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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 2017

DIFFUSION PHARMACEUTICALS INC.

(Exact name of registrant as specified in its charter)

Delaware	**000-24477**	**30-0645032**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

2020 Avon Court, #4 **Charlottesville, Virginia**	**22902**
(Address of principal executive offices)	(Zip Code)

(434) 220-0718
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On March 31, 2017, Diffusion Pharmaceuticals Inc. (the "Company") conducted the second and final closing (the "Final Closing") of the Company's private placement (the "Private Placement"). The initial closing (the "Initial Closing") of the Private Placement was previously reported by the Company on its Current Report on Form 8-K filed with the Securities and Exchange Commission on March 15, 2017 (the "Prior 8-K").

In connection with the Final Closing, the Company entered into Subscription Agreements (the "Purchase Agreements") with certain accredited investors pursuant to which the Company sold 4,558,030 shares of the Company's Series A convertible preferred stock, par value $0.001 per share (the "Preferred Stock"), initially convertible into one share of the Company's common stock, par value $0.001 per share (the "Common Stock"), at a purchase price of $2.02 per share. In addition, each investor received a 5-year warrant (the "Warrants", and collectively with the Preferred Stock, the "Securities") to purchase one share of Common Stock for each share of Preferred Stock purchased by such investor at an exercise price equal to $2.22, subject to adjustment thereunder.

The Company received total gross proceeds of approximately $9,200,000 from the Final Closing, prior to deducting placement agent fees and estimated expenses payable by the Company associated with the Final Closing. The Company currently intends to use the proceeds of the Private Placement to fund research and development of its lead product candidate, transcrocetinate sodium, also known as trans sodium crocetinate, or TSC, including clinical trial activities, and for general corporate purposes. The Company received aggregate gross proceeds of $25,000,000 from the Initial Closing and the Final Closing, which is the maximum offering amount in the Private Placement.

The holders of shares of Preferred Stock issued at the Final Closing will be entitled to vote with the holders of the Common Stock and shall be entitled to that number of votes equal to the whole number of shares of Common Stock into which the aggregate number of shares of Preferred Stock held of record by such holder are convertible as of the close of business on the record date fixed for such vote or such written consent based on a conversion price, solely for such purpose, equal to $3.99, the closing price of our Common Stock on the date of the Final Closing. The other rights, preferences and privileges of the Preferred Stock issued at the Final Closing are identical to the rights, preferences and privileges of the Preferred Stock issued at the Initial Closing, which are set forth in a Certificate of Designation of Preferences, Rights and Limitations of the Series A Convertible Preferred Stock of Diffusion Pharmaceuticals Inc. (the "Certificate of Designation") and summarized in the Prior 8-K. A description of the Warrants is also summarized in the Prior 8-K.

The Securities were offered and sold in a private placement pursuant to exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), afforded by Section 4(a)(2) and Rule 506 of Regulation D promulgated thereunder. To the extent that any shares of Common Stock are issued in connection with the conversion of the Preferred Stock or the exercise of the Warrants, the Common Stock may not be offered, transferred or sold in the United States absent registration or the availability of an applicable exemption from the registration requirements of the Securities Act.

In connection with the Final Closing, the Company's placement agent, pursuant to the Placement Agency Agreement dated January 27, 2017 (as amended, the "Placement Agency Agreement" and, together with the Purchase Agreements and the Warrants, the "Transaction Documents"), received a cash fee of approximately $888,000, plus a Placement Agent Warrant to purchase 439,807 shares of Common Stock at an exercise price equal to $2.22. All of the Transaction Documents were previously reported in the Prior 8-K.

The Company also intends to offer registration rights to each investor that purchased our Preferred Stock pursuant to which the Company will be required to file a registration statement to register the Common Stock issuable upon the conversion or exercise of the Securities, subject to certain limitations and the terms contained therein.

The foregoing summaries of the material terms of the Transaction Documents and the Certificate of Designation are not complete and are qualified in their entirety by reference to the full text thereof and the Prior 8-K, copies of each of which are incorporated by reference herein.

Item 3.02. Unregistered Sales of Equity Securities.

The information set forth in "Item 1.01. Entry into a Material Definitive Agreement" is incorporated by reference herein in its entirety.

Item 7.01. Regulation FD Disclosure.

On April 3, 2017, the Company issued a press release announcing the Final Closing. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K, and the information contained therein is incorporated herein by reference.

Pursuant to the rules and regulations of the Commission, the information in this Item 7.01 disclosure, including Exhibit 99.1 and information set forth therein, is deemed to have been furnished and shall not be deemed to be "filed" under the Exchange Act.

Additional Information

This announcement is neither an offer to sell, nor a solicitation of an offer to buy, any securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful. The securities described herein have not been and will not be registered under the Securities Act, or any state securities laws, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act, and applicable state securities laws.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description
3.1	Certificate of Designation of Preferences, Rights and Limitations of the Series A Convertible Preferred Stock of Diffusion Pharmaceuticals Inc. (incorporated by reference to Exhibit 3.1 to the Prior 8-K).
4.1	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Prior 8-K).
10.1	Placement Agency Agreement, dated January 27, 2017, by and between Diffusion Pharmaceuticals Inc. and Maxim Merchant Capital, a division of Maxim Group LLC (incorporated by reference to Exhibit 10.1 to the Prior 8-K).
10.2	Form of Subscription Agreement (incorporated by reference to Exhibit 10.2 to the Prior 8-K).
99.1	Press Release of Diffusion Pharmaceuticals Inc., dated April 3, 2017.

SIGNATURES

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

Dated: April 3, 2017

DIFFUSION PHARMACEUTICALS INC.

By: /s/ David G. Kalergis
Name: David G. Kalergis
Title: Chief Executive Officer

FOR IMMEDIATE RELEASE
NASDAQ: DFFN

Diffusion Pharmaceuticals Announces Closing of Oversubscribed Private Placement

Raises Aggregate Gross Proceeds of $25.0 million

Charlottesville, Virginia (April 3, 2017) – Diffusion Pharmaceuticals Inc. (NASDAQ: DFFN), a clinical stage biotechnology company focused on the development of novel small molecule therapeutics for cancer and other hypoxia-related diseases, today announced that it entered into subscription agreements for the sale of an aggregate of 4,558,030 shares of its Series A convertible preferred stock in a private offering for gross proceeds of approximately $9.2 million, prior to deducting placement agent fees and estimated expenses payable by Diffusion. The closing is the second and final closing of Diffusion's previously announced private placement. The private placement was oversubscribed as the original raise targeted $15.0 million. Together with the shares issued at and gross proceeds from the initial closing, Diffusion issued an aggregate of 12,395,053 shares of Series A convertible preferred stock for aggregate gross proceeds of approximately $25.0 million in the private placement.

The Series A convertible preferred stock is initially convertible into one share of the Diffusion's common stock at a conversion price equal to the purchase price of $2.02 per share. In addition, each investor received a 5-year warrant to purchase one share of common stock for each share of Series A preferred stock purchased by such investor at an exercise price equal to $2.22, subject to adjustment thereunder. Maxim Merchant Capital acted as the Company's placement agent in the Private Placement.

Important Information for Investors and Shareholders

This announcement is neither an offer to sell, nor a solicitation of an offer to buy, any of these securities and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which such offer, solicitation or sale is unlawful. THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS THE SECURITIES ARE REGISTERED UNDER THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS, OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. THESE SECURITIES ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

About Diffusion Pharmaceuticals Inc.
Diffusion Pharmaceuticals Inc. is a clinical stage biotechnology company focused on extending the life expectancy of cancer patients by improving the effectiveness of current standard of care treatments including radiation therapy and chemotherapy. The Diffusion technology is a paradigm shift in the approach to the treatment of cancer and other diseases involving hypoxia, or oxygen deprivation, in that it facilitates the diffusion of oxygen into hypoxic tissue. Diffusion is developing its lead drug, trans sodium crocetinate (TSC), for use in the many cancer types in which tumor hypoxia (oxygen deprivation) is known to diminish the effectiveness of current treatments. TSC targets the cancer's hypoxic micro-environment, re-oxygenating treatment-resistant tissue and making the cancer cells more vulnerable to the therapeutic effects of treatments such as radiation therapy and chemotherapy, without the apparent addition of any serious side effects.

A Phase 2 clinical program, completed in the second quarter of 2015, evaluated 59 patients with newly diagnosed glioblastoma multiforme (GBM). This open label, historically controlled study demonstrated a favorable safety and efficacy profile for TSC combined with standard of care. A strong efficacy signal was seen in the subset of inoperable patients, where survival of TSC-treated patients at two years was increased by 380% over the controls. The U.S. Food and Drug Administration has provided guidance on the design of a Phase 3 trial in newly diagnosed GBM. Additional planned studies may include a Phase 2 trial in pancreatic cancer and a study in brain metastases. Due to its novel mechanism of action, TSC has safely re-oxygenated a range of tumor types in preclinical and clinical studies. Diffusion believes its therapeutic potential is not limited to specific tumors, thereby making it potentially useful to improve standard of care treatments of other life-threatening cancers. The Company also believes that TSC has potential application in other indications involving hypoxia, such as stroke and neurodegenerative diseases.

Forward-Looking Statements
To the extent any statements made in or in connection with this news release deal with information that are not historical facts, these are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Such statements include statements that are not historical in nature, including those that utilize terminology such as "would," "will," "plans," "possibility," "potential," "future," "expects," "anticipates," "believes," "intends," "continue," "continue," "estimates," "targets," "projects," "intends," other words or expressions of similar meaning, derivations of such words or expressions and the use of future dates. Forward-looking statements by their nature address matters that are, to different degrees, uncertain and involve both known and unknown risks. These uncertainties and risks may cause Diffusion's actual results to be materially different than those expressed in or implied by such forward-looking statements. Particular uncertainties and risks include the factors discussed in Diffusion's public filings, including the risk factors including in Diffusion's most recent Annual Report on Form 10-K. All forward-looking statements in this news release speak only as of the date of this news release and are based on Diffusion's management's current beliefs and expectations. Investors, potential investors and other reads are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Diffusion undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise after the date of this release, except as required by applicable law.

Diffusion Pharmaceuticals Contacts

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