"), transactions between entities under common control. See section *Recent Accounting Pronouncements* included herein.

In 2017, OncoCyte sold 266,442 shares of BioTime common stock for net proceeds of $934,000 and recognized a $309,000 loss from the sale of the BioTime shares included in other income and expenses, net. The proceeds were used to pay down amounts owed to BioTime and affiliates (see Note 4). No shares of BioTime common stock were sold in 2016. In 2015, OncoCyte sold 259,712 shares of BioTime common stock it held in at-the-market transactions for $815,000 in net cash proceeds to be used for working capital purposes. The sale resulted in a $397,000 realized loss, which is recorded as a decrease to common stock equity on the dates of sale.

As of December 31, 2017, OncoCyte held 353,264 BioTime common shares as available-for-sale securities with a fair market value of $0.8 million. Any proceeds from the sale of BioTime shares may be used by OncoCyte to pay amounts owed to BioTime and its affiliates or for working capital purposes.

Long-lived intangible assets

Long-lived intangible assets, primarily consisting of acquired patents, patent applications, and licenses to use certain patents are stated at acquired cost, less accumulated amortization (see Note 3). Amortization expense is computed using the straight-line method over the estimated useful lives of the assets over a period of 10 years.

Equipment and furniture

Equipment and furniture are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally over a period of 3 to 10 years. For equipment purchased under capital leases, OncoCyte depreciates the equipment based on the lower of the useful life of the equipment or the term of the lease, ranging from 3 to 5 years, depending on the nature and classification of the capital lease. Maintenance and repairs are expensed as incurred whereas significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is reflected in OncoCyte's results of operations.

Impairment of long-lived assets

OncoCyte assesses the impairment of long-lived assets, which consist primarily of long-lived intangible assets, furniture and equipment, whenever events or changes in circumstances indicate that such assets might be impaired and the carrying value may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and the expected undiscounted future cash flows attributable to the asset are less than the carrying amount of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Through 2017, there have been no such impairment losses.

Accounting for warrants

OncoCyte determines the accounting classification of warrants it issues, as either liability or equity classified, by first assessing whether the warrants meet liability classification in accordance with ASC 480-10, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, then in accordance with ASC 815-40, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. Under ASC 480, warrants are considered liability classified if the warrants are mandatorily redeemable, obligate OncoCyte to settle the warrants or the underlying shares by paying cash or other assets, or warrants that must or may require settlement by issuing variable number of shares. If warrants do not meet liability classification under ASC 480-10, OncoCyte assesses the requirements under ASC 815-40, which states that contracts that require or may require the issuer to settle the contract for cash are liabilities recorded at fair value, irrespective of the likelihood of the transaction occurring that triggers the net cash settlement feature. If the warrants do not require liability classification under ASC 815-40, and in order to conclude equity classification, OncoCyte also assesses whether the warrants are indexed to its common stock and whether the warrants are classified as equity under ASC 815-40 or other applicable GAAP. After all relevant assessments, OncoCyte concludes whether the warrants are classified as liability or equity. Liability classified warrants require to be accounted for at fair value at issuance and subsequent to initial issuance, with all changes in fair value after the issuance date recorded in the statements of operations. Equity classified warrants only require fair value at issuance with no changes recognized subsequent to the issuance date. OncoCyte does not have any liability classified warrants as of any period presented. See Note 6.

Income taxes

OncoCyte has filed a standalone U.S. federal income tax return since its inception. For California purposes, OncoCyte activity for 2015, 2016, and for the period from January 1, 2017 through February 16, 2017, the date immediately before BioTime owned less than 50% of OncoCyte outstanding common stock, has been or will be included in BioTime's California combined tax return. For periods beginning on February 17, 2017 and thereafter, OncoCyte will file a standalone California income tax return. The provision for state income taxes has been determined as if we had filed separate tax returns for the periods presented. Accordingly, the effective tax rate of OncoCyte in future years could vary from its historical effective tax rates depending on the future legal structure of OncoCyte and related tax elections. The historical deferred tax assets, including the operating losses and credit carryforwards generated by OncoCyte, will remain with OncoCyte. OncoCyte accounts for income taxes in accordance with ASC 740, *Income Taxes*, which prescribes the use of the asset and liability method, whereby deferred tax asset or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect. Valuation allowances are established when necessary to reduce deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will not be realized. OncoCyte's judgments regarding future taxable income may change over time due to changes in market conditions, changes in tax laws, tax planning strategies or other factors. If OncoCyte's assumptions and consequently its estimates change in the future, the valuation allowance may be increased or decreased, which may have a material impact on OncoCyte's statements of operations.

The guidance also prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not sustainable upon examination by taxing authorities. OncoCyte will recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of December 31, 2017 and 2016. OncoCyte is not aware of any uncertain tax positions that could result in significant additional payments, accruals, or other material deviation for the years ended December 31, 2017, 2016 and 2015. OncoCyte is currently unaware of any tax issues under review.

On December 22, 2017, the United States enacted major federal tax reform legislation, Public Law No. 115-97, commonly referred to as the 2017 Tax Cuts and Jobs Act ("2017 Tax Act"), which enacted a broad range of changes to the Internal Revenue Code. Changes to taxes on corporations impacted by the 2017 Tax Act include, among others, lowering the U.S. federal tax rates to a 21 percent flat tax rate, eliminating the corporate alternative minimum tax ("AMT"), imposing additional limitations on the deductibility of interest and net operating losses, allowing any net operating loss ("NOLs") generated in tax years ending after December 31, 2017 to be carried forward indefinitely and generally repealing carrybacks, reducing the maximum deduction for NOL carryforwards arising in tax years beginning after 2017 to a percentage of the taxpayer's taxable income, and allowing for the expensing of certain capital expenditures. The 2017 Tax Act also puts into effect a number of changes impacting operations outside of the United States including, but not limited to, the imposition of a one-time tax "deemed repatriation" on accumulated offshore earnings not previously subject to U.S. tax, and shifts the U.S taxation of multinational corporations from a worldwide system of taxation to a territorial system. ASC 740 requires the effects of changes in tax rates and laws on deferred tax balances (including the effects of the one-time transition tax) to be recognized in the period in which the legislation is enacted (see Note 8).

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to provide guidance for companies that are not able to complete their accounting for the income tax effects of the 2017 Tax Act in the period of enactment. SAB 118 allows OncoCyte to record provisional amounts during a measurement period not to extend beyond one year of the enactment date (see Note 8).

Research and development expenses

Research and development expenses include both direct expenses incurred by OncoCyte and indirect overhead costs allocated by BioTime that benefit or support OncoCyte's research and development functions. Direct research and development expenses consist primarily of personnel costs and related benefits, including stock-based compensation, outside consultants and suppliers. Indirect research and development expenses allocated by BioTime to OncoCyte under the Shared Facilities Agreement (see Note 4), are primarily based on headcount or space occupied, as applicable, and include laboratory supplies, laboratory expenses, rent and utilities, common area maintenance, telecommunications, property taxes and insurance. Research and development costs are expensed as incurred.

General and administrative expenses

General and administrative expenses include both direct expenses incurred by OncoCyte and indirect overhead costs allocated by BioTime that benefit or support OncoCyte's general and administrative functions. Direct general and administrative expenses consist primarily of compensation and related benefits, including stock-based compensation, for executive and corporate personnel, and professional and consulting fees. Indirect general and administrative expenses allocated by BioTime to OncoCyte under the Shared Facilities Agreement (see Note 4) are primarily based on headcount or space occupied, as applicable, and include costs for financial reporting and compliance, rent and utilities, common area maintenance, telecommunications, property taxes and insurance.

Sales and marketing expenses

Sales and marketing expenses consist primarily of personnel costs and related benefits, including stock-based compensation, trade shows and booths, branding and positioning, and outside consultants. Indirect sales and marketing expenses allocated by BioTime, primarily based on OncoCyte's headcount or space occupied, as applicable, include costs for rent and utilities, common area maintenance, telecommunications, property taxes and insurance, incurred by BioTime and allocated to us under the Shared Facilities Agreement.

Stock-based compensation

OncoCyte recognizes compensation expense related to employee option grants and restricted stock grants, if any, in accordance with FASB ASC 718, *Compensation – Stock Compensation* ("ASC 718").

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. OncoCyte adopted ASU 2016-09 beginning on January 1, 2017.

In connection with the adoption of ASU 2016-09, OncoCyte changed its accounting policies including how it accounts for excess tax benefits and deficiencies, if any, and forfeitures, as applicable. All excess tax benefits and tax deficiencies from stock based compensation awards accounted for under ASC 718 are recognized as income tax benefit or expense, respectively, in the statements of operations. Prior to the adoption of ASU 2016-09, OncoCyte recognized excess tax benefits, if any, in additional paid-in capital only if the tax deduction reduced cash income taxes payable and, excess tax deficiencies were recognized either as an offset to accumulated excess tax benefits, if any, on OncoCyte's statements of operations. An excess income tax benefit arises when the tax deduction of a share-based award for income tax purposes exceeds the compensation cost recognized for financial reporting purposes and, a tax deficiency arises when the compensation cost exceeds the tax deduction. Because OncoCyte has a full valuation allowance for all periods presented (see Note 8) and an insignificant number of stock option exercises during the current quarter, there was no impact to OncoCyte statements of operations for any excess tax benefits or deficiencies, as any excess benefit or deficiency would be offset by the change in the valuation allowance.

Forfeitures are now accounted for as they occur instead of based on the number of awards that were expected to vest. Based on the nature and timing of OncoCyte's grants, straight line expense attribution of stock based compensation for the entire award and the relatively low forfeiture rate on OncoCyte's experience, the impact of adoption of ASU 2016-09 pertaining to forfeitures was not significant to OncoCyte's financial statements.

OncoCyte estimates the fair value of employee stock-based payment awards on the grant-date and recognizes the resulting fair value over the requisite service period. OncoCyte uses the Black-Scholes-Merton option pricing model for estimating the fair value of options granted under OncoCyte's Stock Option Plan. The fair value of each restricted stock grant, if any, is determined based on the value of the common stock granted or sold. OncoCyte has elected to treat stock-based payment awards with graded vesting schedules and time-based service conditions as a single award and recognizes stock-based compensation on a straight-line basis over the requisite service period.

Compensation expense for non-employee stock-based awards is recognized in accordance with ASC 718 and FASB ASC 505-50, *Equity-Based Payments to Non-Employees*. Stock option awards issued to non-employees, principally consultants and employees of BioTime or employees of BioTime subsidiaries who perform services for OncoCyte, are accounted for at fair value using the Black-Scholes option pricing model. Management believes that the fair value of the stock options can more reliably be measured than the fair value of services received. OncoCyte records compensation expense based on the then-current fair values of the stock options at each financial reporting date. Compensation expense recorded during the service period is adjusted in subsequent periods for changes in the fair value of the stock options until the earlier of the date at which the non-employee's performance is complete or a performance commitment is reached, which is generally when the stock option award vests. Compensation expense for non-employee grants is recorded on a straight-line basis in the statements of operations.

The Black-Scholes option pricing model requires OncoCyte to make certain assumptions including the fair value of the underlying common stock, the expected option term, the expected volatility, the risk-free interest rate and the dividend yield (see Note 7).

Prior to December 31, 2015, the Board of Directors determined the fair value of the common stock at the time of the grant of options by considering a number of objective and subjective factors including contemporaneous sales of common stock to investors, valuation of comparable companies, operating and financial performance and general and industry-specific economic outlook, among other factors in accordance with applicable elements of the practice aid issued by the American Institute of Certified Public Accountants titled *Valuation of Privately Held Company Equity Securities Issued As Compensation*. OncoCyte common stock began to trade publicly on the NYSE American on December 31, 2015, and since that date the fair value of OncoCyte common stock underlying stock options has been determined with reference to closing prices reported on the NYSE American.

The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. OncoCyte estimates the expected term of options granted based upon the "simplified method" provided under *Staff Accounting Bulletin, Topic 14*, or SAB Topic 14, including, in part, based on its own experience.

Because OncoCyte's common stock had no public trading history prior to December 31, 2015, for the year ended December 31, 2015, OncoCyte estimated the expected volatility of the awards from the historical volatility of selected public companies within the biotechnology industry with comparable characteristics to OncoCyte, including similarity in size, lines of business, market capitalization, revenue and financial leverage. For the years ended December 31, 2017 and 2016, OncoCyte estimated the expected volatility using its own stock price volatility to the extent applicable or a combination of its stock price volatility and the stock price volatility of stock of peer companies, for a period equal to the expected term of the options.

The risk-free interest rate assumption is based upon observed interest rates on the United States government securities appropriate for the expected term of OncoCyte's stock options.

The dividend yield assumption is based on OncoCyte's history and expectation of dividend payouts. OncoCyte has never declared or paid any cash dividends on its common stock, and OncoCyte does not anticipate paying any cash dividends in the foreseeable future.

Net loss per common share

Basic net loss per common share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding for the period. Diluted net loss per share reflects the weighted-average number of shares of common stock outstanding plus the potential effect of dilutive securities or contracts which are convertible to common stock, such as stock options (using the treasury stock method) and shares issuable in future periods, except in cases where the effect would be anti-dilutive. Because OncoCyte reported net losses for all periods presented, all potentially dilutive common stock are antidilutive for those periods.

The computations of basic and diluted net loss per common share for the years ended December 31, 2017, 2016 and 2015 are as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2017	**2016**	**2015**
Net loss	$ (19,375)	$ (11,168)	$ (8,735)
Weighted average common shares outstanding – basic and diluted	30,195	26,529	21,009
Net loss per common share – basic and diluted	$ (0.64)	$ (0.42)	$ (0.42)

The following common stock equivalents were excluded from the computation of diluted net loss per common share of common stock for the years ended December 31, 2017, 2016 and 2015 because including them would have been antidilutive (in thousands):

	Year Ended December 31,		
	2017	**2016**	**2015**
Stock options	3,390	3,017	2,240
Warrants	2,779	3,246	-

Segments

OncoCyte's executive management team, as a group, represents the entity's chief operating decision makers. To date, OncoCyte's executive management team has viewed OncoCyte's operations as one segment that includes, the research and development of diagnostic tests for the detection of cancer. As a result, the financial information disclosed materially represents all of the financial information related to OncoCyte's sole operating segment.

Reclassifications

Certain reclassifications from general and administrative expenses have been made to present sales and marketing expenses shown on the statements of operations for the years ended December 31, 2016 and 2015 to conform and be comparable to the year ended December 31, 2017 presentation. These reclassifications have been made as OncoCyte's sales and marketing expenses have increased in 2017, thus making separate presentation of those category of expenses more meaningful to the readers of this report. The reclassifications had no impact to loss from operations or net loss as reported in the statements of operations and had no impact to the statements of cash flows or to the balance sheets for any period presented.

Recent accounting pronouncements

The following accounting standards, which are not yet effective, are presently being evaluated by OncoCyte to determine the impact that they might have on its financial statements.

On January 5, 2016, the FASB issued Accounting Standards Update 2016-01, *Financial Instruments–Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU No. 2016-01). Changes to the current GAAP model primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, the ASU No. 2016-01 clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. The more significant amendments are to equity investments in unconsolidated entities. In accordance with ASU No. 2016-01, all equity investments in unconsolidated entities (other than those accounted for using the equity method of accounting) will generally be measured at fair value through earnings. There will no longer be an available-for-sale classification (changes in fair value reported in other comprehensive income) for equity securities with readily determinable fair values. The classification and measurement guidance will be effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. ASU No. 2016-01, when adopted, could have a material impact to OncoCyte's financial statements based on the current accounting for shares of BioTime common stock OncoCyte holds as available-for-sale securities.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize assets and liabilities for leases with lease terms greater than twelve months in the statement of financial position. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 also requires improved disclosures to help users of financial statements better understand the amount, timing and uncertainty of cash flows arising from leases. The update is effective for fiscal years beginning after December 15, 2018, including interim reporting periods within those annual periods. Early adoption is permitted. OncoCyte is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

In May 2017, the FASB issued ASU 2017-09, *Compensation – Stock Compensation (Topic 718) – Scope of Modification Accounting*, to clarify existing guidance and reduce diversity in practice about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU 2017-09 requires modification accounting to a share-based award unless all of the following are met: (1) the fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified, (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified, and (3) the classification of the modified award, as equity or liability instrument, is the same as the classification of the original award immediately before the original award is modified. ASU 2017-09 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. OncoCyte currently applies the three-step test to all modifications, if any, or as they occur, and if all the conditions are not met, applies modification accounting. OncoCyte believes the adoption of ASU 2017-09 will not have a material impact on its financial statements.

3. Selected Balance Sheet Components

Accrued expenses and other current liabilities

At December 31, 2017 and 2016, accrued expenses and other current liabilities were comprised of the following (in thousands):

	2017	2016
Accrued bonuses and payroll related expenses	$ 636	$ 549
Other accrued expenses	406	248
Accrued expenses and other current liabilities	$ 1,042	$ 797

Intangible assets, net

In 2011, OncoCyte, through its then parent, BioTime, acquired substantially all of the assets of Cell Targeting, Inc., a company that was engaged in cancer therapy. The assets acquired consist primarily of patents, patent applications, and licenses to use certain patents. OncoCyte amortizes intangible assets over their useful lives estimated to be 10 years at the date of the acquisition.

At December 31, 2017 and 2016, intangible assets were comprised of the following (in thousands):

	2017	2016
Intangible assets	$ 2,419	$ 2,419
Accumulated amortization	(1,673)	(1,431)
Intangible assets, net	$ 746	$ 988

Amortization expense amounted to approximately $242,000 annually.

Equipment and furniture, net

At December 31, 2017 and 2016, equipment and furniture were comprised of the following (in thousands):

	2017	2016
Equipment and furniture	$ 1,479	$ 1,007
Accumulated depreciation	(657)	(319)
Equipment and furniture, net	$ 822	$ 688

Depreciation expense amounted to approximately $338,000, $145,000 and $41,000 for the years ended December 31, 2017, 2016 and 2015, respectively. During the year ended December 31, 2017 and 2016, OncoCyte entered into capital leases for laboratory equipment totaling $381,000 and $626,000, respectively (see Note 9).

4. Related Party Transactions

Shared Facilities and Service Agreement

On October 8, 2009, OncoCyte and BioTime executed a Shared Facilities and Services Agreement ("Shared Facilities Agreement"). Under the terms of the Shared Facilities Agreement, BioTime will allow OncoCyte to use its premises and equipment located at Alameda, California for the sole purpose of conducting business. BioTime will also provide accounting, billing, bookkeeping, payroll, treasury, payment of accounts payable, and other similar administrative services to OncoCyte. BioTime may also provide the services of attorneys, accountants, and other professionals who may also provide professional services to BioTime and its other subsidiaries. BioTime will also provide OncoCyte with the services of its laboratory and research personnel, including BioTime employees and contractors, for the performance of research and development work for OncoCyte at the premises.

BioTime charges OncoCyte a Use Fee for services received and usage of facilities, equipment, and supplies. For each billing period, BioTime prorates and allocates costs incurred, as applicable, to OncoCyte, such costs include services of Bio Time employees, equipment, insurance, lease, professional, software, supplies and utilities. Allocation depends on key cost drivers including actual documented use, square footage of facilities used, time spent, costs incurred by or for OncoCyte, or upon proportionate usage by BioTime and OncoCyte, as reasonably estimated by BioTime (collectively "Use Fees"). BioTime, at its discretion, has the right to charge OncoCyte a 5% markup on such allocated costs although BioTime has not elected to charge this markup since the inception of the Shared Facilities Agreement and through the end of 2015. Beginning in 2016, BioTime commenced charging the 5% markup. The allocated cost of BioTime employees and contractors who provide services is based upon records maintained of the number of hours of such personnel devoted to the performance of services.

The Use Fee is determined and invoiced to OncoCyte on a quarterly basis for each calendar quarter of each calendar year. If the Shared Facilities Agreement terminates prior to the last day of a billing period, the Use Fee will be determined for the number of days in the billing period elapsed prior to the termination of the Shared Facilities Agreement. Each invoice will be payable in full by OncoCyte within 30 days after receipt. Any invoice, or portion thereof, not paid in full when due will bear interest at the rate of 15% per annum until paid, unless the failure to make a payment is due to any inaction or delay in making a payment by BioTime employees from OncoCyte funds available for such purpose, rather than from the unavailability of sufficient funds legally available for payment or from an act, omission, or delay by any employee or agent of OncoCyte. Through December 31, 2017 BioTime has not charged OncoCyte any interest.

In addition to the Use Fees, OncoCyte will reimburse BioTime for any out of pocket costs incurred by BioTime for the purchase of office supplies, laboratory supplies, and other goods and materials and services for the account or use of OncoCyte, provided that invoices documenting such costs are delivered to OncoCyte with each invoice for the Use Fee. Furthermore, BioTime will have no obligation to purchase or acquire any office supplies or other goods and materials or any services for OncoCyte, and if any such supplies, goods, materials or services are obtained for OncoCyte, BioTime may arrange for the suppliers thereof to invoice OncoCyte directly.

The Shared Facilities Agreement will remain in effect, unless either party gives the other party written notice stating that the Shared Facilities Agreement will terminate on December 31 of that year, or unless the agreement otherwise is terminated under another provision of the agreement.

In the aggregate, BioTime allocated and charged such Use Fees to OncoCyte of $268,000, $790,000 and $595,000 included in general and administrative expenses and Use Fees of $1.1 million, $691,000 and $565,000 included in research and development expenses, during the years ended December 31, 2017, 2016 and 2015, respectively. Use Fees of $213,000 in sales and marketing expenses are included in OncoCyte's statements of operations during the year ended December 31, 2017. There were no Use Fees allocated to sales and marketing expenses during 2016 and 2015.

As of December 31, 2017 and 2016, OncoCyte had $2.1 million and $2.9 million outstanding and payable to BioTime and affiliates included in current liabilities in connection with the costs incurred under the Shared Facilities Agreement. Since these amounts are due and payable in 30 days of being invoiced, the payables are classified as current liabilities for all periods presented.

The minimum fixed payments due under the Shared Facilities Agreement are approximately $131,000 per month.

5. Loan Payable to Silicon Valley Bank

On February 21, 2017, OncoCyte entered into a Loan and Security Agreement (the "Loan Agreement") with Silicon Valley Bank (the "Bank") pursuant to which OncoCyte borrowed $2.0 million on March 23, 2017. Payments of interest only on the principal balance were due monthly from the draw date through October 31, 2017, and, beginning on November 1, 2017, monthly payments of principal of approximately $67,000 plus interest are due and payable. The outstanding principal balance of the loan bears interest at a stated floating annual interest rate equal to the greater of (i) three-quarters of one percent (0.75%) above the prime rate or (ii) four and one-quarter percent (4.25%). As of December 31, 2017, the latest published prime rate plus 0.75% was 5.25% per annum.

The outstanding principal amount plus accrued interest will be due and payable to the Bank at maturity on April 1, 2020. At maturity, OncoCyte will also pay the Bank an additional final payment fee of 5.8% of the original principal borrowed. OncoCyte accrued the $116,000 final payment fee included in the loan payable as a deferred financing cost on March 23, 2017 draw date.

OncoCyte may prepay in full the outstanding principal balance at any time, subject to a prepayment fee equal to 2.0% of the outstanding principal balance if prepaid after February 21, 2018 but not later than February 21, 2019, or 1.0% of the outstanding principal balance if prepaid after February 21, 2019. Any amounts borrowed and repaid may not be reborrowed. There are no amounts available to be borrowed on the Loan Agreement.

The outstanding principal amount of the loan, with interest accrued, the final payment fee, and the prepayment fee may become due and payable prior to the applicable maturity date if an "Event of Default" as defined in the Loan Agreement occurs and is not cured within any applicable cure period. Upon the occurrence and during the continuance of an Event of Default, all obligations due to the Bank will bear interest at a rate per annum which is 5% above the then applicable interest rate. An Event of Default includes, among other events, failure to pay interest and principal when due, material adverse changes, which include a material adverse change in OncoCyte's business, operations, or condition (financial or otherwise), failure to provide the bank with timely financial statements and copies of filings with the Securities and Exchange Commission, as required, legal judgments or pending or threatened legal actions of $50,000 or more, insolvency, and delisting from the NYSE American. OncoCyte's obligations under the Loan Agreement are collateralized by substantially all of its assets other than intellectual property such as patents and trade secrets that OncoCyte owns. Accordingly, if an Event of Default were to occur and not be cured, the Bank could foreclose on its security interest in the collateral. OncoCyte was in compliance with the Loan Agreement as of the filing date of this Report.

Under the provisions of the Loan Agreement, as consented by the Bank on October 26, 2017, any proceeds received by OncoCyte from sales of BioTime shares may be used by OncoCyte to fund its operations.

Bank Warrants

On February 21, 2017 and in conjunction with the $2.0 million becoming available under the Loan Agreement, OncoCyte issued common stock purchase warrants to the Bank (the "Bank Warrants") entitling the Bank to purchase shares of OncoCyte common stock in tranches related to the loan tranches under the Loan Agreement. In conjunction with the availability of the loan, the Bank was issued warrants to purchase 8,247 shares of OncoCyte common stock at an exercise price of $4.85 per share, through February 21, 2027. On March 23, 2017, in conjunction with borrowing $2 million, the Bank was issued warrants to purchase an additional 7,321 shares at an exercise price of $5.46 per share, through March 23, 2027. The Bank may elect to exercise the Bank Warrants on a "cashless exercise" basis and receive a number of shares determined by multiplying the number of shares for which the applicable tranche is being exercised by (A) the excess of the fair market value of the common stock over the applicable exercise price, divided by (B) the fair market value of the common stock. The fair market value of the common stock will be the last closing or sale price on a national securities exchange, interdealer quotation system, or over-the-counter market.

The Bank Warrants are classified as equity since, among other factors, they are not mandatorily redeemable, cannot be settled in cash or other assets and require settlement by issuing a fixed number of shares of common stock of OncoCyte. OncoCyte determined the fair value of the Bank Warrants using the Black-Scholes option pricing model to be approximately $62,000, which was recorded as a deferred financing cost against the loan payable balance. Aggregate deferred financing costs of $196,000, recorded against the loan payable balance, are amortized to interest expense over the term of the loan using the effective interest method. As of December 31, 2017, unamortized deferred financing costs were $113,000.

Future Cash Payments of Loan Payable

As of December 31, 2017, principal and interest payments due on the loan payable in each of the next three years are as follows (in thousands):

Year Ending December 31,	Loan Payments
2018	$ 876
2019	835
2020	386
Total payments of principal and interest	2,097
Less: amounts representing interest	(114)
Total payments of principal before deferred financing costs	1,983
Less: deferred financing costs	(113)
Total loan payable, net of deferred financing costs	$ 1,870

6. Shareholders' Equity

Preferred Stock

OncoCyte is authorized to issue up to 5,000,000 shares of no par value preferred stock. As of December 31, 2017, no preferred shares were issued or outstanding.

Common Stock

OncoCyte has up to 50,000,000 shares of no par value common stock authorized. The holders of OncoCyte's common stock are entitled to receive ratably dividends when, as, and if declared by the Board of Directors out of funds legally available. Upon liquidation, dissolution, or winding up, the holders of OncoCyte common stock are entitled to receive ratably the net assets available after the payment of all debts and other liabilities and subject to the prior rights of OncoCyte outstanding preferred shares, if any.

The holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of OncoCyte stockholders. The holders of common stock have no preemptive, subscription, or redemption rights. The outstanding shares of common stock are fully paid and non-assessable.

Issuance of Common Stock and Warrants

On August 29, 2016, OncoCyte sold an aggregate of 3,246,153 immediately separable units, with each unit consisting of one share of OncoCyte common stock and one warrant to purchase one share of OncoCyte common stock (the "2016 Warrants"), at a price of $3.25 per unit (the "Offering"). The sales were made pursuant to the terms and conditions of certain Purchase Agreements between OncoCyte and the purchasers in the Offering. The purchasers included certain OncoCyte existing shareholders other than BioTime. At the close of the Offering, BioTime's percentage ownership of the outstanding common stock of OncoCyte declined to 51.2% through which BioTime retained a controlling interest in OncoCyte. OncoCyte received $9.8 million in net proceeds after discounts, commissions and expenses from the Offering. OncoCyte will use the proceeds from the Offering for funding its operations or for working capital or other general corporate purposes.

Pursuant to the terms of the Purchase Agreements, OncoCyte agreed (i) to file a resale registration statement with the Securities and Exchange Commission, or SEC, to register for sale under the Securities Act of 1933, as amended, or the Securities Act, the shares of OncoCyte common stock sold in the Offering and the shares of OncoCyte common stock, or Warrant Shares, that may be issued if the Warrants are exercised, and (ii) to use commercially reasonable efforts to maintain the effectiveness of the resale registration statement under the Securities Act until the earlier of (a) the date that all shares of its common stock covered by the Resale Registration Statement have been sold or can be sold publicly without restriction or limitation under Rule 144 (including, without limitation, the requirement to be in compliance with Rule 144(c)(1)), or (b) August 29, 2018.

2016 Warrants and New Warrants

The 2016 Warrants have an exercise price of $3.25 per Warrant Share, and may be exercised for five years from October 17, 2016, the date the 2016 Warrants became exercisable. The 2016 Warrants may be exercised on a net "cashless exercise" basis, meaning that the value of a portion of Warrant Shares may be used to pay the exercise price (rather than payment in cash), in certain circumstances, including if the Resale Registration Statement is not effective when and as required by the Purchase Agreements. The exercise price and the number of Warrant Shares will be adjusted to account for certain transactions, including stock splits, dividends paid in common stock, combinations or reverse splits of common stock, or reclassifications of common stock.

Under certain provisions of the 2016 Warrants, in the event of a Fundamental Transaction, as defined in the 2016 Warrants, OncoCyte will use reasonable best efforts for the acquirer, or any successor entity other than OncoCyte, to assume the 2016 Warrants. If the acquirer does not assume the OncoCyte Offering Warrant obligations, then the acquirer shall pay the holders of 2016 Warrants an amount equal to the aggregate value equal to the Black Scholes Value, as defined in the 2016 Warrants. The payment of the Black Scholes Value shall be made in cash or such other consideration as the acquirer paid to the other OncoCyte shareholders in the Fundamental Transaction.

OncoCyte is not required to net cash settle the 2016 Warrants under any circumstance. OncoCyte considered the guidance in ASC 815-40, which states that contracts that require or may require the issuer to settle the contract for cash are liabilities recorded at fair value, irrespective of the likelihood of the transaction occurring that triggers the net cash settlement feature. Since solely an acquirer, and not OncoCyte itself, may be required to net cash settle the 2016 Warrants in the event of a Fundamental Transaction, the 2016 Warrants are classified as equity.

On February 17, 2017, certain OncoCyte investors exercised 2016 Warrants to acquire 625,000 shares of common stock at an exercise price of $3.25 per warrant for total exercise cash proceeds of $2.0 million (the “Warrant exercise”). In order to induce the investors to complete the Warrant exercise and, in conjunction with the Warrant exercise, OncoCyte issued new warrants to those investors (the “New Warrants”). Certain investors received New Warrants to purchase 200,000 shares of common stock at an exercise price of $5.50 per share and one investor received New Warrants to purchase 212,500 shares of common stock at an exercise of $3.25 per share. The New Warrants are exercisable at any time for five years from February 17, 2017.

The New Warrants are classified as equity as their terms are consistent with the 2016 Warrants. For financial reporting purposes, the issuance of the New Warrants was treated as an inducement offer to certain shareholders to exercise their 2016 Warrants. Accordingly, the fair value of the New Warrants, determined using the Black-Scholes option pricing model, approximating $1.1 million was recognized by OncoCyte as a noncash charge to shareholder expense included in general and administrative expenses and a corresponding increase to equity on February 17, 2017, the issuance date.

On July 21, 2017, OncoCyte entered into three forms of Warrant Exercise Agreements (each, an “Exercise Agreement”) with certain holders of the 2016 Warrants providing for the cash exercise of their 2016 Warrants and the issuance of new warrants (the “July 2017 Warrants”) to them.

Pursuant to one form of Exercise Agreement, two investors exercised 2016 Warrants to purchase 226,923 shares of OncoCyte’s common stock at the exercise price of $3.25 per share, and OncoCyte issued to them July 2017 Warrants expiring five years from the date of issue, to purchase 226,923 shares of common stock at an exercise price of $5.50 per share.

Pursuant to a second form of Exercise Agreement, one investor exercised 2016 Warrants to purchase 540,000 shares of common stock at the exercise price of $3.25 per share, and OncoCyte issued to the investor a July 2017 Warrant, expiring five years from the date of issue, to purchase 270,000 shares of common stock at an exercise price of $3.25 per share. In this alternative form of Exercise Agreement, OncoCyte also agreed to use commercially reasonable efforts to file with the SEC a registration statement covering the resale of the shares of common stock issuable upon exercise of the July 2017 Warrant and to keep it continuously effective for up to five years, subject to conditions set forth in the Exercise Agreement.

Pursuant to a third form of Exercise Agreement, one investor exercised 2016 Warrants to purchase 1,000,000 shares of common stock at the exercise price of $3.25 per share, and OncoCyte issued to the investor (i) a July 2017 Warrant, expiring two years from the date of issue, to purchase 500,000 shares of common stock at an exercise price of $5.50 per share, and (ii) a July 2017 Warrant, expiring two years from the date of issue, to purchase 500,000 shares of common stock at an exercise price of $3.25 per share. In this alternative form of Exercise Agreement, OncoCyte also agreed to use commercially reasonable efforts to file with the SEC a registration statement covering the resale of the shares of common stock issuable upon exercise of the July 2017 Warrant and to keep it continuously effective for up to five years, subject to conditions set forth in the Exercise Agreement.

In the aggregate, upon the exercise of 2016 Warrants under the Exercise Agreements, OncoCyte received gross proceeds of approximately $5.74 million and issued July 2017 Warrants to purchase 1,496,923 shares of common stock at a weighted average price of $4.34 per share.

The July 2017 Warrants are classified as equity as their terms are consistent with the 2016 Warrants. For financial reporting purposes, the issuance of the July 2017 Warrants is treated as an inducement offer to certain investors to exercise their 2016 Warrants. Accordingly, the fair value of the July 2017 Warrants, determined to be approximately $3.0 million using the Black-Scholes option pricing model, was recorded as a noncash charge to shareholder expense included in general and administrative expenses, and a corresponding increase was recorded to equity on July 21, 2017, the issuance date.

As of December 31, 2017, OncoCyte has an aggregate of 2,779,221 warrants issued and outstanding at exercise prices ranging from $3.25 and $5.50 per warrant.

Stock Option Exercises

During the years ended December 31, 2017 and 2016, 323,019 and 99,496 shares of common stock were issued upon the exercise of stock options, from which OncoCyte received $610,000 and $218,000 in cash proceeds, respectively.

7. Stock-based Compensation

Stock Option Plan

OncoCyte has adopted a 2010 Stock Option Plan (the "Plan") under which 5,200,000 shares of common stock were made available for the grant of stock options or the sale of restricted stock. The Plan also permits OncoCyte to issue such other securities as its Board of Directors or the Compensation Committee administering the Plan may determine.

No options may be granted under the Plan more than ten years after the date upon which the Plan was adopted by the Board of Directors, and no options granted under the Plan may be exercised after the expiration of ten years from the date of grant. Under the Plan, options to purchase common stock may be granted to employees, directors and certain consultants at exercise prices not less than the fair market value of common stock at date of grant, subject to certain limited exceptions for options granted in substitution of other options. Options may be fully exercisable immediately, or may be exercisable according to a schedule or conditions specified by the Board of Directors or the Compensation Committee. Generally, OncoCyte stock options have service related vesting conditions based on the continued performance of services for OncoCyte. The Plan also permits OncoCyte to award restricted stock for services rendered or to sell common stock to employees subject to vesting provisions under restricted stock agreements that provide for forfeiture of unvested shares upon the occurrence of specified events. OncoCyte may permit employees or consultants, but not officers or directors, who purchase stock under restricted stock purchase agreements, to pay for their shares by delivering a promissory note that is secured by a pledge of their shares. To date, only stock options have been issued under the Plan.

As discussed in Note 4, OncoCyte may grant stock options to employees of BioTime, or employees of other BioTime subsidiaries, who perform services for OncoCyte. OncoCyte records stock-based compensation expense in the accompanying statements of operations for those services performed in the periods presented.

Stock Options

Options granted under the Plan may be either "incentive stock options" within the meaning of Section 422(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or non-qualified stock options. Incentive stock options may be granted only to OncoCyte employees and employees of its subsidiaries, if any. The exercise price of stock options granted under the Plan must be equal to the fair market value of OncoCyte common stock on the date the option is granted. In the case of an optionee who, at the time of grant, owns more than 10% of the combined voting power of all classes of OncoCyte stock, the exercise price of any incentive stock option must be at least 110% of the fair market value of the common stock on the grant date, and the term of the option may be no longer than five years. The aggregate fair market value of OncoCyte common stock (determined as of the grant date of the option) with respect to which incentive stock options become exercisable for the first time by an optionee in any calendar year may not exceed $100,000.

The options' exercise price may be payable in cash or in common stock having a fair market value equal to the exercise price, or in a combination of cash and common stock, or other legal consideration for the issuance of stock as the Board of Directors or Compensation Committee may approve.

Incentive stock options granted under the Plan are nontransferable except by will or the laws of descent and distribution and may be exercised only during employment or within three months after termination of such employment, subject to certain exceptions in the event of the death or disability of the optionee.

Options other than incentive stock options under the Code are also nontransferable except by will or the laws of descent and distribution, except to the extent that the Board of Directors or Committee permits the optionee to transfer an option to a family member, a trust for family members, or other persons approved by the Board of Directors or Committee in its discretion.

Generally, options will be exercisable only while the optionee remains an employee, director or consultant, or during a specific period thereafter as approved by the Board of Directors or Committee, but in the case of the termination of an employee, director, or consultant's services due to death or disability, the period for exercising a vested option shall be extended to the earlier of 12 months after termination or the expiration date of the option.

The number of shares of common stock covered by the Plan, and the number of shares of common stock and the exercise price per share of each outstanding option, shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of common stock resulting from a subdivision or consolidation of shares or the payment of a stock dividend, or any other increase or decrease in the number of issued and outstanding shares of common stock effected without receipt of consideration by OncoCyte.

Options Granted

As of December 31, 2017, 1,384,198 shares were available for future grants under the Plan.

A summary of OncoCyte stock option activity under the Plan and related information follows (in thousands except weighted average exercise price):

Options	Shares Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price
Total at January 1, 2016	1,757	2,240	$ 2.03
Options granted	(962)	962	3.58
Options exercised	-	(100)	2.19
Options forfeited, cancelled or expired	85	(85)	2.00
Total at December 31, 2016	880	3,017	2.52
Increase in pool	1,200	-	
Options granted	(896)	896	5.17
Options exercised	-	(323)	1.89
Options forfeited, cancelled or expired	200	(200)	3.11
Total at December 31, 2017	1,384	3,390	$ 3.25
Exercisable at December 31, 2017		1,835	$ 2.48

At December 31, 2017 and 2016, OncoCyte had approximately $1.6 million and $2.7 million, respectively, of total unrecognized compensation expense related to the Plan that will be recognized over a weighted-average period of approximately 2.5 and 2.4 years, respectively.

OncoCyte recorded stock-based compensation expense in the following categories on the accompanying statements of operations for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Research and development	$ 668	$ 312	$ 456
General and administrative	841	610	1,359
Sales and marketing	121	-	-
Total stock-based compensation expense	$ 1,630	$ 922	$ 1,815

The assumptions that were used to calculate the grant date fair value of OncoCyte's employee and non-employee stock option grants for the years ended December 31, 2017, 2016 and 2015 were as follows.

	Year Ended December 31,		
	2017	2016	2015
Expected life (in years)	6.15	6.21	6.83
Risk-free interest rates	2.03%	1.46%	1.87%
Volatility	66.01%	64.64%	74.15%
Dividend yield	-%	-%	-%

With the adoption of ASU 2016-09, effectively January 1, 2017, forfeitures are accounted for as they occur instead of based on the number of awards that were expected to vest.

The determination of stock-based compensation is inherently uncertain and subjective and involves the application of valuation models and assumptions requiring the use of judgment. If OncoCyte had made different assumptions, its stock-based compensation expense, and net loss for years ended December 31, 2017, 2016 and 2015, may have been significantly different.

8. Income Taxes

U.S. Federal Income Tax Reform

On December 22, 2017, in response to the enactment of the 2017 Tax Act (see Note 2), the SEC staff issued SAB 118 that allows OncoCyte to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. OncoCyte is currently analyzing the 2017 Tax Act, and in certain areas, has made reasonable estimates of the effects on its financial statements and tax disclosures, including and changes to OncoCyte's existing deferred tax balances, for the year ended December 31, 2017.

OncoCyte remeasured certain deferred tax assets and liabilities based on the enacted tax rate at which they are expected to reverse in the future. The estimated tax affected amount related to the remeasurement of these balances was a reduction of OncoCyte's net deferred tax assets by $6.8 million with a corresponding decrease in the valuation allowance by the same amount, recognized as of December 31, 2017, as discussed below.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As of December 31, 2017, the federal portion of the deferred tax assets and liabilities for 2017 were re-rated from 34 percent to 21 percent pursuant to the 2017 Tax Act.

OncoCyte has filed standalone U.S. federal income tax returns since its inception. For California purposes, OncoCyte's activity for 2015 and 2016 was included in BioTime's California Combined tax return. As a result of OncoCyte's deconsolidation from BioTime on February 17, 2017, (see Note 1), OncoCyte will file a separate California return for tax year 2017. The provision for state income taxes has been determined as if OncoCyte had filed separate tax returns for the periods presented. Accordingly, the effective tax rate of OncoCyte in future years could vary from its historical effective tax rates depending on the future legal structure of OncoCyte and related tax elections. The deferred tax assets, including the operating loss and credit carryforwards, generated by OncoCyte, will remain with OncoCyte.

The primary components of the deferred tax assets and liabilities at December 31, 2017 and 2016 were as follows (in thousands):

	2017	2016
Deferred liabilities:		
Available-for-sale securities	$ -	$ (761)
Total deferred tax liabilities	-	(761)
Deferred tax assets:		
Net operating loss carryforwards	11,414	11,730
Research and development credit carryforwards	2,141	1,765
Patents and fixed assets	268	179
Stock-based compensation and accrued payroll	1,260	1,041
Valuation Allowance	(15,083)	(13,954)
Total deferred tax assets	-	761
Net deferred tax asset (liability)	$ -	$ -

Due to losses incurred for all periods presented, OncoCyte did not record any provision or benefit for income taxes.

Income taxes differed from the amounts computed by applying the U.S. federal income tax of 34% to pretax losses from operations as a result of the following:

	Year Ended December 31,		
	2017	2016	2015
Computed tax benefit at federal statutory rate	34%	34%	34%
Re-rate of federal net deferred tax assets	(35)%	0%	0%
Permanent differences	(8)%	(1)%	(9)%
State tax benefit	3%	2%	15%
Research and development credits	1%	2%	2%
Other	0%	7%	3%
Adjust basis for available-for-sale-securities	11%	0%	0%
Change in valuation allowance	(6)%	(44)%	(45)%
	-%	-%	-%

As of December 31, 2017, OncoCyte has net operating loss carryforwards of approximately $47.8 million for U.S. federal income tax purposes and $15.6 million for state income tax purposes. Federal net operating loss carryforwards expire in varying amounts from 2030 and 2037, and state carryforwards expire from 2029 and 2037. In addition, as of December 31, 2017, OncoCyte has research and development credit carryforwards for federal and state purposes of $1.0 million and $1.1 million, respectively. The federal credits will expire between 2030 and 2037, while the state credits have no expiration.

During 2017, OncoCyte sold 266,442 BioTime common shares, in at-the-market transactions which resulted in a taxable loss of approximately $301,000. No BioTime common shares were sold in 2016. During 2015, OncoCyte sold 259,712 BioTime common shares in at-the-market transactions which resulted in a taxable loss of approximately $397,000.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. OncoCyte established a full valuation allowance for all periods presented due to the uncertainty of realizing future tax benefits from its net operating loss carryforwards and other deferred tax assets. The change in the valuation allowance was $1.1 million and $5.1 million for the years ended December 31, 2017 and 2016, respectively.

Other Income Tax Matters

Internal Revenue Code Section 382 places a limitation ("Section 382 Limitation") on the amount of taxable income that can be offset by net operating loss ("NOL") carryforwards after a change in control (generally greater than 50% change in ownership within a three-year period) of a loss corporation. California has similar rules. Generally, after a control change, a loss corporation cannot deduct NOL carryforwards in excess of the Section 382 Limitation. Due to these "change in ownership" provisions, utilization of the NOL and tax credit carryforwards may be subject to an annual limitation regarding their utilization against taxable income in future periods.

OncoCyte may be subject to potential income tax examination by U.S. federal or states authorities. These potential examinations may include inquiries regarding the timing and amount of deductions, and compliance with U.S. federal and state tax laws. In general, OncoCyte is no longer subject to tax examination by major taxing authorities for years before 2013. Although the statute is closed for purposes of assessing additional income and tax in those years, the taxing authorities may still make adjustments to the net operating loss and credit carryforwards used in open years. Any potential examinations may include inquiries regarding the timing and amount of deductions, and compliance with U.S. federal and state tax laws.

9. Commitments and Contingencies

OncoCyte has certain commitments other than those under the Shared Facilities and Services Agreement described in Note 4.

Master Lease Line Agreement

On April 7, 2016, OncoCyte entered into a Master Lease Line Agreement ("Lease Agreement") with an unrelated financing company for the purchase and financing of certain equipment. OncoCyte may use up to $881,000, as amended, for purchases of equipment financed under the Lease Agreement through April 2017. Each lease schedule OncoCyte enters into under Lease Agreement must be in minimum increments of $50,000 each with a 36-month lease term, collateralized by the equipment financed under the lease schedule. Each lease schedule requires a deposit for the first and last payment under that schedule. Monthly payments will be determined using a lease factor approximating an interest rate of 10% per annum. At the end of each lease schedule under Lease Agreement, assuming no default has occurred, OncoCyte may either return the equipment financed under the schedule for a restocking fee of 7.5% of the original cost of the equipment or purchase the equipment from the financing company at a fair value not less than 12.5% of the original cost of the equipment.

On April 7, 2016, OncoCyte entered into a lease schedule under the Lease Agreement ("Lease Schedule No. 1") for certain equipment costing approximately $435,000 applied against the lease line, requiring payments of $14,442 per month over 36 months. In December 2016, OncoCyte entered into another lease schedule ("Lease Schedule No. 2") for certain equipment costing approximately $161,000, requiring payments of $5,342 per month over 36 months. In April 2017, OncoCyte entered into a third and final lease schedule ("Lease Schedule No. 3") for certain equipment costing approximately $285,000, requiring payments of $9,462 per month over 36 months. After this last tranche, the Lease Agreement was closed and has no remaining financing available.

OncoCyte has accounted for these leases as a capital lease in accordance with ASC 840, *Leases*, due to the net present value of the payments under the lease approximating the fair value of the equipment at inception of the lease. The payments under the lease schedules will be amortized to capital lease obligations and interest expense using the interest method at an imputed rate of approximately 10% per annum.

On May 11, 2017, OncoCyte entered into another Master Lease Line Agreement ("Lease Agreement No. 2") with the same finance company above and similar terms. OncoCyte may use up to $900,000 for purchases of equipment financed under Lease Agreement No. 2 through October 28, 2018. As of December 31, 2017, $820,000 under Lease Agreement No. 2 was available to OncoCyte.

Future minimum annual lease payments under Lease Schedule No.'s 1, 2, and 3 above for the years ending after December 31, 2017 are as follows (in thousands):

Year Ending December 31,	Capital Lease Payments
2018	$ 383
2019	248
2020	59
Total minimum lease payments	690
Less amounts representing interest	(63)
Present value of net minimum lease payments	$ 627

Wistar License Agreement

OncoCyte has entered into a License Agreement with The Wistar Institute of Anatomy and Biology ("Wistar") that entitles OncoCyte to use certain patents, know-how and data belonging to Wistar.

Under the License Agreement, OncoCyte has obtained an exclusive, worldwide license under certain patents, and under certain know-how and data ("Technical Information") belonging to Wistar, for use in the field of molecular diagnostics for lung cancer, including, but not limited to confirmatory, companion and recurrence diagnostics for any type of lung cancer with detection through whole blood, fractionated blood, plasma, serum and/or other biological samples. OncoCyte has the right to grant sublicenses of the licensed patents and Technical Information subject to certain conditions.

OncoCyte paid Wistar an initial license fee and will pay Wistar royalties on "net sales" of "licensed products," as such terms are defined in the License Agreement. The royalty rates will range from 3% to 5% depending upon the amount of cumulative net sales. The amount of royalties payable to Wistar will be reduced by the amount of any royalties that OncoCyte must pay to any third parties on the sale of the licensed products, but subject to a maximum reduction of 50%. The obligation to pay royalties to Wistar will terminate on a licensed product by-licensed product and country-by-country basis until the later of (i) the date a valid claim of a licensed patent covering the licensed product no longer exists, or (ii) the tenth (10th) anniversary of the first commercial sale of the licensed product in each country.

OncoCyte will pay Wistar a minimum annual royalty each year, which in each case will be credited against total royalties due during the year in which the minimum royalty is paid. OncoCyte will also be obligated to pay Wistar an annual license maintenance fee in the mid-five figures.

OncoCyte will also pay Wistar a portion of any non-royalty sublicensing income that OncoCyte may receive from any sub-licensee. Non-royalty sublicensing income will include any consideration received from a sub-licensee for granting the sublicense, but excluding royalties, the fair market value of any equity or debt securities sold to a sub-licensee, and any payments received from a sub-licensee for any related research conducted by OncoCyte for the sublicensee.

OncoCyte also will pay Wistar (a) milestone payments upon the occurrence of certain milestone events in the development and commercialization of a licensed product, and (b) all past or ongoing costs incurred or to be incurred by Wistar, including government fees and attorneys' fees, in the course of prosecuting the licensed patents.

OncoCyte has agreed to use commercially reasonable diligent efforts, directly or through sub-licensees, to develop and commercialize licensed products. OncoCyte has agreed that it or a sub-licensee will commence commercial sale of a licensed product by a specified date. If sales of a licensed product do not commence by the specified date, OncoCyte may purchase up to three one-year extensions of the deadline by paying Wistar a designated fee for the applicable extension.

OncoCyte has agreed to indemnify Wistar and its trustees, managers, officers, agents, employees, faculty, affiliated investigators, personnel and staff from and against certain claims and liabilities related to the License Agreement and development, manufacture and sale of licensed products, excluding liabilities that result from or arise out of an indemnified party's gross negligence or willful misconduct.

Wistar has the right to terminate the License Agreement, subject to certain notice and cure periods and *force majeure* delays in certain cases, if any of the following occur: (a) OncoCyte fails to pay any amount payable to Wistar; (b) OncoCyte materially breaches any covenant or agreement or any continuing representation or warranty contained in the License Agreement; (c) OncoCyte becomes subject to certain bankruptcy or insolvency events, (d) OncoCyte dissolves or ceases operations, (e) OncoCyte or any of its affiliates or sub-licensees or affiliates of any our sub-licensees challenges the validity, patentability, scope, construction, enforceability, non-infringement, or Wistar's ownership of any issued patent comprising the licensed patents, or assists any third party in any such challenge; or (f) OncoCyte fails to fulfill its product development and commercialization diligence obligations and related performance milestones.

OncoCyte may terminate the License Agreement, with or without cause, upon the passage of a specified period of time after giving Wistar written notice of termination.

Litigation – General

OncoCyte will be subject to various claims and contingencies in the ordinary course of its business, including those related to litigation, business transactions, employee-related matters, and others. When OncoCyte is aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, OncoCyte will record a liability for the loss. If the loss is not probable or the amount of the loss cannot be reasonably estimated, OncoCyte discloses the claim if the likelihood of a potential loss is reasonably possible and the amount involved could be material. OncoCyte is not aware of any claims likely to have a material adverse effect on its financial condition or results of operations.

Tax Filings

OncoCyte tax filings are subject to audit by taxing authorities in jurisdictions where it conducts business. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities or potentially through the courts. Management believes OncoCyte has adequately provided for any ultimate amounts that are likely to result from these audits; however, final assessments, if any, could be significantly different than the amounts recorded in the financial statements.

Employment Contracts

OncoCyte has entered into employment contracts with certain executive officers. Under the provisions of the contracts, OncoCyte may be required to incur severance obligations for matters relating to changes in control, as defined, and involuntary terminations.

Indemnification

In the normal course of business, OncoCyte may provide indemnification of varying scope under OncoCyte's agreements with other companies or consultants, typically OncoCyte's clinical research organizations, investigators, clinical sites, suppliers and others. Pursuant to these agreements, OncoCyte will generally agree to indemnify, hold harmless, and reimburse the indemnified parties for losses and expenses suffered or incurred by the indemnified parties arising from claims of third parties in connection with the use or testing of OncoCyte's diagnostic tests. Indemnification provisions could also cover third party infringement claims with respect to patent rights, copyrights, or other intellectual property pertaining to OncoCyte's diagnostic tests. The term of these indemnification agreements will generally continue in effect after the termination or expiration of the particular research, development, services, or license agreement to which they relate. The potential future payments OncoCyte could be required to make under these indemnification agreements will generally not be subject to any specified maximum amounts. Historically, OncoCyte has not been subject to any claims or demands for indemnification. OncoCyte also maintains various liability insurance policies that limit OncoCyte's financial exposure. As a result, OncoCyte management believes that the fair value of these indemnification agreements is minimal. Accordingly, OncoCyte has not recorded any liabilities for these agreements as of December 31, 2017 and 2016.

10. Subsequent Events

On March 28, 2018, OncoCyte entered into a securities purchase agreement with two accredited investors. The agreement provides for the private placement of 7,936,508 shares of OncoCyte's common stock for $1.26 per share, for total gross proceeds of $10.0 million before deducting offering expenses. Of this amount, OncoCyte has received $8.0 million in gross proceeds from the sale of 6,349,206 shares of common stock, and one of the investors irrevocably committed in the agreement to pay to OncoCyte an additional $2.0 million on or prior to April 30, 2018 for the purchase of an additional 1,587,302 shares of common stock. The agreement contains certain registration rights. The investors are existing security holders of OncoCyte, including Broadwood Partners, L.P., which beneficially owns more than 5% of OncoCyte's outstanding common stock.