

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

FORM 10-QSB

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000

COMMISSION FILE NUMBER 000-28637

/ / TRANSITION REPORT UNDER SECTION 13 OR 16(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For The Transition Period From _____ To _____.

BIOSANTE PHARMACEUTICALS, INC.

(Exact name of small business issuer as specified in its charter)

WYOMING
(State of Incorporation)

58-2301143
(IRS Employer Identification No.)

175 OLDE HALF DAY ROAD, SUITE 123
LINCOLNSHIRE, ILLINOIS 60069
(Address of principal executive offices)

(847) 793-2458
(Registrant's telephone number)

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 past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES / / NO /X/

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class -----	Outstanding as of May 12, 2000 -----
Common stock, no par value	52,684,526

Transitional Small Business Disclosure Format (check one): Yes / / No /X/

BIOSANTE PHARMACEUTICALS, INC.

FORM 10-QSB
MARCH 31, 2000

TABLE OF CONTENTS

Description - - - - -	Page -----
PART I. Financial Information	
ITEM 1. Financial Statements	
Balance Sheets as of March 31, 2000 and December 31, 1999.....	3
Statements of Operations for the three months ended March 31, 2000 and 1999 and the cumulative period from August 29, 1996 (date of incorporation) to March 31, 2000.....	4
Statements of Cash Flows for the three months ended March 31, 2000 and 1999 and the cumulative period from August 29, 1996 (date of incorporation) to March 31, 2000.....	5
Notes to the Financial Statements.....	6
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	7-9
PART II. Other Information.....	10
SIGNATURE PAGE.....	11
EXHIBIT INDEX.....	12

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

BIOSANTE PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS
MARCH 31, 2000 AND DECEMBER 31, 1999

	MARCH 31, 2000	DECEMBER 31, 1999
	(UNAUDITED)	(NOTE)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,812,490	\$ 5,274,552
Prepaid expenses and other sundry assets	45,392	58,994
	4,857,882	5,333,546
PROPERTY AND EQUIPMENT, NET	433,565	446,083
	\$ 5,291,447	\$ 5,779,629
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 100,876	\$ 76,057
Accrued compensation	82,973	182,973
Other accrued expenses	77,444	45,085
Due to licensor	25,000	25,000
	286,293	329,115
STOCKHOLDERS' EQUITY		
Capital stock		
Issued and Outstanding		
4,766,025 (1999 - 4,807,865) Class C special stock	477	481
52,684,526 (1999 - 52,642,686) Common stock	17,662,974	17,652,510
	17,663,451	17,652,991
Deficit accumulated during the development stage	(12,658,297)	(12,202,477)
	5,005,154	5,450,514
	\$ 5,291,447	\$ 5,779,629

Note: The balance sheet as of December 31, 1999 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles.

See accompanying notes to the financial statements.

ITEM 1 - FINANCIAL STATEMENTS (CONTINUED)

BIOSANTE PHARMACEUTICALS, INC.
 (A DEVELOPMENT STAGE COMPANY)
 STATEMENTS OF OPERATIONS
 THREE MONTHS ENDED MARCH 31, 2000 AND 1999 AND THE CUMULATIVE
 PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO MARCH 31, 2000
 (UNAUDITED)

	THREE MONTHS ENDED MARCH 31,		CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO MARCH 31, 2000
	2000	1999	
REVENUE			
Interest income	\$ 60,382	\$ 25,735	\$ 579,200
EXPENSES			
Research and development	191,175	171,022	2,587,715
General and administration	301,175	201,893	4,432,832
Depreciation and amortization	23,852	21,701	307,186
Loss on disposal of capital assets	-	-	157,545
Costs of acquisition of Structured Biologicals Inc.	-	-	375,219
Purchased in-process research and development	-	-	5,377,000
	516,202	394,616	13,237,497
NET LOSS	\$ (455,820)	\$ (368,881)	\$ (12,658,297)
BASIC AND DILUTED NET LOSS PER SHARE	\$ (0.01)	\$ (0.01)	\$ (0.32)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	57,450,551	34,255,551	39,843,332

See accompanying notes to the financial statements.

ITEM 1 - FINANCIAL STATEMENTS (CONTINUED)

BIOSANTE PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2000 AND 1999 AND THE CUMULATIVE
PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO MARCH 31, 1999
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,		CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO MARCH 31, 2000
	2000	1999	
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net loss	\$ (455,820)	\$ (368,881)	\$(12,658,297)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	23,852	21,701	307,186
Purchased in-process research and development	-	-	5,377,000
Loss on disposal of equipment	-	-	157,545
Changes in other assets and liabilities affecting cash flows from operations			
Prepaid expenses	13,602	12,781	(42,424)
Accounts payable and accrued expenses	(42,822)	(341,948)	(478,894)
Due to licensor	-	-	25,000
Due from SBI	-	(133,901)	(128,328)
NET CASH USED IN OPERATING ACTIVITIES	(461,188)	(810,248)	(7,441,212)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of capital assets	(11,334)	(3,243)	(864,186)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES			
(Conversion) issuance of Class "C" shares	(4)	(1)	477
Proceeds from sale or conversion of shares	10,464	2,501	13,117,411
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,460	2,500	13,117,888
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(462,062)	(810,991)	4,812,490
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,274,552	2,841,250	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 4,812,490	\$ 2,030,259	\$ 4,812,490
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION			
Acquisition of SBI			
Purchased in-process research and development	\$ -	\$ -	\$ 5,377,000
Other net liabilities assumed	-	-	(831,437)
	-	-	4,545,563
Less: subordinate voting shares issued therefor	-	-	4,545,563
	\$ -	\$ -	\$ -
Income tax paid	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

BIOSANTE PHARMACEUTICALS, INC.

FORM 10-QSB
MARCH 31, 2000

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. INTERIM FINANCIAL INFORMATION

In the opinion of management, the accompanying unaudited financial statements contain all necessary adjustments, which are of a normal recurring nature, to present fairly the financial position of BioSante Pharmaceuticals, Inc. as of March 31, 2000 and 1999, the results of operations for the three months ended March 31, 2000 and 1999 and for the cumulative period from August 29, 1996 (date of incorporation) to March 31, 2000, and the cash flows for the three months ended March 31, 2000 and 1999 and for the cumulative period from August 29, 1996 (date of incorporation) to March 31, 2000, in conformity with generally accepted accounting principles. Operating results for the three month period ended March 31, 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000.

These unaudited interim financial statements should be read in conjunction with the financial statements and related notes contained in BioSante's Annual Report on Form 10-KSB for the year ended December 31, 1999.

2. ACQUISITION

On November 10, 1999, the Company's shareholders approved a resolution to change the Company's name to BioSante Pharmaceuticals, Inc.

Pursuant to the shareholders meeting to approve the arrangement held on November 27, 1996 and the subsequent filing of the articles of arrangement December 6, 1996, the Company completed the acquisition of 100% of the outstanding shares of Structured Biologicals Inc. ("SBI"). The acquisition was effected by a statutory amalgamation wherein the stockholders of the Company were allotted a significant majority of the shares of the amalgamated entity. Upon amalgamation, the then existing shareholders of SBI received 7,434,322 shares of common stock of the Company (1 such share for every 3 1/2 shares they held in SBI). SBI's results of operations have been included in these financial statements from the date of acquisition. The acquisition was accounted for by using the purchase method of accounting.

3. BASIC AND DILUTED NET LOSS PER SHARE

The basic and diluted net loss per share is computed based on the weighted average number of shares of common stock and Class C stock outstanding, all being considered as equivalent of one another. Basic net loss per share is computed by dividing the net loss by the weighted average number of shares outstanding for the reporting period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The computation of diluted loss per share does not include options and warrants with the dilutive potential that would have an antidilutive effect on net loss per share.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS FORM 10-QSB CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS. FOR THIS PURPOSE, ANY STATEMENTS CONTAINED IN THIS FORM 10-QSB THAT ARE NOT STATEMENTS OF HISTORICAL FACT MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. WITHOUT LIMITING THE FOREGOING, WORDS SUCH AS "MAY," "WILL," "EXPECT," "BELIEVE," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE OR OTHER VARIATIONS THEREOF OR COMPARABLE TERMINOLOGY ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE STATEMENTS BY THEIR NATURE INVOLVE SUBSTANTIAL RISKS AND UNCERTAINTIES, AND ACTUAL RESULTS MAY DIFFER MATERIALLY DEPENDING ON A VARIETY OF FACTORS, INCLUDING THOSE DESCRIBED UNDER THE CAPTION "RISK FACTORS" CONTAINED IN BIOSANTE'S ANNUAL REPORT ON FORM 10-KSB FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999.

The following discussion of the results of the operations and financial condition of BioSante should be read in conjunction with BioSante's Financial Statements and the related notes thereto.

OVERVIEW

We are a development stage biopharmaceutical company engaged in the development and commercialization of vaccine adjuvants, proprietary novel vaccines and drug delivery systems. Our core technology, which we license on an exclusive basis from the University of California, is based on the use of extremely small, solid, uniform particles, which we call "nanoparticles," as immune system boosters and for drug delivery. We have identified three potential initial applications for our core technology:

- the creation of improved versions of current vaccines by the "adjuvant" activity of our proprietary nanoparticles;
- the development of new, unique vaccines against diseases for which there currently are few or no effective methods of prevention (e.g., genital herpes); and
- the creation of inhaled forms of pharmaceutical compounds that currently must be given by injection (e.g., insulin).

Our goal is to leverage our core technology to become a pharmaceutical company that develops and commercializes a wide range of pharmaceutical products. Our strategy to obtain this goal is to:

- enter into business collaborations or joint ventures to further develop and commercialize products incorporating our core technology;
- in-license or otherwise acquire products in the late-stage development phase;
- in-license or otherwise acquire products already on the market; and
- enter into business collaborations or joint ventures with complementary firms outside the scope of our core technology.

PLAN OF OPERATION

Our strategy over the next 12 months is to continue development of our core technology and to actively seek collaborators and licensees to accelerate the development and commercialization of products incorporating our core technology. We hope to file an investigational new drug application with the FDA before the end of 2000 to commence a Phase I human clinical trial with respect to our CAP nanoparticles. In addition, during the next 12

months, we intend to seek opportunities to in-license or otherwise acquire products in the late-stage development phase or products already on the market.

We currently do not expect any significant changes in the number of our employees unless we are able to enter into a business collaboration or joint venture to further develop and commercialize products incorporating our core technology or in-license or otherwise acquire products in the late-stage human clinical development phase or products already on the market. Alternatively, if we are able to enter into business collaborations or joint ventures, in lieu of hiring additional employees, we may elect to enter into arrangements with third parties to accomplish the similar tasks of hired employees.

All of our revenue to date has been derived from interest earned on invested funds. We have not commercially introduced any products. We expect to incur substantial and continuing losses for the foreseeable future as we seek to in-license or otherwise acquire new products and as our own product development programs expand and various preclinical and clinical trials commence. The amount of these losses may vary significantly from year-to-year and quarter-to-quarter and will depend on, among other factors:

- the costs of licensure or acquisition of new products;
- the timing and cost of product development;
- the progress and cost of preclinical and clinical development programs;
- the timing and cost of obtaining necessary regulatory approvals; and
- the timing and cost of obtaining third party reimbursement.

In order to generate revenues, we must successfully develop and commercialize our own proposed products or products in the late-stage human clinical development phase or already on the market that we may in-license or otherwise acquire or enter into collaborative agreements with others who can successfully develop and commercialize them. Even if our proposed products and the products we may license or otherwise acquire are commercially introduced, they may never achieve market acceptance and we may never generate revenues or achieve profitability.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2000 COMPARED TO THREE MONTHS ENDED MARCH 31, 1999

We used cash in operating activities of \$461,188 for the three month period ended March 31, 2000 versus cash used in operating activities of \$810,248 for the three month period ended March 31, 1999. This change reflects lower legal and accounting expenses and a reduction in personnel-related expenses in 2000. Net cash used in investing activities was \$11,334 for the three month period ended March 31, 2000 versus \$3,243 for the three month period ended March 31, 1999. The uses of cash in investing activities during 2000 were capital expenditures for the purchase of three computers. The significant uses of cash in investing activities for the three month period ended March 31, 1999 included capital expenditures for office furniture. Net cash provided by financing activities was \$10,460 for the three months ended March 31, 2000 compared to \$2,500 for the three months ended March 31, 1999. Net cash provided during the first three months of both 2000 and 1999 was the result of conversions of shares of class C stock into shares of common stock.

Since its inception, BioSante has experienced significant operating losses. BioSante incurred a net loss of \$455,820 for the three month period ended March 31, 2000, compared to a net loss of \$368,881 for the three month period ended March 31, 1999. As of March 31, 2000,

BioSante had an accumulated deficit of \$12,658,297. BioSante anticipates that its operating losses will continue for the foreseeable future.

General and administrative expenses increased from \$201,893 during the three month period ended March 31, 1999 to \$301,175 during the three month period ended March 31, 2000. Research and development expenses increased from \$171,022 during the three month period ended March 31, 1999 to \$191,175 during the three month period ended March 31, 2000. BioSante expects to continue to incur significant expenses, primarily relating to its research and development activities. Management estimates that it is currently expending approximately \$100,000 to \$125,000 per month on research and development activities. BioSante's research and development expenditures, however, may fluctuate from quarter-to-quarter and year-to-year depending on the resources available and its development schedule. Results of studies, clinical trials, regulatory decisions and competitive developments also may influence its expenditures. BioSante is required under the terms of its license agreement with the University of California to have available certain amounts of funds for research and development activities. In the event, however, BioSante is able to in-license or otherwise acquire drugs in the late-stage development phase or drugs already on the market, it is likely that its research and development and total expenses would increase significantly.

Interest income increased from \$25,735 during the three month period ended March 31, 1999 to \$60,382 during the three month period ended March 31, 2000. BioSante expects interest income to continue to decline in future periods as it uses cash for operations.

LIQUIDITY AND CAPITAL RESOURCES

To date, BioSante has consistently raised equity financing to fund its activities, and BioSante expects to continue this practice to fund its ongoing activities. Since inception, BioSante has raised net proceeds of approximately \$9.1 million from private equity financings, class A and class C stock conversions and warrant exercises.

BioSante's cash and cash equivalents were \$4,812,490 and \$5,274,552 at March 31, 2000 and December 31, 1999, respectively. The decrease in BioSante's cash balance is due to cash used in operating activities as described above.

BioSante did not have any material commitments for capital expenditures as of March 31, 2000. BioSante has several financial commitments, including the minimum annual lease payments and payments under the license agreement with the University of California.

BioSante currently does not have sufficient resources to complete the commercialization of any of its proposed products or to carry out its business strategy or to meet the financial commitments described above. Therefore, BioSante will likely need to raise additional capital to fund its operations sometime in the future. BioSante expects that its cash balance of approximately \$4.8 million as of March 31, 2000 will be sufficient to fund its operations through at least June 2002. BioSante has based this estimate, however, on assumptions that may prove to be wrong. As a result, BioSante may need to obtain additional financing prior to that time. In addition, BioSante may need to raise additional capital at an earlier time to fund its ongoing research and development activities, acquire new products or take advantage of other unanticipated opportunities. BioSante cannot be certain that any financing will be available when needed. Any additional equity financings may be dilutive to BioSante's existing shareholders, and debt financing, if available, may involve restrictive covenants on its business. In addition, if BioSante fails to raise additional financing as it needs it, BioSante may have to delay or terminate its own product development programs or pass on opportunities to in-license or otherwise acquire new products that BioSante believes may be beneficial to its business.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None.

ITEM 2 - CHANGES IN SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2000, BioSante has not issued or sold any securities that were not registered under the Securities Act of 1933, as amended.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

None.

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS.

Exhibit Number -----	Description -----
27.1	Financial Data Schedule

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 2000.

SIGNATURES

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

May 12, 2000

BIOSANTE PHARMACEUTICALS, INC.

By: /s/ Stephen M. Simes

Stephen M. Simes
President and Chief Executive Officer
(principal executive officer)

By: /s/ Phillip B. Donenberg

Phillip B. Donenberg
Chief Financial Officer, Secretary &
Treasurer
(principal financial and accounting officer)

EXHIBIT INDEX

Exhibit Number -----	Description -----	Location -----
27.1	Financial Data Schedule	Filed herewith electronically

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	DEC-31-2000	JAN-01-2000	MAR-31-2000
			4,812
			0
			0
			0
	4,858		0
		208	641
	5,291		
286			0
	0		0
		0	
		17,663	
5,291		(12,658)	
			0
	60		0
		0	
	516		
	0		
	0		
	(456)		
		0	
(456)		0	
	0		
		0	
		(456)	
		(.01)	
		(.01)	