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

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

November 2019

Commission file number: 001-36288

Akari Therapeutics, Plc

(Translation of registrant's name into English)

75/76 Wimpole Street
London W1G 9RT
United Kingdom
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(1):_____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulations S-T Rule 101(b)(7):_____

CONTENTS

On November 27, 2019, Akari Therapeutics, Plc (the "Company") issued unaudited interim condensed consolidated financial statements as of September 30, 2019, prepared in accordance with generally accepted accounting principles in the United States, together with the Company's Management Discussion and Analysis of Financial Condition and Results of Operations for the same period. Attached hereto and incorporated by reference herein are the following exhibits:

99.1 Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2019
99.2 Management Discussion and Analysis of Financial Condition and Results of Operations as of September 30, 2019

As previously reported, Dov Elefant resigned as our Chief Financial Officer in September 2019. Annie Mack is acting as the Company's principal accounting officer pending the appointment of the Company's new Chief Financial Officer, which is expected in the near term. Ms. Mack has served as Financial Controller and Director of External Reporting for Akari since October 2017. Prior to joining Akari, Ms. Mack held various accounting and finance positions in both private and public companies between 2013 and 2017. Ms. Mack holds a B.S. in Accounting from the University of North Carolina at Wilmington.

The information contained in the immediately preceding paragraph, Exhibits 99.1 and 99.2 are hereby incorporated by reference into all effective registration statements filed by the Company under the Securities Act of 1933.

Exhibit No.

99.1 Unaudited Interim Condensed Consolidated Financial Statements as of September 30, 2019

99.2 Management Discussion and Analysis of Financial Condition and Results of Operations as of September 30, 2019

SIGNATURES

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

Akari Therapeutics, Plc
(Registrant)

By: /s/ Clive Richardson
Name: Clive Richardson
Chief Executive Officer and Chief Operating Officer

Date: November 27, 2019

Exhibit 99.1

AKARI THERAPEUTICS, PLC

Quarterly Report For The Period Ended September 30, 2019

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Condensed Consolidated Financial Statements

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED BALANCE SHEETS
As of September 30, 2019 and December 31, 2018
(in U.S. Dollars, except share data)

	September 30, 2019 (Unaudited)	December 31, 2018
Assets		
Current Assets:		
Cash	$ 6,268,667	$ 5,446,138
Tax credit receivable	2,902,987	-
Prepaid expenses and other current assets	1,058,527	1,423,184
Deferred financing costs	402,042	585,000
Total Current Assets	10,632,223	7,454,322
Restricted cash	-	521,829
Property and equipment, net	8,388	20,425
Patent acquisition costs, net	29,147	32,978
Total Assets	$ 10,669,758	$ 8,029,554
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 1,315,411	$ 1,586,285
Accrued expenses	3,035,056	1,489,558
Liabilities related to options and warrants	3,068,834	1,842,424
Total Liabilities	7,419,301	4,918,267
Commitments and Contingencies		
Shareholders' Equity:		
Share capital of £0.01 par value		
Authorized: 10,000,000,000 ordinary shares; issued and outstanding: 2,100,865,913 and 1,580,693,413 at September 30, 2019 and December 31, 2018, respectively	30,123,701	23,651,277
Additional paid-in capital	109,560,217	106,616,083
Accumulated other comprehensive loss	(402,093)	(352,426)
Accumulated deficit	(136,031,368)	(126,803,647)
Total Shareholders' Equity	3,250,457	3,111,287
Total Liabilities and Shareholders' Equity	$ 10,669,758	$ 8,029,554

See notes to condensed consolidated financial statements.

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS - UNAUDITED
For the Three and Nine Months Ended September 30, 2019 and September 30, 2018
(in U.S. Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	**September 30, 2018**	**September 30, 2019**	**September 30, 2018**
Operating Expenses:				
Research and development	$ 1,763,057	$ 3,303,790	$ 3,038,038	$ 9,433,018
General and administrative	1,354,263	2,382,153	6,098,767	8,537,191
Litigation settlement gain	-	(2,700,000)	-	(2,700,000)
Total Operating Expenses	3,117,320	2,985,943	9,136,805	15,270,209
Loss from Operations	(3,117,320)	(2,985,943)	(9,136,805)	(15,270,209)
Other Income (Expenses):				
Interest income	2,057	66,073	3,792	198,146
Changes in fair value of option and warrant liabilities – gain/(loss)	515,489	(715,846)	(12,594)	2,077,128
Foreign currency exchange gains (losses)	37,209	36,036	(71,989)	42,481
Other expenses	(2,788)	6,425	(10,124)	(1,572)
Total Other Income (Expenses)	551,967	(607,312)	(90,915)	2,316,183
Net Loss	(2,565,353)	(3,593,255)	(9,227,720)	(12,954,026)
Other Comprehensive (Loss) Income:				
Foreign Currency Translation Adjustment	3,281	(65,848)	(49,667)	(60,237)
Comprehensive Loss	$ (2,562,072)	$ (3,659,103)	$ (9,277,387)	$ (13,014,263)
Loss per ordinary share (basic and diluted)	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average ordinary shares outstanding (basic and diluted)	1,971,025,222	1,528,682,540	1,721,098,272	1,526,700,724

See notes to condensed consolidated financial statements.

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY - UNAUDITED
As of and for the Three and Nine Months Ended September 30, 2019 and 2018
(in U.S. Dollars)

	Share Capital		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	
	Shares	Amount	Capital	Income (Loss)	Deficit	Total
Balance, December 31, 2018	1,580,693,413	$ 23,651,277	$ 106,616,083	$ (352,426)	$ (126,803,647)	$ 3,111,287
Stock-based compensation	-	-	394,439	-	-	394,439
Issuance of share capital related to financing, net of issuance costs	5,000,000	65,598	86,955	-	-	152,553
Comprehensive income (loss)	-	-	-	107,168	(2,545,283)	(2,438,115)
Balance, March 31, 2019	1,585,693,413	23,716,875	107,097,477	(245,258)	(129,348,930)	1,220,164
Stock-based compensation	-	-	409,622	-	-	409,622
Issuance of share capital related to financing, net of issuance costs	65,000,000	821,262	453,737	-	-	1,274,999
Comprehensive loss				(160,116)	(4,117,084)	(4,277,200)
Balance, June 30, 2019	1,650,693,413	24,538,137	107,960,836	(405,374)	(133,466,014)	(1,372,415)
Stock-based compensation	-	-	137,385	-	-	137,385
Issuance of share capital related to financing, net of issuance costs	450,172,500	5,585,564	1,461,996	-	-	7,047,560
Comprehensive income (loss)	-	-	-	3,281	(2,565,354)	(2,562,073)
Balance, September 30, 2019	2,100,865,913	$ 30,123,701	$ 109,560,217	$ (402,093)	$ (136,031,368)	$ 3,250,457

	Share Capital		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	
	Shares	Amount	Capital	Income (Loss)	Deficit	Total
Balance, December 31, 2017	1,525,693,393	$ 22,927,534	$ 104,799,550	$ (236,246)	$ (110,336,867)	$ 17,153,971
Stock-based compensation	-	-	475,958	-	-	475,958
Comprehensive income (loss)	-	-	-	32,799	(1,338,575)	(1,305,776)
Balance, March 31, 2018	1,525,693,393	22,927,534	105,275,508	(203,447)	(111,675,442)	16,324,153
Stock-based compensation	-	-	351,981	-	-	351,981
Comprehensive loss			-	(27,188)	(8,022,196)	(8,049,384)
Balance, June 30, 2018	1,525,693,393	22,927,534	105,627,489	(230,635)	(119,697,638)	8,626,750
Stock-based compensation	-	-	403,769	-	-	403,769
Issuance of share capital to directors	20	-	-	-	-	-
Issuance of share capital related to financing, net of issuance costs	55,000,000	723,743	207,829	-	-	931,572
Comprehensive loss	-	-	-	(65,848)	(3,593,255)	(3,659,103)
Balance, September 30, 2018	1,580,693,413	$ 23,651,277	$ 106,239,087	$ (296,483)	$ (123,290,893)	$ 6,302,988

See notes to condensed consolidated financial statements.

AKARI THERAPEUTICS, Plc

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
For the Nine Months Ended September 30, 2019 and 2018
(in U.S. Dollars)

	Nine Months Ended	
	September 30, 2019	**September 30, 2018**
Cash Flows from Operating Activities:		
Net loss	$ (9,227,720)	$ (12,954,026)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	14,892	28,230
Stock-based compensation	941,446	1,231,708
Changes in fair value of option and warrant liabilities and warrants– losses (gains)	12,594	(2,077,128)
Foreign currency exchange losses (gains)	67,922	(71,500)
Changes in operating assets and liabilities:		
Tax credit receivable	(2,902,987)	-
Prepaid expenses and other current assets	364,594	(676,120)
Accounts payable and accrued expenses	1,275,245	(3,650,919)
Other liabilities	-	156,844
Total adjustments	(226,294)	(5,058,885)
Net Cash Used in Operating Activities	(9,454,014)	(18,012,911)
Cash Flows from Investing Activities:		
Purchase of letter of credit	-	(379,075)
Net Cash Used in Investing Activities	-	(379,075)
Cash Flows from Financing Activities:		
Net proceeds from issuance of shares	9,871,886	346,572
Net Cash Provided by Financing Activities	9,871,886	346,572
Effect of Exchange Rates on Cash and Restricted Cash	(117,172)	12,088
Net Increase (Decrease) in Cash and Restricted Cash	300,700	(18,033,326)
Cash and Restricted Cash, beginning of period	5,967,967	28,106,671
Cash and Restricted Cash, end of period	$ 6,268,667	$ 10,073,345
Supplemental Disclosures of Non-Cash Financing Activities:		
Deferred financing costs	$ 182,958	$ 585,000

See notes to condensed consolidated financial statements.

NOTE 1 – Nature of Business

Akari Therapeutics, Plc, (the "Company" or "Akari"), is incorporated in the United Kingdom. The Company is a clinical-stage biopharmaceutical company focused on developing inhibitors of acute and chronic inflammation, specifically the complement system, the eicosanoid or leukotriene system and the bioamine system for the treatment of rare and orphan diseases. The Company's activities since inception have consisted of raising capital and performing research and development activities.

To fund its capital needs, the Company plans to raise funds through equity or debt financings or other sources, such as strategic partnerships and alliance and licensing arrangements, and in the long term, proceeds from sales of commercial product. As of September 30, 2019, the Company has an accumulated deficit of $136,031,368 and cash of $6,268,667. On September 26, 2018, the Company entered into a securities purchase agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital") which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $20.0 million of the Company's ADSs over the 30-month term of the Purchase Agreement (See Note 4). As of September 30, 2019, $13,401,405 remains available under the facility.

The Company believes its current capital resources are sufficient to support its operations through the end of 2019 without giving effect to the sale of additional shares to Aspire Capital under the Purchase Agreement. However, funds may not be available when the Company needs them, on terms that are acceptable to it, or at all. These matters raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company was unable to continue as a going concern.

The Company is subject to a number of risks similar to those of clinical stage companies, including dependence on key individuals, uncertainty of product development and generation of revenues, dependence on outside sources of capital, risks associated with clinical trials of products, dependence on third-party collaborators for research operations, need for regulatory approval of products, risks associated with protection of intellectual property, and competition with larger, better-capitalized companies. To fully execute its business plan, the Company will need, among other things, to complete its research and development efforts and clinical and regulatory activities. These activities may take several years and will require significant operating and capital expenditures in the foreseeable future. For the three and nine months ended September 30, 2019, the Company reported a net loss of $2,565,353 and $9,227,720, respectively, and expects to continue to incur substantial losses over the next several years during its development phase. There can be no assurance that the Company's activities will be successful. In addition, the Company is subject to risks related to an active U.S. Securities and Exchange Commission ("SEC") investigation. If the Company is not successful in these activities or there is not a favorable resolution of the SEC investigation, it could delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation – The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and the rules and regulations of the SEC and assumes that the Company will continue to operate as a going concern. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These financial statements have been prepared on the same basis as the Company's annual financial statements and, in the opinion of management, reflect all adjustments, including normal and recurring adjustments, which the Company considers necessary for the fair presentation of financial information. The results of operations and comprehensive loss for the three and nine months ended September 30, 2019 and September 30, 2018, are not necessarily indicative of expected results for the full fiscal year or any other period.

Principles of Consolidation – The Condensed Consolidated Financial Statements include the accounts of the Company and Volution Immuno Pharmaceuticals SA, a private Swiss company, its wholly-owned subsidiary. All intercompany transactions have been eliminated.

Foreign Currency – The functional currency of the Company is U.S. dollars, as that is the primary economic environment in which the Company operates as well as the currency in which it has been financed.

The reporting currency of the Company is U.S. Dollars. The Company translated its non-U.S. operations' assets and liabilities denominated in foreign currencies into U.S. dollars at current rates of exchange as of the balance sheet date and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded as foreign currency translation adjustments, a component of accumulated other comprehensive income (loss). Gains or losses from foreign currency transactions are included in foreign currency exchange gains/(losses).

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that may affect the reported amounts of assets, liabilities, equity, revenue, expenses and related disclosure of contingent assets and liabilities. Management's estimates and judgments include assumptions used in the evaluation of impairment and useful lives of intangible assets (patents), accrued liabilities, deferred income taxes, liabilities related to stock options, stock-based compensation and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates under different assumptions or conditions.

Fair Value Measurements – The carrying amounts of financial instruments, including cash, restricted cash, tax credit receivable, prepaid expenses and other current assets, deferred financing costs, accounts payable and accrued expenses approximate fair value due to their short-term maturities.

The Company's liabilities related to options and warrants relate to RPC Pharma Limited ("RPC"), Akari's largest shareholder, and unregistered warrants issued to investors and a placement agent in connection with the July 3, 2019 registered direct offering.

The liability related to RPC Options was recognized on the balance sheet at their fair value, with changes in the fair value accounted for in the Condensed Consolidated Statements of Comprehensive Loss and included in changes in fair value of option and warrant liabilities (losses) gains.

The Company accounted for unregistered warrants issued to investors and a placement agent in connection with the July 3, 2019 registered direct offeringas a warrant liability on the balance sheet and measured at their grant date fair value and subsequently re-measured at each reporting period, with changes being recorded as a component of other income in the statement of operations (See Note 3).

(in U.S. Dollars)

NOTE 2 – Summary of Significant Accounting Policies (cont.)

Cash – The Company considers all highly-liquid investments with original maturities of 90 days or less at the time of acquisition to be cash equivalents. The Company had no cash equivalents as of September 30, 2019 and December 31, 2018.

Restricted cash – Restricted cash was collateral for a letter of credit related to the Company's former office leases.

Tax Credit Receivable – Tax credit receivable consists of research and development tax credit receivables from the HM Revenues and Customs – UK.

Prepaid Expenses and Other Current Assets – Prepaid expenses and other current assets consist principally of prepaid expenses and VAT receivables.

Deferred Financing Costs – Deferred financing costs relate to the upfront commitment fee paid to Aspire Capital in the form of ordinary shares and are included in current assets. They are amortized proportionally as the Company sells shares to Aspire Capital.

Property and equipment, net – Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following annual rates:

	Years
Computers, peripheral, and scientific equipment	3
Office furniture and equipment	3

Depreciation expense for the three and nine months ended September 30, 2019 and 2018 was $3,668, $8,743, $12,037, and $25,943, respectively.

Long-Lived Assets – The Company reviews all long-lived assets for impairment whenever events or circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of assets to be held or used is measured by comparison of the carrying value of the asset to the future undiscounted net cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment recognized is measured by the amount by which the carrying value of the asset exceeds the discounted future cash flows expected to be generated by the asset.

Patent Acquisition Costs – Patent acquisition costs and related capitalized legal fees are amortized on a straight-line basis over the shorter of the legal or economic life. The estimated useful life is 22 years. The Company expenses costs associated with maintaining and defending patents subsequent to their issuance in the period incurred. Amortization of patent acquisition costs for the three and nine months ended September 30, 2019 and 2018 was $926, $764, $2,855 and $2,287, respectively.

NOTE 2 – Summary of Significant Accounting Policies (cont.)

Accrued Expenses – As part of the process of preparing the condensed consolidated financial statements, the Company estimates accrued expenses. This process involves identifying services that third parties have performed on the Company's behalf and estimating the level of service performed and the associated cost incurred on these services as of each balance sheet date in the Company's condensed consolidated financial statements. Examples of estimated accrued expenses include contract service fees in conjunction with pre-clinical and clinical trials, professional service fees and contingent liabilities. In connection with these service fees, the Company's estimates are most affected by its understanding of the status and timing of services provided relative to the actual services incurred by the service providers. In the event that the Company does not identify certain costs that have been incurred or it under or over-estimates the level of services or costs of such services, the Company's reported expenses for a reporting period could be understated or overstated. The date on which certain services commence, the level of services performed on or before a given date, and the cost of services are often subject to the Company's estimation and judgment. The Company makes these judgments based upon the facts and circumstances known to it in accordance with U.S. GAAP.

Research and Development Expenses – Costs associated with research and development are expensed as incurred. Research and development expenses include, among other costs, personnel expenses, costs incurred by outside laboratories, manufacturers and other accredited facilities in connection with clinical trials and preclinical studies. Research and development expenses for the three and nine months ended September 30, 2019 and 2018 were $1,763,057, $3,303,790, $3,038,038 and $9,433,018, respectively. The Company accounts for research and development tax credits at the time its realization becomes probable. In September 2019, March 2019 and March 2018, the Company recorded research and development tax credits of $2,902,987, $4,872,716 and $3,794,094, respectively, related to the 2018, 2017 and 2016 tax years. The tax credits were recorded as reductions to research and development costs in the Condensed Consolidated Statements of Comprehensive Loss.

Stock-Based Compensation Expense – Stock-based compensation expense is recorded using the fair-value based method for all awards granted. Compensation costs for stock options and awards is recorded in earnings (loss) over the requisite service period based on the fair value of those options and awards. For employees, fair value is estimated at the grant date, and for non-employees, fair value is re-measured at each reporting date as required by ASC 718, "*Compensation-Stock Compensation*," and ASC 505-50, "*Equity-Based Payments to Non-Employees*." Fair values of awards granted under the share option plans are estimated using a Black-Scholes option pricing model. The determination of fair value for stock-based awards on the date of grant using an option pricing model requires management to make certain assumptions regarding a number of complex and subjective variables. The Company classifies its stock-based payments as either liability-classified awards or as equity-classified awards. The Company remeasures liability-classified awards to fair value at each balance sheet date until the award is settled. The liability for liability-classified awards generally is equal to the fair value of the award as of the balance sheet date multiplied by the percentage vested at the time. The Company charges (or credits) the change in the liability amount from one balance sheet date to another to changes in fair value of option and warrant liabilities gain (loss). The Company accounts for awards of equity instruments issued to employees and directors under the fair value method of accounting and recognizes such amounts, upon vesting, in general administrative or research and development expenses within its Condensed Consolidated Statements of Comprehensive Loss.

Concentration of Credit Risk – Financial instruments that subject the Company to credit risk consist of cash. The Company maintains cash with well-capitalized financial institutions. At times, those amounts may exceed insured limits. The Company has no other significant concentrations of credit risk.

(in U.S. Dollars)

NOTE 2 – Summary of Significant Accounting Policies (cont.)

Income Taxes – The Company accounts for income taxes in accordance with the accounting rules that require an asset and liability approach to accounting for income taxes based upon the future expected values of the related assets and liabilities. Deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and for tax loss and credit carry forwards and are measured using the expected tax rates estimated to be in effect when such basis differences reverse. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will, more likely than not, be realized. The Company has recorded a full valuation allowance on its deferred tax assets as of September 30, 2019 and December 31, 2018.

Uncertain Tax Positions – The Company follows the provisions of ASC 740 "*Accounting for Uncertainty in Income Taxes*", which prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under ASC 740 "*Accounting for Uncertainty in Income Taxes*," an entity may only recognize or continue to recognize tax positions that meet a "more-likely-than-not" threshold. Interest and penalties related to uncertain tax positions are recognized as income tax expense. At September 30, 2019 and December 31, 2018, the Company had no uncertain tax positions.

Earnings (Loss) Per Share – Basic earnings (loss) per ordinary share is computed by dividing net income (loss) available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings (loss) per ordinary share is computed by dividing net income (loss) available to ordinary shareholders by the sum of (1) the weighted-average number of ordinary shares outstanding during the period, (2) the dilutive effect of the assumed exercise of options and warrants using the treasury stock method and (3) the dilutive effect of other potentially dilutive securities. For purposes of the diluted net loss per share calculation, share options and warrants are considered to be potentially dilutive securities and are excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive. Therefore, basic and diluted net loss per share was the same for the periods presented due to the Company's net loss position.

Comprehensive Loss – Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The Company's other comprehensive loss is comprised of foreign currency translation adjustments.

The following table provides details with respect to changes in accumulated other comprehensive loss, which is comprised of foreign currency translation adjustments, as presented in the balance sheets at September 30, 2019:

Balance, January 1, 2019	$	(352,426)
Net current period other comprehensive loss		(49,667)
Balance, September 30, 2019	$	(402,093)

NOTE 2 – Summary of Significant Accounting Policies (cont.)

Recent Accounting Pronouncements

Adopted during the period –
In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The adoption of this standard in 2019 did not have a material impact on the Company's financial position, results of operations or related financial statement disclosures since the Company does not have a lease with a term longer than 12 months.

NOTE 3 – Fair Value Measurements

In October 2016, the FASB issued ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory.* This guidance removes the prohibition in ASC 740 against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. This guidance is intended to reduce the complexity of U.S. GAAP and diversity in practice related to the tax consequences of certain types of intra-entity asset transfers, particularly those involving intellectual property. This guidance is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The adoption of this standard in 2019 did not have a material impact on the Company's financial position, results of operations or related financial statements.
Fair value of financial instruments:

The estimated fair value of financial instruments has been determined by the Company using available market information and valuation methodologies. Considerable judgment is required in estimating fair values. Accordingly, the estimates may not be indicative of the amounts the Company could realize in a current market exchange.

The carrying amounts of cash, restricted cash, tax credit receivable, prepaid expenses and other current assets, deferred financing costs, accounts payable and accrued expenses approximate their fair value due to the short-term maturity of such instruments.

NOTE 3 – Fair Value Measurements (cont.)

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820") establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities 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; or

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.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Liability related to RPC Options – In June 2015, the Company raised short-term working capital in the form of loans from shareholders of approximately $3 million with the loans carrying with it, options in RPC, equivalent to 15% of the current outstanding equity issued by RPC ("RPC Options"). RPC is a private company that is a large shareholder of the Company. RPC Options were accounted for in accordance with ASC 718, *Compensation – Stock Compensation.* The fair value of RPC Options was estimated using the fair value of Akari ordinary shares times RPC's ownership in Akari ordinary shares times 15% and was initially valued at approximately $26 million. These options do not relate to the share capital of Akari. The exact terms of these options have not been finalized.

In accordance with ASC 820, the Company measures its liability related to RPC Options on a recurring basis at fair value. The liability related to RPC Options are classified within Level 3 value hierarchy because the liabilities are based on present value calculations and external valuation models whose inputs include market interest rates, estimated operational capitalization rates, volatilities and illiquidity. Unobservable inputs used in these models are significant.

The fair value of RPC Options was $2,053,965 and $1,842,424 as of September 30, 2019 and December 31, 2018, respectively. The fair value of the RPC Options for the three months ended September 30, 2019 decreased by $316,541 and for the three months ended September 30, 2018 increased by $715,846, while the fair value of RPC Options for the nine months ended September 30, 2019 increased by $211,542 and for the nine months ended September 30, 2018 decreased by $2,077,128. The change in fair value of liability related to RPC Options from period to period, which represents a gain (loss), was recognized as changes in fair value of option and warrant liabilities gains (losses) in the Condensed Consolidated Statements of Comprehensive Loss. The Company accounts for RPC Options as a liability in accordance with ASC 815-40-25, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* and ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock*

(in U.S. Dollars)

NOTE 3 – Fair Value Measurements (cont.)

Liability Related to Paulson Warrants –
On July 3, 2019, the Company sold to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, the Company's Chairman, an aggregate of 2,368,392 ADSs in a registered direct offering at $1.90 per ADS, resulting in gross proceeds of approximately $4.5 million. The Company also entered into a letter agreement with Paulson Investment Company, LLC (the "Placement Agent") to serve as the placement agent for the Company in connection with this offering. In connection with the sale of the ADSs in this registered direct offering, the Company issued to the investors unregistered warrants to purchase an aggregate of 1,184,213 ADSs in a private placement ("Investor Warrants"). The Investor Warrants are immediately exercisable and will expire five years from issuance at an exercise price of $3.00 per ADS, subject to adjustment as set forth therein. The Company paid to the Placement Agent an aggregate of $337,496 in placement agent fees and expenses and issued unregistered warrants to the Placement Agent to purchase an aggregate of 177,629 ADS ("Placement Agent Warrants") on the same terms as the Investor Warrants, except that the Placement Agent Warrants are exercisable at $2.85 per ADS and expire on June 28, 2024. Both the Investor Warrants and the Placement Agent Warrants (together the "Paulson Warrants") may be exercised on a cashless basis if six months after issuance there is no effective registration statement registering the ADSs underlying the warrants. Pursuant to the cashless exercise provision, the warrant holder must make an additional payment to the Company equal to the nominal value of an ADS (i.e., £1) per warrant ADS actually to be issued pursuant to the cashless exercise. The total amount of Paulson Warrants issued in connection with this registered direct offering amounted to 1,361,842, all of which were outstanding as of September 30, 2019.

Costs directly attributable to realizing proceeds of issuing ADSs such as placement agent fees, commissions, legal and accounting fees pertaining to the financing and other external, incremental fees and expenses paid to advisors are recognized in the Shareholders Equity in the Consolidated Financial Statements in accordance with ASC 835-30-45-3.

The Company has determined that the Paulson Warrants represent freestanding financial instruments whose foreign currency considerations pursuant to cash and cashless exercise require liability classification and should be recorded as liability-classified awards in accordance with ASC 815-40-25, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* and ASC 815-40-15, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock*. In accordance with ASC 820, the Company measured its warrants at grant date fair value. The fair value related to warrants are classified within the Level 3 value hierarchy because it is based on external valuation models whose inputs include market interest rates, required return on capital, and standard deviation. Unobservable inputs used in these models are significant. The Paulson Warrants were measured at their grant date fair value and subsequently remeasured at each reporting period with changes being recorded as a component of other income in the statement of operations The total grant date fair value of these warrants was $1,213,816 and was recognized within Current Liabilities in the Condensed Consolidated Balance Sheets. The change in fair value of liability related to Paulson Warrants from period to period, which represents a gain (loss), was recognized as change in fair value of option and warrant liabilities gains (losses) in the Condensed Consolidated Statements of Comprehensive Loss. At September 30, 2019, the fair value of the Paulson Warrants was $1,014,869.

Below are the assumptions used for the fair value calculations of the warrants as of:

	July 3, 2019	September 30, 2019
Standard deviation	110.00%	112.00%
Annual risk-free interest rate	1.71%	1.55%
Required return on equity	19.90%	19.90%
Expected life in years	5.00	4.76
Annual turnover rate	0.00%	0.00%
Period risk-free rate	0.08%	0.08%

(in U.S. Dollars)

NOTE 3 – Fair Value Measurements (cont.)

The Company had no financial assets that require fair value measurement on a recurring basis. The Company's financial liabilities measured at fair value on a recurring basis, consisted of the following instruments as of the following dates:

	September 30, 2019	December 31, 2018
RPC Options	$ 2,053,965	$ 1,842,424
Paulson Warrants	1,014,869	-
Total	$ 3,068,834	$ 1,842,424

Fair value measurements using significant unobservable inputs (Level 3):

	Fair value of liabilities related to options and warrants
Balance at December 31, 2017	$ 5,081,335
Change in fair value of liabilities related to options and warrants	(2,077,128)
Balance at September 30, 2018	$ 3,004,207

	Fair value of liabilities related to options and warrants
Balance at December 31, 2018	$ 1,842,424
Change in fair value of liabilities related to options and warrants	1,226,410
Balance at September 30, 2019	$ 3,068,834

NOTE 4 – Shareholders' Equity

Purchase Agreement and Registration Rights Agreement with Aspire Capital –

On September 26, 2018, the Company entered into a Purchase Agreement with Aspire Capital, which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $20.0 million of the Company's ADS, with each ADS representing one hundred (100) ordinary shares, during a 30-month period beginning on the effective date of a registration statement related to the transaction. Concurrently with entering into the Purchase Agreement, the Company also entered into a registration rights agreement with Aspire Capital, in which the Company agreed to file one or more registration statements, as permissible and necessary to register under the Securities Act of 1933, as amended (the "Securities Act"), the sale of the Company's securities that have been and may be issued to Aspire Capital under the Purchase Agreement.

NOTE 4 – Shareholders' Equity (cont.)

Under the Purchase Agreement, after the SEC has declared effective the registration statement referred to above (which occurred in March 2019), on any trading day selected by the Company, the Company has the right, in its sole discretion, to present Aspire Capital with a purchase notice (each, a "Purchase Notice"), directing Aspire Capital (as principal) to purchase up to 150,000 ADSs per business day and up to $20.0 million of the Company's ADSs in the aggregate at a per share price (the "Purchase Price") equal to the lesser of:

- the lowest sale price of the Company's ADSs on the purchase date; or

- the arithmetic average of the three (3) lowest closing sale prices for the ADSs during the ten (10) consecutive business days ending on the business day immediately preceding such Purchase Date (to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction).

In addition, on any date on which the Company submits a Purchase Notice to Aspire Capital in an amount of 150,000 ADSs, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a "VWAP Purchase Notice") directing Aspire Capital to purchase an amount of ADSs equal to up to 30% of the aggregate shares of the Company's ADSs traded on its principal market on the next trading day (the "VWAP Purchase Date"), subject to a maximum number of 250,000 ADSs. The purchase price per share pursuant to such VWAP Purchase Notice is generally 97% of the volume-weighted average price for the Company's ADSs traded on its principal market on the VWAP Purchase Date.

The Purchase Price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. The Company may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Purchase Agreement provides that the Company and Aspire Capital shall not effect any sales under the Purchase Agreement on any purchase date where the closing sale price of the Company's ADSs is less than $0.25. There are no trading volume requirements or restrictions under the Purchase Agreement, and the Company will control the timing and amount of sales of the Company's ADSs to Aspire Capital. Aspire Capital has no right to require any sales by the Company, but is obligated to make purchases from the Company as directed by the Company in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement.

In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, the Company issued to Aspire Capital 30,000,000 ordinary shares of the Company (the "Commitment Shares") and sold to Aspire Capital 25,000,000 ordinary shares (the "Initial Shares") for gross proceeds of $500,000. The Company recorded the value of the Commitment shares as deferred financing costs and included the costs in current assets. They are amortized proportionally as the Company sells shares to Aspire. As of September 30, 2019, the Company recognized $197,958 of such costs which are included in additional paid-in capital. The Purchase Agreement may be terminated by the Company at any time, at its discretion, without any cost to the Company. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of the Company's securities during any time prior to the termination of the Purchase Agreement. Any proceeds the Company receives under the Purchase Agreement are expected to be used for working capital and general corporate purposes.

(in U.S. Dollars)

NOTE 4 – Shareholders' Equity (cont.)

In addition to the issuance of the Commitment Shares and Initial Shares for gross proceeds of $500,000, during the three and nine months ended September 30, 2019, the Company sold to Aspire Capital 213,333,300 and 283,333,300 ordinary shares of the Company for gross proceeds of $4,556,095 and $6,098,595, respectively. As of September 30, 2019, $13,401,405 of the original purchase commitment remains available under the facility. Subsequent to September 30, 2019, the Company sold additional shares to Aspire Capital (See Note 8).

Registered Direct Offering –
On July 3, 2019, the Company sold to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, the Company's Chairman, an aggregate of 2,368,392 ADSs in a registered direct offering at $1.90 per ADS, resulting in gross proceeds of approximately $4.5 million. The Company also entered into a letter agreement with the Placement Agent to serve as the placement agent for the Company in connection with this offering. In connection with the sale of the ADSs in this registered direct offering, the Company issued unregistered warrants to investors and a placement agent to purchase an aggregate of 1,361,842 ADSs in a private placement at $3.00 per ADS and $2.85 per ADS respectively (See Note 3).

Share option plan –
In accordance with the Company's 2014 Equity Incentive Plan (the "Plan"), the number of shares that may be issued upon exercise of options under the Plan shall not exceed 183,083,207 ordinary shares. At September 30, 2019, 84,240,457 ordinary shares are available for future issuance under the Plan. The option plan is administered by the Company's Board of Directors and grants are made pursuant thereto by the compensation committee. The per share exercise price for the shares to be issued pursuant to the exercise of an option shall be such price equal to the fair market value of the Company's ordinary shares on the grant date and set forth in the individual option agreement. Options expire ten years after the grant date and typically vest over one to four years.

The following is a summary of the Company's share option activity and related information for employees and directors for the period ended September 30, 2019:

	Number of shares	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Options outstanding as of January 1, 2019	94,096,998	$ 0.12		8.4	$ -
Changes during the period:					
Granted	7,800,000	$ 0.02	$ 0.01		
Forfeited	(3,054,248)	$ 0.07	$ 0.05		
Options outstanding at September 30, 2019	98,842,750	$ 0.11		7.8	$ -
Exercisable options at September 30, 2019	60,592,750	$ 0.17		7.1	$ -

The Company measures compensation cost for all share-based awards at fair value on the date of grant and recognizes compensation expense in general administrative and research and development expenses within its Condensed Consolidated Statements of Comprehensive Loss using the straight-line method over the service period over which it expects the awards to vest.

(in U.S. Dollars)

NOTE 4 – Shareholders' Equity (cont.)

The Company estimates the fair value of all time-vested options as of the date of grant using the Black-Scholes option valuation model, which was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Option valuation models require the input of highly subjective assumptions, including the expected share price volatility, which is calculated based on the historical volatility of peer companies. The Company uses a risk-free interest rate, based on the U.S. Treasury instruments in effect at the time of the grant, for the period comparable to the expected term of the option. Given its limited history with share option grants and exercises, the Company uses the "simplified" method in estimating the expected term, the period of time that options granted are expected to be outstanding, for its grants.

The Company classifies its stock-based payments as either liability-classified awards or as equity-classified awards. The Company re-measures liability-classified awards to fair value at each balance sheet date until the award is settled.

The Company measures equity-classified awards at their grant date fair value and does not subsequently re-measure them. The Company has classified its stock-based payments, which are settled in ordinary shares as equity-classified awards, and share-based payments that are settled in cash as liability-classified awards. Compensation costs related to equity-classified awards generally are equal to the grant date fair value of the award amortized over the vesting period of the award. The liability for liability-classified awards generally is equal to the fair value of the award as of the balance sheet date multiplied by the percentage vested at the time. The Company charges (or credits) the change in the liability amounts from one balance sheet date to another to stock-based compensation expense.

Below are the assumptions used for the options granted during the nine months ended September 30, 2019 and 2018:

	September 30, 2019	September 30, 2018
Expected dividend yield	0%	0%
Expected volatility	75.40%	70.52-82.23%
Risk-free interest	1.76%	2.49-2.96%
Expected life in years	5.50	5.5-6.25

The following is a summary of the Company's share options granted separated into ranges of exercise price:

Exercise price (range) ($)	Options outstanding at September 30, 2019	Weighted average remaining contractual life (years)	Weighted average exercise price ($)	Options exercisable at September 30, 2019	Remaining contractual life (years for exercisable options)	Weighted average exercise price ($)
0.02-0.05	59,800,000	8.79	0.02	22,675,000	8.47	0.03
0.12-0.19	18,334,629	6.55	0.15	17,209,629	6.53	0.16
0.32	20,528,121	5.97	0.32	20,528,121	5.97	0.32
0.75-2.00	180,000	3.68	1.62	180,000	3.68	1.62
	98,842,750			**60,592,750**		

NOTE 4 – Shareholders' Equity (cont.)

During the three and nine months ended September 30, 2019 and 2018, the Company recorded approximately $137,000, $404,000, $942,000 and $1,232,000, respectively, in stock-based compensation expenses for employees and directors. At September 30, 2019, there was approximately $554,000 of unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Company's share option plans which the Company expects to recognize over a weighted average of 2.0 years.

NOTE 5 – Related Party Transactions

Office Lease - A non-employee director of the Company is also the CEO of The Doctors Laboratory ("TDL"). The Company leases its offices in London from TDL and has incurred expenses of approximately $32,000, $34,000, $100,000 and $106,000 plus VAT during the three and nine months ended September 30, 2019 and 2018, respectively (see Note 6).

Consulting - A director of the Company began providing business development consulting services in January 2018. The Company has incurred expenses of approximately $25,000, $14,000, $75,000 and $59,000 during the three and nine months ended September 30, 2019 and 2018, respectively, relating to these consulting services.

NOTE 6 – Commitments and Contingencies

Loss contingencies - On April 27, 2017, the Company issued a press release stating that Edison Investment Research Ltd. ("Edison") had withdrawn its report issued April 26, 2017 titled "Akari's Coversin matches Soliris in Phase II" (the "Edison Report") because it contained material inaccuracies, including, without limitation, with respect to the Company's interim analysis of its ongoing Phase II PNH trial of nomacopan (formerly known as Coversin). Investors were cautioned not to rely upon any information contained in the Edison Report and instead were directed to the Company's press release issued on April 24, 2017 that discusses the interim analysis of the Company's then ongoing Phase II PNH trial and other matters. The Company's Board of Directors established an ad hoc special committee of the Board to review the involvement, if any, of its personnel with the Edison Report, which was later retracted. Edison was retained by the Company to produce research reports about the Company. While that review was pending, Dr. Gur Roshwalb, the Company's former Chief Executive Officer, was placed on administrative leave and Dr. Ray Prudo in his role as Executive Chairman temporarily assumed Dr. Roshwalb's duties in his absence. Following that review, the Company determined that the Edison Report was reviewed and approved by Dr. Roshwalb, in contravention of Company policy. On May 29, 2017, Dr. Roshwalb submitted his resignation as Chief Executive Officer and member of the Company's Board of Directors, effective immediately.

NOTE 6 – Commitments and Contingencies (cont.)

On May 12, 2017, a putative securities class action captioned Derek Da Ponte v. Akari Therapeutics, PLC, Gur Roshwalb, and Dov Elefant (Case 1:17-cv-03577) was filed in the U.S. District Court for the Southern District of New York against the Company, its former Chief Executive Officer, and its former Chief Financial Officer. The plaintiff asserted claims alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), based primarily on the Company's press releases or statements issued between April 24, 2017 and May 11, 2017 concerning the Phase II PNH trial of nomacopan (formerly known as Coversin) and the Edison Report about the Company and actions taken by it after the report was issued. The purported class covers the period from March 30, 2017 to May 11, 2017. The complaint seeks unspecified damages and costs and fees. On May 19, 2017, an almost identical class action complaint captioned Shamoon v. Akari Therapeutics, PLC, Gur Roshwalb, and Dov Elefant (Case 1:17-cv-03783) was filed in the same court. On July 11-12, 2017, candidates to be lead plaintiff filed motions to consolidate the cases and appoint a lead plaintiff. On August 10, 2017, the court issued a stipulated order: (i) consolidating the class actions under the caption In re: Akari Therapeutics, PLC Securities Litigation (Case 1:17-cv-03577); and (ii) setting out a schedule for plaintiffs to file a consolidated amended complaint and defendants to respond thereto.

By order dated September 7, 2017, the court appointed lead plaintiffs for the class and lead plaintiffs' counsel. On November 6, 2017, lead plaintiffs filed a consolidated amended complaint (the "CAC"). While the CAC contains similar substantive allegations to the initial complaints, it adds two additional defendants, Ray Prudo and Edison Investment Research Ltd., and the purported class period was changed to April 24, 2017 through May 30, 2017. On January 10, 2018, at a hearing regarding the defendants' impending motions to dismiss the CAC, the Court gave plaintiffs permission to file a second consolidated amended complaint (the "SCAC") and established a briefing schedule for defendants' motions to dismiss the SCAC. Pursuant to that schedule, plaintiffs' SCAC was filed on January 31, 2018. All briefing on the motions to dismiss was completed on April 20, 2018.

On May 9, 2018, the parties engaged in a mediation session and came to an agreement in principle to settle the dispute. On June 8, 2018, the parties entered into a memorandum of understanding. A memorandum of understanding is not a definitive settlement agreement, which must be approved by the Court. By the terms of the memorandum, the parties agreed in principle to a total payment of $2.7 million in cash. The Company recorded the $2.7 million SCAC litigation settlement loss in the Consolidated Statement of Comprehensive Loss in the year ended December 31, 2017, which is the period in which the lawsuits were originally filed. The $2.7 million SCAC settlement liability was recorded as a loss contingency in accrued expenses in the Company's Consolidated Balance Sheets as of December 31, 2017. On July 26, 2018, plaintiffs filed a notice with the Court voluntarily dismissing Edison from the action. On August 3, 2018, the remaining parties executed and filed a stipulation and agreement of settlement (the terms of which were consistent with the memorandum of understanding). On August 7, 2018, the Court granted plaintiffs' motion for preliminary approval of the settlement, and on November 28, 2018, following a hearing with the parties, the court ordered final approval of the settlement. On August 24, 2018, the Company received a $2.7 million payment from its directors' and officers' liability insurance provider, the sum of which was paid to an escrow account for the benefit of the settlement class on August 27, 2018. This was recorded as a gain in the Consolidated Statements of Comprehensive Loss during the third quarter of 2018. Plaintiffs subsequently moved to distribute the settlement funds to the class, and the Court granted plaintiffs' motion on February 4, 2019.

Separately, Edison sought indemnification from the Company pursuant to its contract with the Company, including reimbursement of all legal expenses that Edison incurs in connection with the securities class action (to which, as discussed above, Edison was added as a defendant on November 6, 2017) and lost profits from customer relationships that Edison claims it lost as a result of the retraction of the Edison Report. The parties came to an agreement in the fourth quarter of 2018 and settled the dispute for an amount immaterial to the Company's operations and cash flows.

(in U.S. Dollars)

NOTE 6 – Commitments and Contingencies (cont.)

The Company voluntarily reported to the SEC the circumstances leading to the withdrawal of the Edison Report and the outcome of its special committee's investigation. In response, the SEC requested certain documents from the Company with respect to the matters it reported. The Company is cooperating with the SEC's requests for information. On June 5, 2018, the Company received a subpoena from the SEC, which requested further documents and information primarily related to the Company's Phase II clinical trial of nomacopan (formerly known as Coversin) in connection with an investigation of the Company that the SEC is conducting. The Company is in the process of responding to the subpoena and will continue to cooperate with the SEC.

Lease commitment – The Company's lease agreement for offices in London expired in March 2019. The Company currently leases its offices in London on the same terms of the expired lease except on a month-to-month basis. The current lease can be cancelled by either party upon 3 months notice (See Note 5).

The Company's lease for offices in New York, New York ended early in December 2018. The Company currently leases office space in New York, New York on a month-to-month basis.

For the three and nine months ended September 30, 2019 and 2018, the Company incurred rental expense in the amount of approximately $27,000, $264,000, $248,000 and $655,000, respectively.

NOTE 7 – Loss Per Share

For purposes of the diluted net loss per share calculation, share options and warrants are considered to be potentially dilutive securities and are excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive. Therefore, basic and diluted net loss per share was the same for the periods presented in the Condensed Consolidated Statement of Comprehensive Loss due to the Company's net loss position.

The following table shows the number of share equivalents that were excluded from the computation of diluted loss per share for the respective periods because the effect would have been anti-dilutive:

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Share options	98,842,750	92,953,664
Warrants	136,184,200	-
Total Anti-Dilutive Share Equivalents	235,026,950	92,953,664

NOTE 8 – Subsequent Event

In October 2019, the Company sold to Aspire Capital 30,000,000 ordinary shares of the Company for gross proceeds of approximately $515,000 under the Purchase Agreement.

Exhibit 99.2

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

You should read this discussion together with the condensed consolidated financial statements, related notes and other financial information included elsewhere in this Report on Form 6-K. The following discussion may contain predictions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2018. These risks could cause our actual results to differ materially from any future performance suggested below.

Unless the context otherwise requires, all references to "Akari," "we," "us," "our," the "Company" and similar designations refer to Akari Therapeutics, PLC and its subsidiaries.

Overview

We are a clinical-stage biopharmaceutical company focused on developing inhibitors of acute and chronic inflammation, specifically the complement system and leukotriene pathways for the treatment of rare and orphan diseases. Each of these systems has scientifically well-supported causative roles in the diseases we are targeting. We believe that blocking early mediators of inflammation will prevent initiation and continual amplification of the processes that cause certain diseases.

Critical Accounting Policies and Use of Estimates

The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles, or U.S. GAAP, requires management to make estimates, judgments and assumptions. Our management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Stock-Based Compensation and Fair Value of Ordinary Shares

We account for awards of equity instruments issued to employees and directors under the fair value method of accounting and recognize such amounts in our Condensed Consolidated Statements of Comprehensive Loss. We measure compensation cost for all stock-based awards at fair value on the date of grant and recognize compensation expense in general administrative and research and development expenses in our Consolidated Statements of Comprehensive Loss using the straight-line method over the service period over which we expect the awards to vest.

We estimate the fair value of all time-vested options as of the date of grant using the Black-Scholes option valuation model, which was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Option valuation models require the input of highly subjective assumptions, including the expected share price volatility, which we calculate based on the historical volatility of peer companies. We use a risk-free interest rate, based on U.S. Treasury instruments in effect at the time of the grant, for the period comparable to the expected term of the option. Given our limited history with share option grants and exercises, we use the "simplified" method in estimating the expected term, the period of time that options granted are expected to be outstanding, for our grants.

We classify our stock-based payments as either liability-classified awards or as equity-classified awards. We remeasure liability-classified awards to fair value at each balance sheet date until the award is settled. We measure equity-classified awards at their grant date fair value and do not subsequently remeasure them. We have classified our share-based payments which are settled in our ordinary shares as equity-classified awards and our share-based payments that are settled in cash as liability-classified awards. Compensation costs related to equity-classified awards generally are equal to the grant date fair value of the award amortized over the vesting period of the award. The liability for liability-classified awards generally is equal to the fair value of the award as of the balance sheet date multiplied by the percentage vested at the time. We charge (or credit) the change in the liability amount from one balance sheet date to another to changes in fair value of option and warrant liabilities.

RPC Options

In connection with a short-term working capital loan from shareholders of approximately $3 million, the shareholders were granted options in RPC Pharma Limited ("RPC"), equivalent to 15% of the current outstanding equity issued by RPC ("RPC Options"). RPC Options were accounted for in accordance with ASC 718, "*Compensation-Stock Compensation*". The fair value of RPC Options is estimated using the fair value of Akari ordinary shares times RPC's ownership in Akari ordinary shares times 15% and was initially valued at approximately $26 million. RPC options do not relate to the share capital of Akari.

At September 30, 2019, the fair value of RPC options was $2,053,965. Changes in the fair value of RPC options are recognized in the Condensed Consolidated Statement of Comprehensive Loss. For the three months ended September 30, 2019 there was a decrease in the value of RPC Options, representing a gain of approximately $317,000, as compared to an increase in the value of RPC Options, representing a loss of approximately $716,000 for the three months ended September 30, 2018. For the nine months ended September 30, 2019 there was an increase in the value of RPC Options of approximately $212,000, as compared to a decrease in the value of RPC Options of approximately $2,077,000 for the same period ended September 30, 2018.

Functional Currency

The functional currency of Akari is U.S. dollars, as that is the primary economic environment in which the Company operates as well as the currency in which it has been financed.

The reporting currency of the Company is U.S. Dollars. The Company translated its non-U.S. operations' assets and liabilities denominated in foreign currencies into U.S. dollars at current rates of exchange as of the balance sheet date and income and expense items at the average exchange rate for the reporting period. Translation adjustments resulting from exchange rate fluctuations are recorded as foreign currency translation adjustments, a component of accumulated other comprehensive (loss) income. Gains or losses from foreign currency transactions and the remeasurement of intercompany balances are included in foreign currency exchange gains/(losses).

Results of Operations

For the Three Months Ended September 30, 2019 and September 30, 2018

Research and development expenses

Research and development expenses for the three months ended September 30, 2019 were approximately $1,763,000 compared to approximately $3,304,000 for the three months ended September 30, 2018. This decrease of 47% or $1,541,000 in expenses was primarily due to the receivable of a research and development tax credit of approximately $2,903,000 in the third quarter of 2019 which offset overall research and development expenses.

We expect our clinical expenses to increase in the future as we conduct additional trials to support the development of nomacopan (formerly known as Coversin), and advance other product candidates into pre-clinical and clinical development.

General and administrative expenses

General and administrative expenses for the three months ended September 30, 2019 were approximately $1,354,000 compared to approximately $2,382,000 for the three months ended September 30, 2018. This decrease of 43% or $1,028,000 was primarily due to lower expenses of approximately $617,000 for legal fees and $236,000 for rent expense.

We expect our general and administrative expenses to increase due to increased legal, accounting and professional fees associated with being a publicly reporting company in the United States and rental expense associated with offices in London and the United States to support the Company's operations and anticipated growth.

Litigation settlement gain

Litigation settlement gain for the nine months ended September 30, 2018 was $2,700,000. This relates to a settlement agreement of our securities class action lawsuit and the receipt of the settlement funds from our insurance carrier.

Other income (expenses)

Other income for the three months ended September 30, 2019 was approximately $552,000 compared to other expense of approximately $607,000 for the three months ended September 30, 2018. This $1,159,000 increase was primarily attributed to approximately $1,231,000 of gain related to the fair value of the stock option and warrant liabilities in the third quarter of 2019 compared to the same period in 2018.

For the Nine Months Ended September 30, 2019 and September 30, 2018

Research and development expenses

Research and development expenses for the nine months ended September 30, 2019 were approximately $3,038,000 compared to approximately $9,433,000 for the nine months ended September 30, 2018. This decrease of 68% or $6,395,000 in expenses was primarily due to the receipt of research and development tax credits totaling approximately $7,776,000 in the nine months ended 2019 compared to $3,794,000 in the nine months ended 2018, which offset overall research and development expenses. The decrease was additionally impacted by lower expenses of approximately $2,600,000 for manufacturing, as we had previously manufactured clinical trial material for supply through 2019.

We expect our clinical expenses to increase in the future as we conduct additional trials to support the development of nomacopan (formerly known as Coversin), and advance other product candidates into pre-clinical and clinical development.

General and administrative expenses

General and administrative expenses for the nine months ended September 30, 2019 were approximately $6,099,000 compared to approximately $8,537,000 for the nine months ended September 30, 2018. This decrease of 29% or $2,438,000 was primarily due to lower expenses of approximately $1,275,000 for legal and professional fees, $407,000 for rent expense, $171,000 for personnel expenses, and $314,000 for stock-based non-cash compensation expense.

We expect our general and administrative expenses to increase due to increased legal, accounting and professional fees associated with being a publicly reporting company in the United States and rental expense associated with offices in London and the United States to support the Company’s operations and anticipated growth.

Litigation settlement gain

Litigation settlement gain for the nine months ended September 30, 2018 was $2,700,000. This relates to a settlement agreement of our securities class action lawsuit and the receipt of the settlement funds from our insurance carrier.

Other income (expenses)

Other expense for the nine months ended September 30, 2019 was approximately $91,000 compared to other income of $2,316,000 for the nine months ended September 30, 2018. This decrease of $2,407,000 was primarily attributed to approximately $2,090,000 of loss related to the changes in the fair value of option and warrant liabilities in the nine months ended September 30, 2019 compared to the same period in 2018.

Liquidity and Capital Resources

At September 30, 2019, we had $6,268,667 in cash and an accumulated deficit in the amount of $136,031,368. In the nine months ended 2019, we recorded research and development tax credits from the HM Revenues and Customs – UK of approximately $7,776,000 for the tax years ended December 31, 2017 and 2018 of which approximately $2,903,000 were recorded as a receivable as of September 30, 2019 and received in cash in October 2019. Since inception, we have funded our operations primarily through the sale of equity securities and debt financing.

On September 26, 2018, we entered into a securities purchase agreement (the "Purchase Agreement") with Aspire Capital Fund, LLC ("Aspire Capital") which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $20.0 million of our ADSs beginning on the effective date of a registration statement related to the transaction. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, we issued 30,000,000 ordinary shares to Aspire Capital and sold to Aspire Capital 25,000,000 ordinary shares for gross proceeds of $500,000. In addition to the foregoing issuances to Aspire Capital, as of the date of the issuance of this Report on Form 6-K, we sold an aggregate of 313,333,300 ordinary shares for gross proceeds of approximately $6,614,000. Approximately $12.9 million remains available for draw down under the Purchase Agreement. See "Aspire Capital Financing Arrangement" below.

On July 3, 2019, we sold to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, our Chairman, an aggregate 2,368,392 ADSs in a registered direct offering at $1.90 per ADS, resulting in gross proceeds of approximately $4.5 million. In addition, we issued to the investors unregistered warrants to purchase an aggregate of 1,184,213 ADSs in a private placement. The warrants are immediately exercisable and will expire five years from issuance at an exercise price of $3.00 per ADS, subject to adjustment as set forth therein. We also issued unregistered warrants to the placement agent to purchase an aggregate of 177,629 ADS on the same terms as the investor warrants, except that the placement agent warrants are exercisable at $2.85 per ADS and expire on June 28, 2024. Both the Investor Warrants and the Placement Agent Warrants (together the "Paulson Warrants") may be exercised on a cashless basis if six months after issuance there is no effective registration statement registering the ADSs underlying the warrants. Pursuant to the cashless exercise provision, the warrant holder must make an additional payment to the Company equal to the nominal value of an ADS (i.e., £1) per warrant ADS actually to be issued pursuant to the cashless exercise. The total amount of warrants issued in connection with this registered direct offering amounted to 1,361,842. As of the date of the issuance of this Report on Form 6-K, all 1,361,842 of such warrants were outstanding.

We believe our current capital resources are sufficient to support our operations through the end of 2019 without giving effect to the sale of additional shares to Aspire Capital under the Purchase Agreement. However, funds may not be available when we need them, on terms that are acceptable to us, or at all. These matters raise substantial doubt about our ability to continue as a going concern. Our independent registered public accounting firm, in its report on our audited financial statements for the year ended December 31, 2018 expressed substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if we were unable to continue as a going concern.

We are subject to a number of risks similar to those of clinical stage companies, including dependence on key individuals, uncertainty of product development and generation of revenues, dependence on outside sources of capital, risks associated with clinical trials of products, dependence on third-party collaborators for research operations, need for regulatory approval of products, risks associated with protection of intellectual property, and competition with larger, better-capitalized companies. To fully execute our business plan, we will need, among other things, to complete our research and development efforts and clinical and regulatory activities. These activities may take several years and will require significant operating and capital expenditures in the foreseeable future. For the three and nine months ended September 30, 2019, we reported a net loss of $2,565,353 and $9,227,720, respectively, and expect to continue to incur substantial losses over the next several years during our development phase. There can be no assurance that these activities will be successful. In addition, we are subject to risks related to an active U.S. Securities and Exchange Commission ("SEC") investigation. If we are not successful in these activities or there is not a favorable resolution of the SEC investigation, it could delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities.

Aspire Capital Financial Arrangement

On September 26, 2018, we entered into the Purchase Agreement with Aspire Capital which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $20.0 million of our ADSs, beginning during a 30-month period beginning on the effective date of a registration statement related to the transaction. Concurrently with entering into the Purchase Agreement, we also entered into a registration rights agreement with Aspire Capital in which we agreed to file one or more registration statements, as permissible and necessary to register under the Securities Act, the sale of our securities that have been and may be issued to Aspire Capital under the Purchase Agreement. Subsequently on October 9, 2018, we filed a registration statement on Form F-1 to register the resale of such securities and such registration statement was declared effective on March 4, 2019.

Under the Purchase agreement, after the SEC has declared effective the registration statement referred to above (which occurred on March 4, 2019), on any trading day selected by us, we have the right, in our sole discretion, to present Aspire Capital with a purchase notice, each, a Purchase Notice, directing Aspire Capital (as principal) to purchase up to 150,000 ADSs per business day and up to $20.0 million of our ADSs in the aggregate at a per share price, or the Purchase Price, equal to the lesser of:

- the lowest sale price of our ADSs on the purchase date; or
- the arithmetic average of the three (3) lowest closing sale prices for the ADSs during the ten (10) consecutive business days ending on the business day immediately preceding such Purchase Date (to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction).

In addition, on any date on which we submit a Purchase Notice to Aspire Capital in an amount of 150,000 ADSs, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice, each, a VWAP Purchase Notice, directing Aspire Capital to purchase an amount of ADSs equal to up to 30% of the aggregate shares of our ADSs traded on our principal market on the next trading day, or the VWAP Purchase Date, subject to a maximum number of 250,000 ADSs. The purchase price per share pursuant to such VWAP Purchase Notice is generally 97% of the volume-weighted average price for our ADSs traded on our principal market on the VWAP Purchase Date.

The Purchase Price will be adjusted for any reorganization, recapitalization, non-cash dividend, stock split, or other similar transaction occurring during the period(s) used to compute the Purchase Price. We may deliver multiple Purchase Notices and VWAP Purchase Notices to Aspire Capital from time to time during the term of the Purchase Agreement, so long as the most recent purchase has been completed.

The Purchase Agreement provides that we and Aspire Capital shall not effect any sales under the Purchase Agreement on any purchase date where the closing sale price of our ADSs is less than $0.25. There are no trading volume requirements or restrictions under the Purchase Agreement, and we will control the timing and amount of sales of our ADSs to Aspire Capital. Aspire Capital has no right to require any sales by us, but is obligated to make purchases from us as directed by us in accordance with the Purchase Agreement. There are no limitations on use of proceeds, financial or business covenants, restrictions on future fundings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement. In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, we issued to Aspire Capital 30,000,000 ordinary shares of us, or the Commitment Shares, and sold to Aspire Capital 25,000,000 ordinary shares, or the Initial Shares, for gross proceeds of $500,000. The Purchase Agreement may be terminated by us at any time, at our discretion, without any cost to us. Aspire Capital has agreed that neither it nor any of its agents, representatives and affiliates shall engage in any direct or indirect short-selling or hedging of our securities during any time prior to the termination of the Purchase Agreement. Any proceeds we receive under the Purchase Agreement are expected to be used for working capital and general corporate purposes.

Cash Flows

Net cash used in operating activities was approximately $9,454,000 during the nine months ended September 30, 2019 compared to $18,013,000 during the nine months ended September 30, 2018. Net cash flow used in operating activities was primarily attributed to our ongoing research activities to support nomacopan (formerly known as Coversin), including manufacturing, clinical trial and preclinical activities.

Net cash used in investing activities was approximately $379,000 during the nine months ended September 30, 2018 related to the purchase of a letter of credit.

Net cash provided by financing activities, after related expenses, was approximately $9,872,000 during the nine months ended September 30, 2019. This was from proceeds from issuance of shares to Aspire Capital in the approximate net amount of $6,072,000 as well as to certain institutional investors, accredited investors and an existing shareholder, RPC Pharma Ltd., an affiliated entity of Dr. Ray Prudo, our Chairman, in a registered direct offering in the approximate net amount of $3,800,000.

Net cash provided by financing activities was approximately $347,000 during the nine months ended September 30, 2018. This is from net proceeds from issuance of shares to Aspire Capital.

Research and Development Expenditures

Our research and development expenditures were approximately $1,763,000, $3,304,000, $3,038,000 and $9,433,000 for the three and nine months ended September 30, 2019 and 2018 respectively. Most of such research and development expenditures were in the form of payments to third parties to carry out our manufacturing, pre-clinical and clinical research activities.

We incurred the following research and development expenses for the three and nine months ended September 30, 2019 and 2018:

	Three Months ended September 30 (in $000's)		Nine Months ended September 30 (in $000's)	
	2019	**2018**	**2019**	**2018**
Direct Expenses:				
Nomacopan (formerly known as Coversin)	$ 1,406	$ 754	$ 2,624	$ 6,498
Clinical trials	1,872	1,221	4,465	3,298
Other	528	299	1,019	852
Total direct expenses	3,806	2,274	8,108	10,648
Indirect Expenses:				
Staffing	647	740	1,845	1,685
Other indirect	214	290	860	894
Total indirect expenses	861	1,030	2,705	2,579
Tax credits	(2,903)	-	(7,776)	(3,794)
Total Research and Development	$ 1,764	$ 3,304	$ 3,037	$ 9,433

Off-balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.