SAMARITAN PHARMACEUTICALS INC
Form 10QSB
November 15, 2004

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

FORM 10-QSB

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For The Quarterly Period Ended September 30, 2004

[ ] 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 000-26775

SAMARITAN PHARMACEUTICALS, INC.
(Exact name of registrant as specified in charter)

Nevada	88-0431538
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer identification No.)
101 Convention Center Drive, Suite 310 Las Vegas, Nevada	89109
(Address of principal executive offices)	(Zip)
Issuer's telephone number, including area code	(702)-735-7001

Former Name, Former Address and Former Fiscal Year, if changed, Since Last Report

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

Yes[x] No[ ]

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities

Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes[x] No[ ]

The number of shares of common stock issued and outstanding as of September 30, 2004 was 130,804,862.

Transitional Small Business Disclosure Format (check one).
Yes[ ] No[x]

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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PART I
Financial Information

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEET
(UNAUDITED)
September 30, 2004

ASSETS

CURRENT ASSETS:	
Cash	$ 3,679,679
Prepaid expenses	80,140
TOTAL CURRENT ASSETS	3,759,819
PROPERTY AND EQUIPMENT	40,564
OTHER ASSETS:	
Patent registration costs	327,059
Purchased technology rights	33,603
Certificates of Deposit, held-to-maturity	2,269,342
Deposits	2,779
TOTAL OTHER ASSETS	2,632,783
	$ 6,433,166

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 412,334
Common stock to be issued	5,000
TOTAL CURRENT LIABILITIES	417,334
SHAREHOLDERS' EQUITY:	
Common stock, 200,000,000 shares authorized at $.001 par value, 130,804,862 issued and outstanding	130,805
Additional paid-in capital	32,260,344
Treasury stock	(250,248)
Deficit accumulated during development stage	(26,125,069)
TOTAL SHAREHOLDERS' EQUITY	6,015,832
	$ 6,433,166

See accompanying notes to the consolidated financial statements

SAMARITAN PHARMACEUTICALS, INC.

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994), AND FOR THE NINE MONTHS
AND THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

	From Inception (September 5, 1994) To	For the Nine Months Ended September 30,		For Mo Sep
	September 30, 2004	2004	2003	2004
REVENUES:	$ 300,000	$ -	$ -	$
EXPENSES:				
Research and development	5,635,870	896,321	587,547	475,
Interest	50,006	-	8,513	
General and administrative	19,735,206	1,893,121	1,328,711	476,
Forgiveness of debt	(137,780)	-	-	
Depreciation and amortization	1,141,767	21,151	19,011	7,
	26,425,069	2,810,593	1,943,782	959,
NET INCOME (LOSS)	$ (26,125,069)	$ (2,810,593)	$ (1,943,782)	$ (959,

Loss per share, basic and

diluted:	$ (0.86)	$ (0.02)	$ (0.03)	$ (0
Weighted average number of shares outstanding:				
Basic and diluted	30,507,869	122,420,653	74,883,314	130,749,

See accompanying notes to the consolidated financial statements.

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994) TO September 30, 2004

	Number of Shares	Par Value Common Stock	Shares Reserved for Conversion	Additional Paid in Capital	Warrant
Inception at September 5, 1994	-	$ -	$ -	-	$
Shares issued for cash, net of offering costs	6,085,386	609	-	635,481	
Warrants issued for cash	-	-	-	-	5,0
Shares issued as compensation for services	714,500	71	-	1,428,929	
Net loss	-	-	-	-	
December 31, 1996	6,799,886	680	-	2,064,410	5,0
Issuance of stock, prior to acquisition	206,350	21	-	371,134	
Acquisition of subsidiary for stock	1,503,000	150	-	46,545	
Shares of parent redeemed, par value $.0001	(8,509,236)	(851)	-	851	

Shares of public subsidiary issued, par value $.001	7,689,690	7,690	820	(8,510)	
Net loss	-	-	-	-	
December 31, 1997	7,689,690	7,690	820	2,474,430	5,0
Conversion of parent's shares	696,022	696	(696)	-	
Shares issued for cash, net of offering costs	693,500	694	-	605,185	
Shares issued in cancellation of debt	525,000	525	-	524,475	
Shares issued as compensation	400,000	400	-	349,600	
Net loss	-	-	-	-	
December 31, 1998	10,004,212	10,005	124	3,953,690	5,0
Conversion of parent's shares	13,000	13	(13)	-	
Shares issued in cancellation of debt	30,000	30	-	29,970	
Shares issued for cash, net of offering costs	45,000	45	-	41,367	
Shares issued as compensation	3,569,250	3,569	-	462,113	
Detachable warrants issued	-	-	-	-	152,1
Detachable warrants exercised	100,000	100	-	148,900	(149,0
Debentures converted to stock	1,682,447	1,682	-	640,438	
Net loss	-	-	-	-	
December 31, 1999	15,443,909	15,444	111	5,276,478	8,1
Conversion of parent's shares	128,954	129	(111)	(18)	
Shares issued for cash, net of offering costs	1,575,192	1,575	-	858,460	
Shares issued in cancellation of debt	875,000	875	-	660,919	
Shares issued in cancellation of accounts payable	100,000	100	-	31,165	
Shares issued as compensation	3,372,945	3,373	-	2,555,094	
Warrants exercised	38,807	39	-	3,086	(3,1
Warrants expired	-	-	-	5,000	(5,0
Net loss	-	-	-	-	
December 31, 2000	21,534,807	21,535	-	9,390,184	

See accompanying notes to the consolidated financial statements

Shares issued for cash, net of offering cost	6,497,088	6,497	-	1,257,758	
Shares issued as compensation	9,162,197	9,162	-	1,558,599	
Shares issued for previously purchased shares	342,607	342	-	188,208	

Shares issued in cancellation of accounts payable	200,000	200	-	68,880	
Amortization of deferred compensation	-	-	-	-	
Stock options issued for services	-	-	-	439,544	
Net loss	-	-	-	-	
December 31, 2001	37,736,699	37,736	-	12,903,173	
Shares issued for cash, net of offering costs	18,657,500	18,658	-	2,077,641	
Shares issued as compensation	3,840,525	3,841	-	1,044,185	
Shares issued for previously purchased shares	50,000	50	-	4,950	
Shares issued in cancellation of accounts payable	4,265,184	4,265	-	539,291	
Amortization of deferred compensation	-	-	-		
Shares issued in cancellation of notes payable	-	-	-	-	
Stock options issued for services	-	-	-	225,000	
Net loss	-	-	-	-	
December 31, 2002	64,549,908	64,550		16,794,240	
Shares issued for cash, net of offering costs	17,493,664	17,493	-	2,392,296	
Shares issued as compensation	4,062,833	4,063	-	549,779	
Shares issued for previously purchased shares	1,160,714	1,161	-	161,339	
Shares issued in cancellation of accounts payable and accrued compensation	9,615,870	9,616	-	3,448,950	
Shares issued in cancellation of notes payable	0	0	-	0	
Shares issued in connection with equity financing	3,125,000	3,125		(3,125)	
Exercise of stock options	7,770,892	7,771	-	1,112,077	
Shares reacquired in settlement of judgement	(1,564,048)	(1,564)	-	251,812	
Stock options issued for services	-	-	-	145,000	
Net loss	-	-	-		
December 31, 2003	106,214,833	$ 106,214	$ -	$24,852,369	$
Shares issued for cash, net of offering costs	11,406,733	11,407	-	4,279,531	
Shares issued as compensation	625,912	626	-	698,349	
Shares issued for previously purchased shares	83,332	83	-	12,417	
Shares issued in connection with equity financing	8,758,240	8,758	-	3,091,243	
Exercise of warrants	635,000	635	-	449,365	
Excersise of stock options	16,950,468	16,951	-	4,841,869	

Stock retired in settlement of subscriptions receivable	(13,869,656)	(13,870)	-	(5,964,798)	
Net Loss		-	-		
September 30, 2004	130,804,862	$ 130,805	$ -	$32,260,344	$

See accompanying notes to the consolidated financial statements

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STATE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

FROM INCEPTION (SEPTEMBER 5, 1994) TO September 30, 2004

	Deferred Compensation	Stock Subscriptions Receivable	Treasury Shares	Accumulated Deficit	T Share De
Inception at September 5, 1994	$ -	$ -	$ -	$ -	$
Shares issued for cash, net of offering costs	-	-	-	-	
Warrants issued for cash	-	-	-	-	
Shares issued as compensation for services	-	-	-	-	
Net loss	-	-	-	(2,152,843)	(
December 31, 1996	-	-	-	(2,152,843)	
Issuance of stock, prior to acquisition	-	-	-	-	
Acquisition of subsidiary for stock	-	-	-	-	
Shares of parent redeemed, par value $.0001	-	-	-	-	
Shares of public subsidiary issued, par value $.001	-	-	-	-	
Net loss	-	-	-	(979,635)	
December 31, 1997	-	-	-	(3,132,478)	
Conversion of parent's shares	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued in cancellation of debt	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Net loss	-	-	-	(1,009,945)	(
December 31, 1998	-	-	-	(4,142,423)	

Conversion of parent's shares	-	-	-	-	
Shares issued in cancellation of debt	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Detachable warrants issued	-	-	-	-	
Detachable warrants exercised	-	-	-	-	
Debentures converted to stock	-	-	-	-	
Net loss	-	-	-	(1,671,255)	(
December 31, 1999	-	-	-	(5,813,678)	
Conversion of parent's shares	-	-	-	-	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued in cancellation of debt	-	-	-	-	
Shares issued in cancellation of accounts payable	-	-	-	-	
Shares issued as compensation	(759,560)	-	-	-	
Warrants exercised	-	-	-	-	
Warrants expired	-	-	-	-	
Net loss	-	-	-	(3,843,308)	(
December 31, 2000	(759,560)	-	-	(9,656,986)	(

See accompanying notes to the consolidated financial statements

Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	(230,512)	-	-	-	
Shares issued for previously purchased shares	-	-	-	-	
Shares issued in cancellation of accounts payable	-	-	-	-	
Amortization of deferred compensation	495,036	-	-	-	
Stock options issued for services	-	-	-	-	
Net loss	-	-	-	(4,079,806)	(
December 31, 2001	(495,036)	-	-	(13,736,792)	(
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Shares issued for previously purchased shares	-	-	-	-	
Shares issued in cancellation of accounts payable	-	-	-	-	
Amortization of deferred compensation	495,036	-	-	-	
Shares issued in cancellation					

of notes payable	-	-	-	-	
Stock options issued for services	-	-	-	-	
Net loss	-	-	-	(4,057,153)	(
December 31, 2002				(17,793,945)	
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Shares issued for previously purchased shares	-	-	-	-	
Shares issued in cancellation of accounts payable and accrued compensation	-	-	-	-	
Shares issued in cancellation of notes payable	-				
Shares issued in connection with equity financing	-	-	-	-	
Exercise of stock options	-	(1,119,848)	-	-	
Shares reacquired in settlement of judgement	-	-	(250,248)	-	
Stock options issued for services	-	-	-	-	
Net loss	-	-	-	(5,520,531)	(
December 31, 2003	$ -	$(1,119,848)	$ (250,248)	$(23,314,476)	$
Shares issued for cash, net of offering costs	-	-	-	-	
Shares issued as compensation	-	-	-	-	
Shares issued for previously purchased shares	-	-	-	-	
Shares issued in connection with equity financing	-	-	-	-	
Exercise of warrants					
Excersise of stock options	-	(4,858,820)	-	-	
Stock retired in settlement of subscriptions receivable	-	5,978,668	-	-	
Net Loss	-	-	-	(2,810,593)	(
September 30, 2004	-	$ 0	$ (250,248)	$(26,125,096)	$

See accompanying notes to the consolidated financial statements

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994) AND FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2004 AND 2003

CASH FLOWS FROM OPERATING ACTIVITIES:	From Inception (September 5, 1994) To September 30, 2004	For the Year Ended September 2004	En
Net loss	$ (26,125,069)	$ (2,810,593)	$
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	150,766	21,151	
Stock based compensation	9,530,775	195,706	
Stock options issued for services	1,312,813	503,269	
Amortization of deferred compensation	990,072	-	
(Increase) decrease in assets:	-	-	
Accounts receivable and prepaids	(77,660)	(58,883)	
Accrued interest	(19,342)	(19,342)	
Deposits	(2,779)	-	
Increase (decrease) in liabilities:	-	-	
Deferred revenue	-	-	
Accounts payable and accrued expenses	2,273,148	24,024	
NET CASH USED IN OPERATING ACTIVITIES	(11,967,276)	(2,144,668)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of technology	(108,969)	-	
Purchase of furniture and equipment	(115,963)	(17,316)	
Purchase of certificates of deposit	(2,250,000)	(2,250,000)	
Patent registration costs	(336,478)	(124,861)	
NET CASH USED IN INVESTING ACTIVITIES	(2,811,410)	(2,392,177)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from warrants	607,125	450,000	
Proceeds from debentures	642,120	-	
Proceeds from stock issued for cash	15,673,570	7,390,939	
Common stock to be issued	211,050	5,000	
Short-term loan repayments	(288,422)	0	
Short-term loan proceeds	1,612,922	0	
NET CASH PROVIDED BY FINANCING ACTIVITIES	18,458,365	7,845,939	
CHANGE IN CASH	3,679,679	3,309,094	
CASH AT BEGINNING OF PERIOD	-	370,585	
CASH AT END OF PERIOD	$ 3,679,679	$ 3,679,679	$
NON-CASH FINANCING & INVESTING ACTIVITIES:			

Purchase of net, non-cash assets of subsidiary for stock	$ 195	$ -	$
Issuance of common stock, subscriptions receivable- private placement	$ -	$ -	$
Issuance of common stock, previously subscribed	$ -	$ 12,500	$
Treasury stock acquired through settlement of judgement	$ -	$ -	$
Stock subscriptions receivable	$ -	$ (1,440,787)	$
Stock issued in cancellation of accounts payable and accrued salaries	$ -	$ -	$

See accompanying notes to the consolidated financial statements

Item 1. Financial Statements

Samaritan Pharmaceuticals, Inc.
Notes to Consolidated Financial Statements
(Unaudited)
September 30, 2004

Note 1. - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required for annual financial statements. These financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended December 31, 2003, included in the Form10-KSB for the year then ended.

In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of September 30, 2004, and the results of operations and cash flows for the nine month period ending September 30, 2004 have been included. The results of operations for the nine month period ended September 30, 2004 are not necessarily indicative of the results to be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-KSB as filed with the Securities and Exchange Commission for the year ended December 31, 2003.

Note 2 - Stock Based Compensation

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123"), encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and

related Interpretations. Accordingly, compensation cost for the Company's stock at the date of the grant over the amount of an employee must pay to acquire the stock. The Company has adopted the "disclosure only" alternative described in SFAS 123 and SFAS 148, which require pro forma disclosures of net income and earnings per share as if the fair value method of accounting had been applied.

Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net loss would have been reported as follows:

	Three months ended September 30,2004	Nine months ended September 30,2004
Net Loss:		
As reported	$ (959,172)	$ (2,810,593)
Pro Forma	$ (959,172)	$ (3,910,593)
Basic and diluted loss per common share:		
As reported	$ (0.01)	$ (0.02)
Pro Forma	$ (0.01)	$ (0.02)

Note 3 - Stockholders' Equity

The officers of the company repaid the amounts due for stock options exercised with shares previously owned. Such shares were then retired.

Note 4 - Employment Agreement

In June 2004, the Company entered into an employment agreement with an individual for a four year period, with an annual salary of $300,000 plus a bonus upon terms of agreement.

Item 2. Management's Discussion and Analysis or Plan of Operation

THE FOLLOWING ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF THE COMPANY SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS, INCLUDING THE NOTES THERETO OF THE COMPANY, CONTAINED IN THE FORM 10-KSB.

General

Samaritan Pharmaceuticals is working to ensure a longer and better life, for patients suffering with AIDS, Alzheimer's, Cancer and Cardiovascular disease. Samaritan is a pipeline-driven Biopharmaceutical with a clear focus on advancing early stage innovative drugs through clinical development, to become commercially valuable compounds. Samaritan has shaped its current pipeline of drugs by in-licensing innovative discoveries through its Samaritan Labs/Georgetown University collaboration; and its strategic focus is to use this model, with other top tier Universities, to create a substantial pipeline and gain its own commercial presence.

Concurrently, Samaritan is advancing four drug programs with Georgetown University, SP-01A (HIV) Clinical trials, SP-10 (HIV) preIND status, SP-233 (Alzheimer's) preIND status and SP-1000 (Cardiovascular) animal studies; along

with two STTR NIH grants. The first STTR NIH grant is to develop a simple blood test to diagnose Alzheimer's and the second STTR NIH grant is to gather preliminary data to develop Samaritan Pharmaceutical's Alzheimer's SP-004 drug which is believed to bind the Sigma-1 receptor and also has properties to inhibit acetylcholinesterase (AchE). Samaritan also has research to develop animal models and drugs for the treatment of neurodegeneration, other aging related disorders and HIV.

Why Is Samaritan's SP-01A unique?

Samaritan's proprietary HIV drug SP-01A is the closest to commercialization. SP-01A is an easy to take, oral, "Entry Inhibitor" drug that works by blocking the HIV virus' ability to infect a cell. Preclinical In Vitro studies suggest that SP-01A might be a promising drug for drug resistance; as well, as having a new sought-after "mechanism of action". The action appears to take place in the earliest stage of the HIV lifecycle, blocking the virus rather than attacking the virus, suggesting that SP-01A may also block the development of drug resistance, an ever increasing problem in many drugs presently on the market. Resistance is the ability of HIV to reproduce itself despite the presence of HIV drugs.

Although Anti-HIV data from Phase I and Phase II human studies are never considered conclusive, it often serves as "proof of concept" or proof that the compound is active against HIV in the body. SP-01A, with its FDA Phase I/II trial for HIV-1 positive patients on stable antiretroviral therapy, generated encouraging data, suggesting SP-01A as a promising drug for patients on antiretroviral therapy experiencing drug resistance to available drugs. SP-01A was safe and well tolerated; and moreover saw clinically significant decreases in viral load; and enhancement of quality of life measures with values rapidly retuning to baseline after discontinuing SP-01A.

To date, Samaritan has in-licensed twelve breakthrough technologies from Georgetown University, building a unique pipeline of novel drugs, to clinically develop, and commercialize, for its future growth. In addition, Samaritan currently has filed sixteen patent applications to protect its growing pipeline of innovation.

Samaritan Pharmaceuticals Product Pipeline

xxx = Science Completed x = Science In Progress

Drug Candidates	Patent	Pre -Clinical	IND	Phase I	Phase II	Phase I
SP-01A	xxx	xxx	xxx	xxx	xxx	
SP-03	xxx	x				
SP-10	xxx	x				
SP-04	xxx	x				
SP-08	x	x				
SP-233	xxx	x				
SP-sc4, Stem Cell Therapy	xxx	x				
SP-sc7, Stem Cell Therapy	xxx	x				
SP-C007	xxx	x				
SP-1000	xxx	x				

Diagnostic Candidates	In Vitro Testing	In Vivo or Human T
Alzheimer's Disease (AD) Blood Test Diagnostic	xxx	xxx

Cancer Diagnostic Measuring BC Tumor Aggresiveness	xxx	xxx
AD Pharmacologic Animal (Rat) Model For Drug Testing	xxx	xxx

Current Research Agreement

Samaritan Pharmaceuticals has a research collaboration agreement with Georgetown University with the objectives: (1) to develop "one molecule" drugs and extend clinical studies to in vivo experiments in animal models simulating Alzheimer's disease, (2) to develop an accurate, reliable diagnostic for nuero-degeneration (Alzheimer's), and (3) to focus on new drug development in Oncology and Neurology with the ability to protect the brain from neuronal damage and tumor growth.

Starting with the quarter beginning April 1, 2004, the research collaboration between Georgetown University and Samaritan budget has been increased to a total of $1,000,000 per year to further develop Samaritan's pipeline. The $1,000,000 is paid by Samaritan over four quarterly payments of $250,000, is unallocated, and covers the general research and development effort.

Under the agreement, Samaritan receives worldwide exclusive rights, to any novel therapeutic agents or diagnostic technologies that may result from the research collaboration. Dr. Vassilios Papadopoulos and Dr. Janet Greeson lead their team of eight research professionals (including five Ph.D. level research scientists) who have expertise in the fields of endocrinology, pharmacology, cell biology, organic and steroid chemistry and computer modeling. We are not obligated to pay Georgetown any milestone payments. Georgetown is entitled to receive royalties based on our revenue from product sales and sublicenses, if any. Samaritan has, at its own expense, assumed responsibility for the process of seeking any regulatory approvals for and conducting clinical trials with respect to any licensed product or application of the licensed technology. Samaritan controls and has the financial responsibility for the prosecution and maintenance in respect to any patent rights related to the licensed technology.

On July 12, 2004

Samaritan Pharmaceuticals, Samaritan Research Labs, and Georgetown University announced that Samaritan and Georgetown University, together, were awarded a National Institute of Health, Small Business Technology Transfer Program (NIH-STTR) grant, of $188,000, for its innovative idea to develop a simple blood test to predict Alzheimer's disease. The National Institute of Neurological Disorders and Stroke will fund this research grant entitled "Plasma Diagnostic for Alzheimer's Disease Pathology."

On August 19, 2004

Samaritan Pharmaceuticals, Samaritan Research Labs, and Georgetown University announced its research, published in "The Journal of Steroids", a scientific journal of Elsevier, which suggests 22R-hydroxycholesterol derivatives as offering a possible new approach to treat Alzheimer's disease. The study titled "Identification of naturally occurring spirostenols preventing beta-amyloid-induced neurotoxicity" is authored by L. Lecanu, W. Yao, G. Teper, Z. Yao, J. Greeson, and V. Papadopoulos.

On September 16, 2004

Samaritan Pharmaceuticals announced that it has been granted an exclusive worldwide license from Georgetown University to develop and market a new lead

drug candidate (SP-08) for the treatment of Alzheimer's disease. Preclinical data suggests SP-08 to be an attractive drug candidate that theoretically could create a new therapeutic class, since it aims at multiple targets at the same time. The next step for the future development of this unique drug is geared toward an Investigational New Drug (IND) application for Alzheimer's; in addition to Samaritan's advanced Alzheimer's drug SP-233.

On October 5, 2004

Samaritan Pharmaceuticals and Pharmaplaz, an Athlone, Ireland pharmaceutical company, based outside of Dublin, Ireland, announced that they have entered into a broad strategic collaboration agreement for the production and supply of Samaritan's lead compound SP-01A, and Samaritan's pipeline of drugs, that expands across a variety of therapeutic areas to include AIDS, Alzheimer's, cancer and cardiovascular disease. Under the terms of the alliance, Pharmaplaz will collaborate with Samaritan's pipeline development, scaleup, and manufacturing requirements, while working on drug formulation and testing, production of pilot batches, development of analytical methods, drug specifications, process validations and drug optimization. The companies will also work together to secure regulatory approval by the FDA for selected products in the U.S. markets.

On October 19, 2004

Samaritan Pharmaceuticals and Georgetown University announced that the National Institutes of Health (NIH) awarded a grant to research their new Alzheimer's disease treatment, SP-004. The award was granted under the Small Business Technology Transfer Program (NIH-STTR) for $100,000 to gather preliminary data to develop Samaritan Pharmaceutical's Alzheimer's drug which is believed to bind the Sigma-1 receptor and also has properties to inhibit acetylcholinesterase (AchE). Samaritan's SP-004 is unique because there are several Alzheimer's (AD) drugs that inhibit acetylcholinesterase (AchE) approved by the FDA, however through data mining screening, Samaritan Labs believes it has identified promising compounds that in combination inhibit acetylcholinesterase (AchE), and the sigma-1 receptor at the same time. It's in this potential therapeutic target combination that SP-04 hopes to demonstrate itself as a possible drug to rescue and prevent neuronal brain cell death of Alzheimer's disease. This grant will support the research collaboration between Samaritan and Georgetown University, Washington, DC. Dr. Janet Greeson, Samaritan's Chief Executive Officer, will collaborate with Dr. Lecanu Laurent, the grant's Principal Investigator and Dr. Papadopoulos, a Co-Investigator. Dr. Lecanu Laurent is an Assistant Professor within the Department of Biochemistry and Molecular Biology, at Georgetown University Medical Center, and will be responsible for the development of this novel compound.

Significant Accounting Policies

A summary of significant accounting policies is included in Note 3 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003. Management believes that the application of these policies on a consistent basis enables the Company to provide useful and reliable financial information about the Company's operating results and financial condition.

Results of Operations

Three months ended September 30, 2004 as compared to the three months ended September 30, 2003

The Company continued to have no significant revenues. During the third

quarter of 2004, we continued our research and development efforts in connection with our drug programs for HIV/AIDS. We incurred research and development expenses of $475,432 for the quarter; up from $200,852 in the year-earlier period primarily due to increase in financial commitment with Georgetown University and the hiring of additional FDA regulatory affairs personnel. We expect that research and development expenditures related to drug discovery and development will increase during 2004 and subsequent years due to the continuation and expansion of clinical trials for our small molecule programs, the initiation of trials for other potential indications and additional study expenditures for potential pharmaceutical candidates. Research and development expenses may fluctuate from period to period depending upon the stage of certain projects and the level of pre-clinical testing and clinical trial-related activities. General and administrative expenses increased to $476,050 for the third quarter of 2004 from $437,771 in the same period in 2003.

Depreciation and amortization amounted to $7,690 and $6,337 for three months ended September 30, 2004 and 2003, respectively. Interest expense amounted to $0 and $2,425 for the three months ended September 30, 2004 and 2003, respectively. The decrease is due to the retirement of notes payable during 2003.

As a result of the factors noted above, the net loss since inception on September 5, 1994 to September 30, 2004 was $26.1 million. We had a net loss of $959,172 and $647,385 for three months ended September 30, 2004 and 2003, respectively and the loss per share stayed the same at $(0.01) per share in the year-earlier period.

Nine months ended September 30, 2004 as compared to the Nine months ended September 30, 2003

The Company continued to have no significant revenues. During the first nine months of 2004, we continued our research and development efforts in connection with our drug programs for HIV/AIDS. We incurred research and development expenses of $896,321 for the nine months ended September 30, 2004, up from $587,547 for the nine months ended September 30, 2003, primarily due to increase in financial commitment with Georgetown University and the hiring of additional FDA regulatory affairs personnel. We expect that research and development expenditures related to drug discovery and development will increase during 2004 and subsequent years due to the continuation and expansion of clinical trials for our small molecule programs, the initiation of trials for other potential indications and additional study expenditures for potential pharmaceutical candidates. Research and development expenses may fluctuate from period to period depending upon the stage of certain projects and the level of pre-clinical testing and clinical trial-related activities. General and administrative expenses for the nine months ended September 30, 2004 increased to $1,893,121 from $1,328,711 in the year-earlier period, primary due to the hiring of additional FDA regulatory affairs personnel and associated cost for listing on the American Stock Exchange. The additional FDA regulatory affairs personnel in this quarter was reclassified from general and administrative expenses to research and development expense in this quarter since the majority of their time is spend in development of Samaritan's pipeline.

Depreciation and amortization amounted to $21,151 and $19,011 for nine months ended September 30, 2004 and 2003, respectively. Interest expense amounted to $0 and $8,513 for the nine months ended September 30, 2004 and 2003, respectively. The decrease is due to the retirement of notes payable during 2003.

We had a net loss of $2,810,593 for nine months ended September 30, 2004 and a net loss of $1,943,782 for the year earlier period. The loss per

share was $(0.02) for the 2004 period and $(0.03) for the 2003 period.

Liquidity and Capital Resources

Cash used in operating activities during the nine months period ended September 30, 2004 was $2,144,668, compared to $1,630,723 for the same period a year earlier. The increase related to the Company's increased net loss, offset by $195,706 in stock based compensation and $503,269 in stock options issued for services.

Cash used in investing activities was $2,392,177 for the nine months period ended September 30, 2004, compared to $9,191 in for the same period in 2003. The increase was almost entirely due to the purchase of $2,250,000 of certificates of deposit.

Cash provided by financing activities was $7,845,939 for the nine months period ended September 30, 2004, compared to $1,767,956 in the same period for 2003. The cash provided in the 2004 period was almost entirely from $450,000 in proceeds from the purchase of warrants, $7,390,939 in proceeds from stock issued for cash.

Current assets as of September 30, 2004 were $3,759,819 as compared to current liabilities of $417,333.

To date, none of our proprietary products has reached a commercial stage, and hence, we do not have, nor do we anticipate revenue in the near future. We have been unprofitable since our inception and have incurred significant losses. We will continue to have significant general and administrative expenses, including expenses related to clinical studies, our collaboration with Georgetown University, and patent prosecution. We have funded our operations through a series of private placements and through our agreement with Fusion Capital dated April 22, 2003, which we believe will assist the Company in meetings its cash needs. Except for an agreement to sell shares to Fusion Capital, discussed below, no commitment exists for continued investments, or for any underwriting.

Even with our financing arrangement with Fusion Capital, we may require substantial additional funds to sustain our operations and grow our business. The amount of which will depend, among other things, on the rate of progress and the cost of our research and product development programs and clinical trial activities, the cost of preparing, filing, prosecuting, maintaining and enforcing patent claims and other intellectual property rights, and the cost of developing manufacturing and marketing capabilities, if we decide to undertake those activities. The clinical development of a therapeutic product is a very expensive and lengthy process and may be expected to utilize $5 to $20 million over a three to six year development cycle. Although we believe we could license the manufacturing and marketing rights to our products in return for up-front licensing and other fees and royalties on any sales, there can be no assurance that we will be able to do so in the event we seek to do so. We need to obtain additional funds to develop our therapeutics products and our future access to capital is uncertain. The allocation of limited resources is an ongoing issue for us as we move from research activities into the more costly clinical investigations required to bring therapeutic products to market.

The extent we rely on Fusion Capital as a source of funding will depend on a number of factors including, the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources. If obtaining sufficient financing from Fusion Capital were to prove prohibitively expensive, we will need to secure another source of funding in

order to satisfy our working capital needs. Even if we are able to access the full $10.0 million under the common stock purchase agreement with Fusion Capital, we may still need additional capital to fully implement our business, operating and development plans. If we are unable to obtain additional financing we might be required to delay, scale back or eliminate certain of our research and product development programs or clinical trials, or be required to license third parties to commercialize products or technologies that we would otherwise undertake ourselves, or cease certain operations all together, any of which might have a material adverse effect upon us. If we raise additional funds by issuing equity securities, dilution to stockholders may result, and new investors could have rights superior to existing holders of shares. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences would be a material adverse effect on our business, operating results, financial condition, and prospects.

The SEC declared effective the Company's registration statement on Form SB-2, Commission Registration No. 333-105818, on October 9, 2003 (as amended and supplemented from time to time, "Registration Statement"). Under the Registration Statement, certain selling shareholders may sell shares of Common Stock, acquired from the Company. The Company will not receive any proceeds from the sale of securities being offered by the selling shareholders under the Registration Statement. The Company registered the shares for sale to provide the selling shareholders with freely tradable securities, but the registration of the shares does not necessarily mean that any of the shares will be offered or sold by the selling shareholders. However, we may receive payments under agreements relating to the shares and may receive proceeds from the exercise of warrants. Such proceeds are intended for use as to working capital and other corporate purposes. The Registration Statement registered a total of 18,125,000 shares (inclusive of the 3,125,000 shares issued to Fusion Capital as a commitment fee) assuming Fusion Capital purchases all $10.0 million of common stock. There were no proceeds under this registration statement during this quarter.

We have been able to substantially meet our cash needs during the past 12 months. We believe we will be able to continue to fund our operations for the next 12 months with the cash on hand. We continue to explore avenues to obtain the capital needed for our operations through private placements and by sale of our shares to Fusion Capital.

Forward-Looking Statements

This report and other oral and written statements made by us to the public contain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based upon management's current expectations that are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in our forward-looking statements. Such statements address the following subjects: our need for and ability to obtain additional capital, including from the sale of equity and/or from federal or other grant sources; our expected future losses; the sufficiency of cash and cash equivalents; our ability to generate revenues; our ability to develop commercially successful products, including our ability to obtain FDA approval to initiate further studies of our potential products and our technologies; the high cost and uncertainty of the research and development of pharmaceutical products; the unpredictability of the duration and results of the U.S. Food and Drug Administration's review of new drug applications; the possible impairment of our existing, and the inability to obtain new, intellectual property rights and the cost of protecting such rights as well as the cost of obtaining rights from third parties when needed on acceptable terms; our ability to enter into

successful partnering relationships with respect to the development and/or commercialization of our product candidates; our dependence on third parties to research, develop, manufacture and commercialize and sell any products developed; our ability to improve awareness and understanding of our Company, our technology and our business objectives; whether our predictions about market size and market acceptability of our products will prove true; and our understandings and predictions regarding the utility of our potential products and our technology.

Statements in this report expressing our expectations and beliefs regarding our future results or performance are forward-looking statements that involve a number of substantial risks and uncertainties. When used in this Form 10-QSB, the words "anticipate," "believe," "estimate," "expect," "intend," may be," "seek," "plan," "focus," and "potential" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Our actual future results may differ significantly from those stated in any forward-looking statements.

As a result of the foregoing and other factors, we may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect our business, financial condition, operating results and stock price. We are not under any duty to update any of the forward-looking statements in this report to conform these statements to actual results, unless required by law. For further information, refer to the more specific risks and uncertainties discussed above and throughout this report.

Item 3. Controls and Procedures

(A) Evaluation of Disclosure Controls And Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Principal Executive Officer and Principal Financial Officer of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Principal Executive Officer and Principal Accounting Officer have concluded that the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered.

(B) Changes in Internal Controls Over Financial Reporting

In connection with the evaluation of the Company's internal controls during the Company's quarter ended September 30, 2004, the Company's Principal Executive Officer and Principal Financial Officer have determined that there are no changes to the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are, from time to time, involved in various legal proceedings in the ordinary course of our business. While it is impossible to predict accurately or to determine the eventual outcome of these matters, the Company believes that the outcome of these proceedings will not have a material adverse effect on the

financial statements of the Company.

Item 2. Changes in Securities.

Securities, unregistered, were sold by the Company in the second quarter of 2004 under an exemption from registration. The title of these securities was the Common Stock of the Company. They were sold for cash unless otherwise noted in this section. They were sold in private transactions to persons believed to be of a class of private investors acting on their own comprised of "accredited investors" (as such term is defined in Regulation D of the U.S. Securities and Exchange Commission or "SEC") and a limited number of non-accredited investors. All investors, to the best knowledge of the Company, not affiliated with the Company, purchased the shares with apparent investment intent. The Company relied upon, among other possible exemptions, Section 4(2) of the Securities Act of 1933, as amended. It's reliance on said exemption was based upon the fact that no public solicitation was used by the Company in the offer or sale, and that the securities were legended shares, along with a notation at the respective transfer agent, restricting the shares from sale or transfer as is customary with reference to Rule 144 of the SEC.

Management notes that stock was issued as follows during the three months ended September 30, 2004.

No. of shares	Issued Pursuant To	Price/valuation
15,000	Sale of restricted stock	$ 15,000
94,000	Subscriptions due	$ 54,500
28,571	Stock as payment for services	$ 34,000

The total offering price, during the third quarter as to these shares was $103,500 less expenses, estimated the total to be $3,700 for printing, legal, postage, and other expenses related to respective offering.

Item 6. Exhibits and Reports on Form 8-K.

(b) Exhibits

Listed below are all exhibits filed as part of this report. Some exhibits are filed by the Registrant with the Securities and Exchange Commission pursuant to Rule 12b-32 under the Securities Exchange Act of 1934, as amended.

Exhibits No.	Description
2.1	Agreement and Plan of Reorganization (1)
3.1	Articles of Incorporation, as amended and restated (6)
3.2	By-laws (3)
4.1	Form of common stock certificate (1)
4.2	2001 Stock Option Plan (9)
10.1	Assignment between Linda Johnson and the Company dated September 6, 2000. (5)
10.2	Assignment between Linda Johnson and Spectrum Pharmaceuticals Corporation dated May 14, 1999. (5)
10.3	Agreement containing the assignment of U.S. Patent Application 07/233,247 with improvements dated May 22, 1990. (5)
10.4	Common Stock Purchase Agreement between Company and Fusion Capital Fund II, LLC, dated April 22, 2003 (2)
10.5	Registration Rights Agreement between Company and Fusion Capital Fund II, LLC dated April 22, 2003. (2)
10.6	Agreement between Samaritan Pharmaceuticals, Inc. and Thomas Lang (9)

10.7....Agreement between Samaritan Pharmaceuticals, Inc. and Eugene Boyle (5)
10.8....Agreement between Samaritan Pharmaceuticals, Inc and Janet Greeson (5)
10.9....Research Collaboration and Licensing Agreement between Georgetown University and Samaritan Pharmaceuticals, Inc., dated June 8, 2001 (6)
10.10...Master Clinical Trial and Full Scale Manufacturing Agreement dated October 5, 2004 (Provided herewith)
14.1....Code of Ethics (8)
16.1....Letter on change in certifying accountant (7)
21.1....List of Subsidiaries (1)
31.1....Certification of Chief Executive Officer
31.2....Certification of Chief Financial Officer
32.1....Certification re: Section 906

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(1).....Filed as an exhibit to Samaritan Pharmaceutical's Form 10-SB, filed on July 21, 1999, and incorporated herein by reference.
(2).....Filed as an exhibit to Samaritan Pharmaceutical's Report on Form 8-K filed on April 25, 2003, and incorporated herein by reference.
(3).....Filed as an exhibit to Samaritan Pharmaceutical's Annual Report on Form 10K- SB, filed on April 3, 2001, and incorporated herein by reference.

(4).....Filed as an exhibit to Samaritan Pharmaceutical's Schedule 14A filed on April 3, 2001, and incorporated herein by reference
(5).....Filed as an exhibit to Samaritan Pharmaceutical's Quarterly Report on Form 10-QSB filed on August 14, 2002, and incorporated herein by reference.
(6).....Filed as an exhibit to Samaritan Pharmaceutical's Registration Statement on Form SB-2 (SEC file number 333-105818) an incorporated herein by reference.
(7).....Filed as an exhibit to Form 8-K, on September 27, 2002 and incorporated herein by reference.
(8).....Filed as an exhibit to Form 10-KSB on April 15, 2003 and incorporated herein by reference.
(9).....Filed as an exhibit to Form 10-QSB on August 16, 2004 and incorporated herein by reference.

SIGNATURES

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

SAMARITAN PHARMACEUTICAL, INC

Dated: November 15, 2004 By: /s/ Eugene Boyle

Eugene Boyle, CFO, COO, Director