AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 29, 2001
REGISTRATION NO. 333-_____

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

FORM SB-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

BIOSANTE PHARMACEUTICALS, INC.
(Name of small business issuer in its charter)

DELAWARE	2836	58-2301143
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

175 OLDE HALF DAY ROAD, SUITE 247
LINCOLNSHIRE, ILLINOIS 60069
TELEPHONE NO.: (847) 793-2458

PHILLIP B. DONENBERG
CHIEF FINANCIAL OFFICER, TREASURER AND SECRETARY
BIOSANTE PHARMACEUTICALS, INC.
175 OLDE HALF DAY ROAD, SUITE 247
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(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPY TO:
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Approximate date of commencement of proposed sale to the public:
FROM TIME TO TIME AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or reinvestment plans, check the following box: [X]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.[ ]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.[ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.[ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.[ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	NUMBER OF SHARES TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE (2)
Common Stock, par value $0.0001 per share.....	25,437,500	$0.80	$20,350,000	$5,087.50

(1) The amount to be registered hereunder consists of an aggregate of 25,437,500 shares of common stock to be sold by the selling stockholders named in this registration statement. Of the 25,437,500

shares of common stock, 9,250,000 are currently outstanding and beneficially owned by the selling stockholders and 16,187,500 shares are issuable upon the exercise of warrants held by the selling stockholders.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, based upon the last sale of the registrant's common stock on June 27, 2001, as reported by the Over-the-Counter Bulletin Board.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

==========

The information in this prospectus is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission declares our registration statement effective. This prosepctus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated June 29, 2001

PROSPECTUS

[BIOSANTE LOGO]

25,437,500 SHARES

COMMON STOCK

Selling stockholders of BioSante Pharmaceuticals, Inc. are offering 25,437,500 shares of common stock. BioSante will not receive any proceeds from the sale of shares offered by the selling stockholders.

The shares of common stock offered will be sold as described under the heading "Plan of Distribution," beginning on page 21.

Our common stock is listed on the Over-the-Counter Bulletin Board under the symbol "BTPH" and on the Canadian Venture Exchange under the symbol "BAI." On June 27, 2001, the last reported sale price of our common stock on the OTC Bulletin Board was US $0.80 and on the CDNX was CD $1.48.

THE COMMON STOCK OFFERED INVOLVES A HIGH DEGREE OF RISK. WE REFER YOU TO "RISK FACTORS," BEGINNING ON PAGE 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2001

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus is accurate as of the date on the front cover. You should not assume that the information contained in this prospectus is accurate as of any other date.

SUMMARY

THE ITEMS IN THE FOLLOWING SUMMARY ARE DESCRIBED IN MORE DETAIL LATER IN THIS PROSPECTUS. THIS SUMMARY PROVIDES AN OVERVIEW OF SELECTED INFORMATION AND DOES NOT CONTAIN ALL THE INFORMATION YOU SHOULD CONSIDER. THEREFORE, YOU SHOULD ALSO READ THE MORE DETAILED INFORMATION SET OUT IN THIS PROSPECTUS, INCLUDING THE CONSOLIDATED FINANCIAL STATEMENTS.

OUR COMPANY

We are a development stage biopharmaceutical company that is developing a pipeline of hormone replacement products to treat hormone deficiencies in men and in women. We also are engaged in the development of our proprietary calcium phosphate, nanoparticulate-based platform technology, or CAP, for vaccine adjuvants, proprietary novel vaccines, drug delivery systems and to purify the milk of transgenic animals, which are animals that have been genetically modified to produce certain desired results in their milk.

To enhance the value of our current pharmaceutical portfolio, we are pursuing the following corporate growth strategies:

- accelerate the development of our hormone replacement products;
- continue to develop our nanoparticle-based CAP platform technology and seek assistance in the development through corporate partner sub-licenses;
- license or otherwise acquire other drugs that will add value to our current product portfolio; and
- implement business collaborations or joint ventures with other pharmaceutical and biotechnology companies.

Our primary focus is to build a pipeline of hormone replacement products for the treatment of human hormone deficiencies. Symptoms of hormone deficiency in men include impotence, lack of sex drive, muscle weakness and osteoporosis, and in women, menopausal symptoms, such as hot flashes, vaginal atrophy, decreased libido and osteoporosis.

Our hormone replacement products, which we license on an exclusive basis from Antares Pharma Inc., are gel formulations of testosterone, estradiol and a combination of estradiol and a progestogen. The gels are designed to be absorbed quickly through the skin after application on the arms, shoulders, abdomen or thighs, delivering the required hormone to the bloodstream evenly and in a non-invasive, painless manner. We have begun human clinical trials of our hormone replacement products, a necessary step in the process of obtaining United States Food and Drug Administration, or FDA, approval to market the products.

Our CAP 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, for drug delivery and to purify the milk of transgenic animals. We have identified four potential applications for our CAP technology:

- the creation of improved versions of current vaccines by the "adjuvant" activity of our proprietary nanoparticles that enhance the ability of a vaccine to stimulate an immune response;

- the development of new, unique vaccines against diseases for which there currently are few or no effective methods of prevention (E.G., genital herpes);

- the creation of inhaled forms of drugs that currently must be given by injection (E.G., insulin); and

- the purification of the milk of transgenic animals, in which protein pharmaceuticals are grown by selectively isolating biologically active therapeutic proteins from the transgenic milk.

RECENT DEVELOPMENTS

On April 4, 2001, we sold an aggregate of 9,250,000 shares of our common stock and warrants to purchase an aggregate of 4,625,000 shares of our common stock for $0.40 per unit for an aggregate purchase price of $3,700,000, to accredited investors, including several existing stockholders. Each unit consisted of one share of our common stock and a warrant to purchase 0.50 shares of our common stock. The proceeds from the sale of these units have been and will continue to be used for general corporate purposes, including working capital.

CORPORATE INFORMATION

Our company, which was initially formed as a corporation organized under the laws of the Province of Ontario on August 29, 1996, was continued as a corporation under the laws of the State of Wyoming on December 19, 1996 and was reincorporated under the laws of the State of Delaware on June 26, 2001.

In this prospectus, references to "BioSante," "the company," "we," and "our," unless the context otherwise requires, refer to BioSante Pharmaceuticals, Inc.

OFFICE AND WEB SITE LOCATION

Our principal executive offices are located at 175 Olde Half Day Road, Suite 247, Lincolnshire, Illinois 60069, and our telephone number is (847) 793-2458. Our web site is located at WWW.BIOSANTEPHARMA.COM. Our web site, and the information contained on that site, or connected to that site, are not intended to be part of this prospectus.

SUMMARY CONSOLIDATED FINANCIAL DATA

The selected statement of operations data shown below for the years ended December 31, 1998, 1999 and 2000 and the balance sheet data as of December 31, 1999 and 2000 are derived from our audited financial statements included elsewhere in this prospectus. The selected statement of operations data shown below for the period from August 29, 1996 (date of incorporation) to December 31, 1996 and for the year ended December 31, 1997 and the balance sheet data as of December 31, 1996, 1997 and 1998 are derived from our audited financial statements not included elsewhere in this prospectus. The selected financial data for the three months ended March 31, 2000 and 2001 and as of March 31, 2001 has been derived from our unaudited financial statements included elsewhere in this prospectus, which, in the opinion of management, include all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the financial information shown in these statements. The results for the three months ended March 31, 2000 and 2001 are not necessarily indicative of the results to be expected for the full year or for any future period. When you read this selected consolidated financial data, it is important that you also read the historical financial statements and related notes included in this prospectus, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations." Historical results are not necessarily indicative of future results.

	PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO DECEMBER 31, 1996	YEAR ENDED DECEMBER 31,				THREE MONTHS ENDED MARCH 31,	
		1997	1998	1999	2000	2000	2001
	(in thousands, except per share data)						
STATEMENT OF OPERATIONS DATA:							
Interest income	$ 53	$ 144	$ 123	$ 199	$ 228	$ 60	$ 32
Expenses:							
Research and development	--	336	1,400	661	1,888	191	233
General and administration	547	1,618	1,112	853	1,679	301	465
Depreciation and amortization	1	52	140	91	98	24	24
Loss on disposal of capital assets	--	28	130	--	--	--	--
Total expenses	548	2,034	2,782	1,605	3,665	516	722
Loss before other expenses	(495)	(1,890)	(2,659)	(1,406)	(3,437)	(456)	(690)
Cost of acquisition of Structured Biologicals, Inc.	375	--	--	--	--	--	--
Purchased in-process research and development	5,377	--	--	--	--	--	--
Total other expenses	5,752	--	--	--	--	--	--
Net loss	$ (6,247)	$ (1,890)	$ (2,659)	$ (1,406)	$ (3,437)	$ (456)	$ (690)
Basic and diluted net loss per share	$ (0.26)	$ (0.05)	$ (0.08)	$ (0.03)	$ (0.06)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	24,366	35,962	34,858	49,424	57,537	57,451	57,641

	AS OF DECEMBER 31,					AS OF MARCH 31,
	1996	1997	1998	1999	2000	2001
	(in thousands)					
BALANCE SHEET DATA:						
Cash and cash equivalents	$ 3,474	$ 1,750	$ 2,841	$ 5,275	$ 2,612	$ 5,222
Working capital	2,236	356	2,099	5,004	1,735	4,474
Total assets	3,519	2,450	3,449	5,780	3,067	5,637
Convertible debenture - current	--	--	--	--	500	500
Stockholders' equity	2,269	1,034	2,631	5,451	2,126	4,843

RISK FACTORS

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED BELOW AND THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN SHARES OF OUR COMMON STOCK. IF ANY OF THE FOLLOWING RISKS ACTUALLY OCCUR, OUR BUSINESS, FINANCIAL CONDITION OR OPERATING RESULTS COULD BE HARMED. IN THAT CASE, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE, AND YOU MAY LOSE PART OR ALL OF YOUR INVESTMENT. THESE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE NOT THE ONLY ONES FACING BIOSANTE. ADDITIONAL RISKS AND UNCERTAINTIES NOT CURRENTLY KNOWN TO US OR THAT WE CURRENTLY DEEM IMMATERIAL MAY ALSO IMPAIR OUR BUSINESS OPERATIONS AND ADVERSELY AFFECT THE MARKET PRICE OF OUR COMMON STOCK.

RISKS RELATING TO OUR COMPANY

WE HAVE A HISTORY OF OPERATING LOSSES, EXPECT CONTINUING LOSSES AND MAY NEVER ACHIEVE PROFITABILITY.

We have incurred losses in each year since our amalgamation in 1996 and expect to incur substantial and continuing losses for the foreseeable future. We incurred a net loss of $3,437,195 for the year ended December 31, 2000, and as of December 31, 2000, our accumulated deficit was $15,639,672. We incurred a net loss of $689,900 for the three months ended March 31, 2001, and as of March 31, 2001, our accumulated deficit was $16,329,572.

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 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 upon, among other factors:

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

In order to generate revenues, we must successfully develop and commercialize our own proposed products in pre-clinical development, in late-stage human clinical development, 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.

WE ARE A DEVELOPMENT STAGE COMPANY WITH A SHORT OPERATING HISTORY, MAKING IT DIFFICULT FOR YOU TO EVALUATE OUR BUSINESS AND YOUR INVESTMENT.

We are in the development stage and our operations and the development of our proposed products are subject to all of the risks inherent in the establishment of a new business enterprise, including:

- the absence of an operating history;
- the lack of commercialized products;

- insufficient capital;
- expected substantial and continual losses for the foreseeable future;
- limited experience in dealing with regulatory issues;
- the lack of manufacturing experience and limited marketing experience;
- an expected reliance on third parties for the development and commercialization of some of our proposed products;
- a competitive environment characterized by numerous, well-established and well-capitalized competitors; and
- reliance on key personnel.

Because we are subject to these risks, you may have a difficult time evaluating our business and your investment in our company.

OUR PROPOSED PRODUCTS ARE IN THE RESEARCH AND DEVELOPMENT STAGES AND WILL LIKELY NOT BE COMMERCIALLY INTRODUCED FOR SEVERAL YEARS, IF AT ALL.

Our proposed products are in the research and development stages and will require further research and development, preclinical and clinical testing and investment prior to commercialization in the United States and abroad. We cannot assure you that any of our proposed products will:

- be successfully developed;
- prove to be safe and efficacious in clinical trials;
- meet applicable regulatory standards;
- demonstrate substantial protective or therapeutic benefits in the prevention or treatment of any disease;
- be capable of being produced in commercial quantities at reasonable costs; or
- be successfully marketed.

We do not anticipate that any of our proposed products will receive the requisite regulatory approvals for commercialization in the United States or abroad for a number of years, if at all, and we cannot assure you that any of our proposed products, if approved and marketed, will generate significant product revenue and provide an acceptable return on our investment.

WE WILL NEED TO RAISE SUBSTANTIAL ADDITIONAL CAPITAL IN THE FUTURE TO FUND OUR OPERATIONS AND WE MAY BE UNABLE TO RAISE SUCH FUNDS WHEN NEEDED AND ON ACCEPTABLE TERMS.

We currently do not have sufficient resources to complete the commercialization of any of our proposed products. Therefore, we will need to raise substantial additional capital to fund our operations sometime in the future. We cannot be certain that any financing will be available when needed. If we fail to raise additional financing as we need it, we may have to delay or terminate our own product development

programs or pass on opportunities to in-license or otherwise acquire new products that we believe may be beneficial to our business.

Our cash on hand as of March 31, 2001 was $5,221,947. We believe this cash will be sufficient to fund our operations through December 2002. We have based this estimate on assumptions that may prove to be wrong. As a result, we may need to obtain additional financing prior to that time. In addition, we may need to raise additional capital at an earlier time to fund our ongoing research and development activities, acquire new products or take advantage of other unanticipated opportunities. Any additional equity financings may be dilutive to our existing stockholders, and debt financing, if available, may involve restrictive covenants on our business. In addition, insufficient funds may require us to delay, scale back or eliminate some or all of our programs designed to facilitate the commercial introduction of our proposed products, prevent commercial introduction of our products altogether or restrict us from acquiring new products that we believe may be beneficial to our business.

OUR STRATEGY TO ACQUIRE PRODUCTS IN THE LATE-STAGE DEVELOPMENT PHASE OR PRODUCTS ALREADY ON THE MARKET IS RISKY AND THE MARKET FOR ACQUIRING THESE PRODUCTS IS COMPETITIVE.

We may acquire, through outright purchase, license, joint venture or other methods, products in the late-stage development phase and assist in the final development and commercialization of those products or products already on the market. There are a number of companies that have similar strategies to ours, many of whom have substantially greater resources than us. It is difficult to determine the value of a product that has not been fully developed or commercialized, and the possibility of significant competition for these products may tend to increase the cost to us of these products beyond the point at which we will experience an acceptable return on our investment. We cannot assure you that we will be able to acquire any products on commercially acceptable terms or at all, that any product we may acquire will be approved by the FDA or if approved, will be marketable, or that even if marketed, that we will be able to obtain an acceptable return on our investment.

While we have no current agreements or negotiations underway, if we purchase any products, we could issue common or preferred stock that would dilute our existing stockholders' percentage ownership, incur substantial debt or assume contingent liabilities by paying cash for such products. For example, we paid a $1.0 million upfront license fee for our hormone replacement products in June 2000. In September 2000, we sublicensed some of these products to a Canadian company and in connection with this transaction and subject to our achieving certain milestones we agreed to sell shares of our common stock to this licensee in the future at a premium of the then market value of our common stock. Purchases of new products also involve numerous other risks, including:

- problems assimilating the purchased products;
- unanticipated costs associated with the purchase;
- incorrect estimates made in the accounting for acquisitions; and
- risks associated with entering markets in which we have no or limited prior experience.

IF WE FAIL TO OBTAIN REGULATORY APPROVAL TO COMMERCIALLY MANUFACTURE OR SELL ANY OF OUR FUTURE PRODUCTS, OR IF APPROVAL IS DELAYED, WE WILL BE UNABLE TO GENERATE REVENUE FROM THE SALE OF OUR PRODUCTS.

We must obtain regulatory approval to sell any of our products in the United States and abroad. In the United States, we must obtain the approval of the FDA for each product or drug that we intend to

commercialize. The FDA approval process is typically lengthy and expensive, and approval is never certain. Products to be commercialized abroad are subject to similar foreign government regulation.

Generally, only a very small percentage of newly discovered pharmaceutical products that enter preclinical development are approved for sale. Because of the risks and uncertainties in biopharmaceutical development, our proposed products could take a significantly longer time to gain regulatory approval than we expect or may never gain approval. If regulatory approval is delayed or never obtained, our management's credibility, the value of our company and our operating results and liquidity would be adversely affected.

TO OBTAIN REGULATORY APPROVAL TO MARKET OUR PRODUCTS, COSTLY AND LENGTHY PRECLINICAL STUDIES AND CLINICAL TRIALS MAY BE REQUIRED, AND THE RESULTS OF THE STUDIES AND TRIALS ARE HIGHLY UNCERTAIN.

As part of the FDA approval process, we must conduct, at our own expense, preclinical studies on animals and clinical trials on humans on each of our proposed products. We expect the number of preclinical studies and clinical trials that the FDA will require will vary depending on the product, the disease or condition the product is being developed to address and regulations applicable to the particular product. We may need to perform multiple preclinical studies using various doses and formulations before we can begin clinical trials, which could result in delays in our ability to obtain any regulatory approvals or to market any of our products. Furthermore, even if we obtain favorable results in preclinical studies on animals, the results in humans may be different.

After we have conducted preclinical studies in animals, we must demonstrate that our products are safe and effective for use on the target human patients in order to receive regulatory approval for commercial sale. The data obtained from preclinical and clinical testing are subject to varying interpretations that could delay, limit or prevent regulatory approval. Adverse or inconclusive clinical results would prevent us from filing for regulatory approval of our products. Additional factors that could cause delay or termination of our clinical trials include:

- slow patient enrollment;
- longer treatment time required to demonstrate efficacy;
- adverse medical events or side effects in treated patients; and
- lack of effectiveness of the product being tested.

IF WE FAIL TO OBTAIN AN ADEQUATE LEVEL OF REIMBURSEMENT FOR OUR PRODUCTS BY THIRD PARTY PAYORS, THERE WOULD BE NO COMMERCIALLY VIABLE MARKETS FOR OUR PRODUCTS.

Our ability to commercialize our products successfully will depend in part upon the price we may be able to charge for our products and on the extent to which reimbursement for the cost of our products and related treatment will be available from government health administration authorities, private health insurers and other third party payors. We currently have limited expertise obtaining reimbursement. We will need to seek additional reimbursement expertise unless we enter into collaborations with other companies with the necessary expertise. Even if we are able to obtain reimbursement from third party payors, we cannot be certain that reimbursement rates will be high enough to allow us to profit from sales of our products and realize an acceptable return on our investment in product development.

WE LICENSE OUR HORMONE REPLACEMENT PRODUCTS AND OUR CAP TECHNOLOGY FROM THIRD PARTIES AND MAY LOSE THE RIGHTS TO LICENSE THEM.

We license our hormone replacement products from Antares Pharma, Inc. and our CAP technology from the University of California. We may lose our right to license these technologies if we breach our obligations under the license agreements. Although we intend to use our reasonable best efforts to meet these obligations, if we violate or fail to perform any term or covenant of the license agreements or with respect to the University of California's license agreement within 60 days after written notice from the University of California, Antares and the University of California may terminate these agreements or certain projects contained in these agreements. The termination of these agreements, however, will not relieve us of our obligation to pay any royalty or license fees owing at the time of termination. Our failure to retain the right to license our hormone replacement products or CAP technology could harm our business and future operating results. For example, if we were to enter into an outlicense agreement with a third party under which we agree to outlicense our hormone replacement products or CAP technology for a license fee, the termination of the license agreement could either, depending upon the terms of the outlicense agreement, cause us to breach our obligations under the outlicense agreement or give the other party a right to terminate that agreement, thereby causing us to lose future revenue generated by the outlicense fees.

WE DO NOT HAVE ANY FACILITIES APPROPRIATE FOR CLINICAL TESTING, WE LACK MANUFACTURING EXPERIENCE AND WE HAVE VERY LIMITED SALES AND MARKETING PERSONNEL. WE WILL, THEREFORE, BE DEPENDENT UPON OTHERS FOR OUR CLINICAL TESTING, MANUFACTURING, SALES AND MARKETING.

Our current facilities do not include accommodation for the testing of our proposed products in animals or in humans for the clinical testing required by the FDA. We do not have a manufacturing facility that can be used for full-scale production of our products. In addition, at this time, we have very limited sales and marketing personnel. In the course of our development program, we will therefore be required to enter into arrangements with other companies or universities for our animal testing, human clinical testing, manufacturing, and sales and marketing activities. If we are unable to retain third parties for these purposes on acceptable terms, we may be unable to successfully develop, manufacture and market our proposed products. In addition, any failures by third parties to adequately perform their responsibilities may delay the submission of our proposed products for regulatory approval, impair our ability to deliver our products on a timely basis or otherwise impair our competitive position. Our dependence on third parties for the development, manufacture, sale and marketing of our products also may adversely affect our profit margins.

IF WE ARE UNABLE TO PROTECT OUR PROPRIETARY TECHNOLOGY, WE MAY NOT BE ABLE TO COMPETE AS EFFECTIVELY.

The pharmaceutical industry places considerable importance on obtaining patent and trade secret protection for new technologies, products and processes. Our success will depend, in part, upon our ability to obtain, enjoy and enforce protection for any products we develop or acquire under United States and foreign patent laws and other intellectual property laws, preserve the confidentiality of our trade secrets and operate without infringing the proprietary rights of third parties.

Where appropriate, we seek patent protection for certain aspects of our technology. In February 2000 and June 1999, we filed patent applications relating to our CAP technology. However, our owned and licensed patents and patent applications may not ensure the protection of our intellectual property for a number of other reasons:

- We do not know whether our patent applications will result in actual patents. For example, we may not have developed a method for treating a disease or manufacturing a product before others have developed similar methods.

- Competitors may interfere with our patent process in a variety of ways. Competitors may claim that they invented the claimed invention before us or may claim that we are infringing on their patents and therefore we cannot use our technology as claimed under our patent. Competitors may also contest our patents by showing the patent examiner that the invention was not original or novel or was obvious.

- We are in the research and development stage and are in the process of developing proposed products. Even if we receive a patent, it may not provide much practical protection. If we receive a patent with a narrow scope, then it will be easier for competitors to design products that do not infringe on our patent. Even if the development of our proposed products is successful and approval for sale is obtained, there can be no assurance that applicable patent coverage, if any, will not have expired or will not expire shortly after this approval. Any expiration of the applicable patent could have a material adverse effect on the sales and profitability of our proposed product.

- Enforcing patents is expensive and may require significant time by our management. In litigation, a competitor could claim that our issued patents are not valid for a number of reasons. If the court agrees, we would lose those patents.

- We also may support and collaborate in research conducted by government organizations or universities. We cannot guarantee that we will be able to acquire any exclusive rights to technology or products derived from these collaborations. If we do not obtain required licenses or rights, we could encounter delays in product development while we attempt to design around other patents or we may be prohibited from developing, manufacturing or selling products requiring these licenses. There is also a risk that disputes may arise as to the rights to technology or products developed in collaboration with other parties.

It also is unclear whether our trade secrets will provide useful protection. While we use reasonable efforts to protect our trade secrets, our employees or consultants may unintentionally or willfully disclose our proprietary information to competitors. Enforcing a claim that someone else illegally obtained and is using our trade secrets, like patent litigation, is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets. Finally, our competitors may independently develop equivalent knowledge, methods and know-how.

CLAIMS BY OTHERS THAT OUR PRODUCTS INFRINGE THEIR PATENTS OR OTHER INTELLECTUAL PROPERTY RIGHTS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

The pharmaceutical industry has been characterized by frequent litigation regarding patent and other intellectual property rights. Patent applications are maintained in secrecy in the United States until the patents are issued and also are maintained in secrecy for a period of time outside the United States. Accordingly, we can conduct only limited searches to determine whether our technology infringes any patents or patent applications of others. Any claims of patent infringement would be time-consuming and could likely:

- result in costly litigation;

- divert the time and attention of our technical personnel and management;
- cause product development delays;
- require us to develop non-infringing technology; or
- require us to enter into royalty or licensing agreements.

Although patent and intellectual property disputes in the pharmaceutical industry often have been settled through licensing or similar arrangements, costs associated with these arrangements may be substantial and often require the payment of ongoing royalties, which could hurt our gross margins. In addition, we cannot be sure that the necessary licenses would be available to us on satisfactory terms, or that we could redesign our products or processes to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent us from developing, manufacturing and selling some of our products, which could harm our business, financial condition and operating results.

BECAUSE WE ARE DEVELOPING NEW PRODUCTS, WE MAY FAIL TO GAIN MARKET ACCEPTANCE FOR OUR PRODUCTS AND OUR BUSINESS COULD SUFFER.

None of the products we propose to develop or are developing have yet been approved for marketing by regulatory authorities in the United States or elsewhere. Even if our proposed products ultimately are approved for sale, there can be no assurance that they will be commercially successful.

RISKS RELATING TO OUR INDUSTRY

BECAUSE OUR INDUSTRY IS VERY COMPETITIVE AND OUR COMPETITORS HAVE SUBSTANTIALLY GREATER CAPITAL RESOURCES AND MORE EXPERIENCE IN RESEARCH AND DEVELOPMENT, MANUFACTURING AND MARKETING THAN US, WE MAY NOT SUCCEED IN DEVELOPING OUR PROPOSED PRODUCTS AND BRINGING THEM TO MARKET.

Competition in the pharmaceutical industry is intense. Potential competitors in the United States are numerous and include pharmaceutical, chemical and biotechnology companies, most of which have substantially greater capital resources and more experience in research and development, manufacturing and marketing than us. Academic institutions, hospitals, governmental agencies and other public and private research organizations also are conducting research and seeking patent protection and may develop and commercially introduce competing products or technologies on their own or through joint ventures. We cannot assure you that our competitors will not succeed in developing similar technologies and products more rapidly than we do or that these competing technologies and products will not be more effective than any of those that we currently are developing or will develop.

WE ARE DEPENDENT UPON KEY PERSONNEL, MANY OF WHOM WOULD BE DIFFICULT TO REPLACE.

Our success will be largely dependent upon the efforts of Stephen M. Simes, our Vice Chairman, President and Chief Executive Officer, and other key employees. We are not the stated beneficiary of key person life insurance on any of our key personnel. Our future success also will depend in large part upon our ability to identify, attract and retain other highly qualified managerial, technical and sales and marketing personnel. Competition for these individuals is intense. The loss of the services of any of our key personnel, the inability to identify, attract or retain qualified personnel in the future or delays in hiring qualified personnel, could make it more difficult for us to manage our business and meet key objectives, such as the timely introduction of our proposed products, which would harm our business, financial condition and operating results.

RISKS RELATING TO OUR COMMON STOCK

BECAUSE OUR COMMON STOCK IS TRADED ON THE OTC BULLETIN BOARD AND THE CANADIAN VENTURE EXCHANGE YOUR ABILITY TO SELL YOUR SHARES IN THE SECONDARY TRADING MARKET MAY BE LIMITED.

Our common stock currently is traded on the Canadian Venture Exchange and the over-the-counter market on the OTC Bulletin Board. Consequently, the liquidity of our common stock is impaired, not only in the number of shares that are bought and sold, but also through delays in the timing of transactions, and coverage by security analysts and the news media, if any, of our company. As a result, prices for shares of our common stock may be lower than might otherwise prevail if our common stock was traded on Nasdaq or a national securities exchange, like the American Stock Exchange.

BECAUSE OUR SHARES ARE "PENNY STOCKS," YOU MAY HAVE DIFFICULTY SELLING THEM IN THE SECONDARY TRADING MARKET.

Federal regulations under the Securities Exchange Act of 1934 regulate the trading of so-called "penny stocks," which are generally defined as any security not listed on a national securities exchange or Nasdaq, priced at less than $5.00 per share and offered by an issuer with limited net tangible assets and revenues. Since our common stock currently trades on the OTC Bulletin Board and the Canadian Venture Exchange at less than $5.00 per share, our common stock is a "penny stock" and may not be traded unless a disclosure schedule explaining the penny stock market and the risks associated therewith is delivered to a potential purchaser prior to any trade.

In addition, because our common stock is not listed on Nasdaq or any national securities exchange and currently trades at less than $5.00 per share, trading in our common stock is subject to Rule 15g-9 under the Exchange Act. Under this rule, broker-dealers must take certain steps prior to selling a "penny stock," which steps include:

- obtaining financial and investment information from the investor;
- obtaining a written suitability questionnaire and purchase agreement signed by the investor; and
- providing the investor a written identification of the shares being offered and the quantity of the shares.

If these penny stock rules are not followed by the broker-dealer, the investor has no obligation to purchase the shares. The application of these comprehensive rules will make it more difficult for broker-dealers to sell our common stock and our stockholders, therefore, may have difficulty in selling their shares in the secondary trading market.

SALES OF A SUBSTANTIAL NUMBER OF SHARES OF OUR COMMON STOCK IN THE PUBLIC MARKET, INCLUDING THE SHARES OFFERED HEREBY, COULD LOWER OUR STOCK PRICE AND IMPAIR OUR ABILITY TO RAISE FUNDS IN NEW STOCK OFFERINGS.

Future sales of a substantial number of shares of our common stock in the public market, including the shares offered hereby, or the perception that such sales could occur, could adversely affect the prevailing market price of our common stock and could make it more difficult for us to raise additional capital through the sale of equity securities. We filed this registration statement pursuant to a subscription agreement with the holders of the common stock and warrants purchased in our April 2001 private placement. We are required under the subscription agreement to use our reasonable best efforts to cause this registration statement to remain effective until the earlier of (1) the sale of all the shares our of

common stock covered by this registration statement; or (2) such time as the selling stockholders named in this registration statement become eligible to resell the shares of BioSante common stock and the shares of BioSante common stock issuable upon exercise of warrants pursuant to Rule 144(k) under the Securities Act.

OUR STOCK PRICE MAY BE VOLATILE AND YOUR INVESTMENT IN OUR COMMON STOCK COULD SUFFER A DECLINE IN VALUE.

Our common stock has been listed on the Canadian Venture Exchange since December 20, 1996 and the OTC Bulletin Board since May 5, 2000. The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control. These factors include:

- progress of our products through the regulatory process;
- results of preclinical studies and clinical trials;
- announcements of technological innovations or new products by us or our competitors;
- government regulatory action affecting our products or our competitors' products in both the United States and foreign countries;
- developments or disputes concerning patent or proprietary rights;
- actual or anticipated fluctuations in our operating results;
- changes in our financial estimates by securities analysts;
- general market conditions for emerging growth and pharmaceutical companies;
- broad market fluctuations; and
- economic conditions in the United States or abroad.

In addition, the value of our common stock may fluctuate because it is listed on both the OTC Bulletin Board and the Canadian Venture Exchange. We do not know what effect, if any, the dual listing has on the price of our common stock in either market. Listing on both the Canadian Venture Exchange and the OTC Bulletin Board may increase our stock price volatility due to:

- trading in different time zones;
- different ability to buy or sell our stock; and
- different trading volume.

WE MAY INCUR SIGNIFICANT COSTS FROM CLASS ACTION LITIGATION DUE TO OUR EXPECTED STOCK VOLATILITY.

In the past, following periods of large price declines in the public market price of a company's stock, holders of that stock occasionally have instituted securities class action litigation against the company that issued the stock. If any of our stockholders were to bring this type of lawsuit against us, even if the lawsuit is without merit, we could incur substantial costs defending the lawsuit. The lawsuit also could

divert the time and attention of our management, which would hurt our business. Any adverse determination in litigation could also subject us to significant liabilities.

PROVISIONS IN OUR CORPORATE DOCUMENTS AND DELAWARE LAW COULD DISCOURAGE OR PREVENT A TAKEOVER, EVEN IF AN ACQUISITION WOULD BE BENEFICIAL TO OUR STOCKHOLDERS.

Provisions of our certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These provisions include:

- authorizing the issuance of "blank check" preferred that could be issued by our Board of Directors to increase the number of outstanding shares and thwart a takeover attempt; and

- prohibiting cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates.

We refer you to "Description of Securities --Undesignated Preferred Stock; - --Anti-Takeover Provisions of Delaware Law" for more information on the specific provisions of our certificate of incorporation, our bylaws and Delaware law that could discourage, delay or prevent a change of control of our company.

OUR DIRECTORS AND EXECUTIVE OFFICERS OWN A SUFFICIENT NUMBER OF SHARES OF OUR COMMON STOCK TO CONTROL OUR COMPANY, WHICH COULD DISCOURAGE OR PREVENT A TAKEOVER, EVEN IF AN ACQUISITION WOULD BE BENEFICIAL TO OUR STOCKHOLDERS.

Our directors and executive officers own or control approximately 50.9% of our outstanding voting power. Accordingly, these stockholders, individually and as a group, may be able to influence the outcome of shareholder votes, involving votes concerning the election of directors, the adoption or amendment of provisions in our articles of incorporation and bylaws and the approval of certain mergers or other similar transactions, such as sales of substantially all of our assets. Such control by existing stockholders could have the effect of delaying, deferring or preventing a change in control of our company. In addition, under a stockholders agreement entered into in connection with our May 1999 private placement, several of our stockholders entered into a voting agreement with respect to the election of directors.

EXERCISE OF OUTSTANDING WARRANTS AND OPTIONS WILL DILUTE EXISTING STOCKHOLDERS AND COULD DECREASE THE MARKET PRICE OF OUR COMMON STOCK.

As of June 15, 2001, we had issued and outstanding 62,202,943 shares of common stock, 4,687,684 shares of our Class C stock and outstanding warrants and options to purchase 23,392,157 additional shares of common stock. The existence of the outstanding warrants and options may adversely affect the market price of our common stock and the terms under which we could obtain additional equity capital.

WE DO NOT INTEND TO PAY ANY CASH DIVIDENDS IN THE FORESEEABLE FUTURE AND, THEREFORE, ANY RETURN ON YOUR INVESTMENT IN OUR CAPITAL STOCK MUST COME FROM INCREASES IN THE FAIR MARKET VALUE AND TRADING PRICE OF THE CAPITAL STOCK.

We do not intend to pay any cash dividends in the foreseeable future and, therefore, any return on your investment in our capital stock must come from increases in the fair market value and trading price of the capital stock.

WE LIKELY WILL ISSUE ADDITIONAL EQUITY SECURITIES WHICH WILL DILUTE YOUR SHARE OWNERSHIP.

We likely will issue additional equity securities to raise capital and through the exercise of warrants and options that are outstanding or may be outstanding. These additional issuances will dilute your share ownership.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, primarily in the sections entitled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Business." Generally, you can identify these statements because they use phrases like "anticipates," "believes," "expects," "future," "intends," "plans," and similar terms. These statements are only predictions. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy, and actual results may differ materially from those we anticipated due to a number of uncertainties, many of which are unforeseen. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including, among others, the risks we face as described on the previous pages and elsewhere in this prospectus.

We believe it is important to communicate our expectations to our investors. There may be events in the future, however, that we are unable to predict accurately or over which we have no control. The risk factors listed on the previous pages, as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in the previous risk factors and elsewhere in this prospectus could negatively impact our business, operating results, financial condition and stock price.

We are not obligated to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as otherwise required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus and other statements made from time to time from us or our representatives, might not occur. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

USE OF PROCEEDS

BioSante will not receive any of the proceeds from the sale of shares offered under this prospectus by the selling stockholders. This offering is intended to satisfy our obligations to register, under the Securities Act of 1933, the resale of the shares of our common stock, including shares of our common stock that will be issued to the selling stockholders upon the exercise of warrants held by them, that we issued to the selling stockholders in April 2001 and other registration rights obligations we owe to previous investors in BioSante. The net proceeds from our sale of these shares to the selling stockholders in May 1999 and in April 2001 has been and will be used for general corporate purposes, including working capital.

DIVIDEND POLICY

We never have declared or paid cash dividends. We currently intend to retain all future earnings for the operation and expansion of our business. We do not anticipate declaring or paying cash dividends on our common stock in the foreseeable future. Any payment of cash dividends on our common stock will be at

the discretion of our Board of Directors and will depend upon our results of operations, earnings, capital requirements, contractual restrictions and other factors deemed relevant by our Board of Directors.

SELLING STOCKHOLDERS

All of the selling stockholders named below acquired or have the right to acquire upon the exercise of warrants the shares of our common stock being offered under this prospectus directly from us in a private transaction in May 1999 or in April 2001. The following table sets forth information known to BioSante with respect to the beneficial ownership of BioSante common stock as of June 15, 2001 by the selling stockholders. In accordance with the rules of the SEC, beneficial ownership includes the shares issuable pursuant to warrants and options that are exercisable within 60 days of June 15, 2001. Shares issuable pursuant to warrants and options are considered outstanding for computing the percentage of the person holding the warrants and options but are not considered outstanding for computing the percentage of any other person.

The percentage of beneficial ownership for the following table is based on 62,202,943 shares of common stock outstanding as of June 15, 2001. To our knowledge, except as indicated in the footnotes to this table, each person named in the table has sole voting and investment power with respect to all shares of common stock shown in the table to be beneficially owned by such person.

Except as set forth below, none of the selling stockholders has had any position, office or other material relationship with BioSante within the past three years. The table assumes that the selling stockholders sell all of the shares offered by them in this offering. However, BioSante is unable to determine the exact number of shares that will actually be sold or when or if these sales will occur. BioSante will not receive any of the proceeds from the sale of the shares offered under this prospectus.

	SHARES OF COMMON STOCK BENEFICIALLY OWNED PRIOR TO THE OFFERING				SHARES BENEFICIALLY OWNED AFTER COMPLETION OF THE OFFERING	
SELLING STOCKHOLDER	SHARES SUBJECT TO OPTIONS, WARRANTS, AND CLASS C SPECIAL STOCK	TOTAL SHARES BENEFICIALLY OWNED	PERCENTAGE	NUMBER OF SHARES BEING OFFERED	NUMBER	PERCENTAGE
Edward S. Loeb Revocable Trust	187,500	562,500	*	312,500	250,000	*
Sherwin and Sheri Zuckerman	500,000	1,500,000	2.4%	750,000	750,000	1.2%
The Levenstein & Resnick Profit Sharing Plan & Trust by Gary I. Levenstein.	151,250	453,750	*	203,750	250,000	*
James S. Levy	31,250	93,750	*	93,750	--	--
James S. Levy Trust	125,000	375,000	*	125,000	250,000	*
Stephen M. Simes (1)	2,624,728	2,913,587	4.5%	187,500	2,726,087	4.2%
Stephen M. Simes Revocable Trust	125,000	375,000	*	125,000	250,000	*
Irving B. Harris Trust	583,334	1,750,001	2.8%	1,000,001	750,000	1.2%
Virginia H. Polsky Trust	291,666	874,999	1.4%	499,999	375,000	*
Roxanne H. Frank Trust	388,889	1,166,666	1.9%	666,666	500,000	*
Couderay Partners	388,889	1,166,666	1.9%	666,666	500,000	*
Jerome Kahn, Jr. Revocable Trust	97,223	291,668	*	166,668	125,000	*
Fred Holubow (2)	262,500	637,500	1.0%	312,500	325,000	*
Mitchell I. Dolins Revocable Trust	225,000	675,000	1.1%	300,000	375,000	*
Sheldon M. Bulwa	125,000	375,000	*	250,000	250,000	*
Morningstar Trust (3)	325,000	1,125,000	1.8%	475,000	650,000	1.0%
Faye Morgenstern (3)	100,000	300,000	*	300,000	--	--
Victor Morgenstern (3)	1,025,000	2,925,000	4.6%	1,350,000	1,575,000	2.5%
Sibylla M. Mueller	312,500	937,500	1.5%	937,500	--	--
Hermann S. Graf Zu Munster	312,500	937,500	1.5%	937,500	--	--

SELLING STOCKHOLDER	SHARES OF COMMON STOCK BENEFICIALLY OWNED PRIOR TO THE OFFERING			NUMBER OF SHARES BEING OFFERED	SHARES BENEFICIALLY OWNED AFTER COMPLETION OF THE OFFERING	
	SHARES SUBJECT TO OPTIONS, WARRANTS, AND CLASS C SPECIAL STOCK	TOTAL SHARES BENEFICIALLY OWNED	PERCENTAGE		NUMBER	PERCENTAGE
Adolf Leuze	62,500	187,500	*	187,500	--	--
Boyd B. Massagee, Jr	78,125	234,375	*	234,375	--	--
Anne Marie Nicholson Trust	18,750	56,250	*	56,250	--	--
Roscoe F. Nicholson III Trust	18,750	56,250	*	56,250	--	--
Shirley M. Nicholson	31,250	93,750	*	93,750	--	--
Roscoe F. Nicholson II	137,500	412,500	*	412,500	--	--
Eberhard Thyssen	125,000	375,000	*	375,000	--	--
Florence A. Browning	12,500	37,500	*	37,500	--	--
John E. Urheim	31,250	93,750	*	93,750	--	--
Egandale Associates	31,250	93,750	*	93,750	--	--
Rotter Family Partnership	125,000	375,000	*	375,000	--	--
Nancy Butler	62,500	187,500	*	187,500	--	--
John E. Lee (4)	206,250	218,750	*	18,750	200,000	*
Phillip B. Donenberg (5)	794,905	833,622	1.3%	18,750	814,872	1.3%
Steven J. Bell (6)	196,875	200,625	*	5,625	195,000	*
Ann Lehman (7)	50,000	150,000	*	150,000	--	--
Leah M. Lehman (7)	262,100	637,100	1.0%	562,500	74,600	*
James J. Pelts	25,000	75,000	*	75,000	--	--
Bradley S. Glaser & Amy E. Glaser as Tenants by the Entirety	31,250	93,750	*	93,750	--	--
Lawrence B. Dolins	18,750	56,250	*	56,250	--	--
James G. Hart	62,500	187,500	*	187,500	--	--
Robert Leder, DDS	31,250	93,750	*	93,750	--	--
James G. Johnson Trust	125,000	375,000	*	375,000	--	--
Robert Q. Calloway Trust	62,500	187,500	*	187,500	--	--
Patricia L. Calloway Trust	62,500	187,500	*	187,500	--	--
GOC Irr Tr U/A J.C. Warriner (8)	166,666	499,999	*	499,999	--	--
GOC Irr Tr U/A J.O. Cunningham (8)	166,667	500,002	*	500,002	--	--
John S. Warriner (8)	500,000	1,500,000	2.4%	1,500,000	--	--
GOC Irr Tr U/A A.C. McClure (8)	166,666	499,999	*	499,999	--	--
C. Frederick Cunningham II Revocable Trust (8)	125,000	375,000	*	375,000	--	--
Goldstein Asset Management	62,500	187,500	*	62,500	125,000	*
Lawrence Goldstein	62,500	187,500	*	62,500	125,000	*
John and Joanna Ruder	125,000	375,000	*	125,000	250,000	*
Ronald Nash	125,000	375,000	*	125,000	250,000	*
Stanley Ho (9)	750,000	2,250,000	3.6%	750,000	1,500,000	2.4%
King Cho Fung	1,375,000	4,325,000	6.8%	750,000	3,575,000	5.7%
Marcus Jebsen	750,000	2,250,000	3.6%	250,000	2,000,000	3.2%
Hans Michael Jebsen	1,750,000	5,250,000	8.2%	750,000	4,500,000	7.1%
Howard Schraub	125,000	125,000	*	125,000	--	--
Anita Nagler	750,000	2,250,000	3.6%	750,000	1,500,000	2.4%
Jarvis H. Friduss	62,500	187,500	*	62,500	125,000	*
Gary N. Wilner	125,000	375,000	*	125,000	250,000	*
Steven J. Reid	250,000	750,000	1.2%	250,000	500,000	*
Resolute Partners(3)	250,000	750,000	1.2%	250,000	500,000	*
JO & Co(8)	3,750,000	11,250,000	17.1%	3,750,000	7,500,000	12.1%

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* Less than one percent (1%)

(1) Mr. Simes is the Vice Chairman, President and Chief Executive Officer of BioSante.

(2) Mr. Holubow is a director of BioSante.

(3) Mr. Morgenstern beneficially owns a total of 5,050,000 shares of BioSante's common stock. Of these shares, 300,000 shares are owned by Faye Morgenstern, Mr. Morgenstern's wife, and 825,000 shares held by Mr. Morgenstern's wife as trustee of the Morgenstern Trust, as to which Mr. Morgenstern disclaims control, direction or beneficial ownership. Mr. Morgenstern is a director of BioSante. Mr. Morgenstern is the managing director of Resolute Partners L.P.

(4) Mr. Lee is the Vice President, Commercial Development of BioSante.

(5) Mr. Donenberg is the Chief Financial Officer, Treasurer and Secretary of BioSante.

(6) Dr. Bell is the Vice President, Research and Pre-Clinical Development of BioSante.

(7) Dr. Lehman is the Vice President, Clinical Development of BioSante. Ann Lehman is Dr. Lehman's mother and Dr. Lehman disclaims beneficial ownership of Ann Lehman's shares.

(8) Ross Mangano, a director of BioSante, acted as an advisor and trustee for these selling stockholders in connection with the shareholder's acquisition from us of the shares offered by these selling stockholders under this prospectus. Mr. Mangano is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. These selling stockholders are advisory clients of Mr. Mangano, and the shares offered by these selling stockholders under this prospectus are held in discretionary client accounts managed by Mr. Mangano. Mr. Mangano is President of JO & Co.

(9) Mr. Ho is the father of Angela Ho, a director of BioSante. Ms. Ho disclaims beneficial ownership of Stanley Ho's shares.

PLAN OF DISTRIBUTION

The selling stockholders acquired their shares of BioSante common stock and warrants to purchase directly from us in a private transaction in either May 1999 or April 2001. To our knowledge, none of the selling stockholders has entered into any agreement, arrangement or understanding with any particular broker or market maker with respect to the shares offered under this prospectus, nor do we know the identity of the brokers or market makers that will participate in the offering. The shares of common stock may be offered and sold from time to time by the selling stockholders or by their respective pledgees, donees, transferees and other successors in interest.

The selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. Sales may be made over the OTC Bulletin Board and the Canadian Venture Exchange, in the over-the-counter market, in privately negotiated transactions or otherwise, at then prevailing market prices, at prices related to prevailing market prices or at negotiated prices. Sales may be made directly or through agents designated from time to time or through dealers or underwriters to be designated or in negotiated transactions. The shares may be sold by one or more of, or a combination of, the following methods:

- a block trade in which the broker-dealer engaged by a selling shareholder will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by the broker-dealer as principal and resale by the broker or dealer for its account pursuant to this prospectus;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers; and
- privately negotiated transactions.

BioSante has been advised by the selling stockholders that they have not, as of the date of this prospectus, entered into any arrangement with a broker-dealer for the sale of shares through a block trade, special offering, or secondary distribution of a purchase by a broker-dealer. In effecting sales, broker-dealers engaged by the selling stockholders may arrange for other broker-dealers to participate. Broker-dealers will receive commissions or discounts from the selling stockholders in amounts to be negotiated immediately prior to the sale.

In connection with distributions of the shares or otherwise, the selling stockholders may, if permitted by law, also enter into hedging transactions. For example, the selling stockholders may:

- enter into transactions involving short sales of the shares of common stock by broker-dealers;
- sell shares of common stock short and redeliver these shares to close out the short position;
- enter into option or other types of transactions that require the selling stockholders to deliver shares of common stock to a broker-dealer, who will then resell or transfer the shares of common stock under this prospectus; or
- loan or pledge shares of common stock to a broker dealer, who may sell the loaned shares or, in the event of default, sell the pledged shares.

Broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from the selling stockholders or the purchasers of the common stock in amounts to be negotiated in connection with the sale. Broker-dealers and any other participating broker-dealers may be deemed to be underwriters within the meaning of the Securities Act of 1933 in connection with the sales, and any commission, discount or concession may be deemed to be underwriting discounts or commissions under the Securities Act. In addition, any securities covered by this prospectus which qualify for sale under Rule 144 of the Securities Act may be sold under Rule 144 rather than under this prospectus. No period of time has been fixed within which the shares covered by this prospectus may be offered and sold.

We have advised the selling stockholders that the anti-manipulation rules under the Exchange Act of 1934 may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates.

This offering will terminate on the earlier to occur of:

- the date on which all shares offered have been sold by the selling stockholders; or

- the date on which all shares held by a selling shareholder may be sold by such selling shareholder in compliance with Rule 144 under the Securities Act within any three-month period.

We will pay the expenses of registering the shares under the Securities Act, including registration and filing fees, printing expenses, fees and disbursements of our counsel and accountants, all of our internal expenses, and all legal fees and disbursements and other expenses of complying with state securities or blue sky laws of any jurisdictions in which the securities to be offered are to be registered or qualified. The selling stockholders will bear all discounts, commissions or other amounts payable to underwriters, dealers or agents.

To the extent required, this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution or a corporate development. At the time a particular offer of shares is made, if required, a prospectus supplement will be distributed that will set forth the number of shares being offered and the terms of the offering, including the name of any underwriter, dealer or agent, the purchase price paid by any underwriter, any discount, commission and other item constituting compensation, any discount, commission or concession allowed or reallowed or paid to any dealer, and the proposed selling price to the public.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected statement of operations data shown below for the years ended December 31, 1998, 1999 and 2000 and the balance sheet data as of December 31, 1999 and 2000 are derived from our audited financial statements included elsewhere in this prospectus. The selected statement of operations data shown below for the period from August 29, 1996 (date of incorporation) to December 31, 1996 and for the year ended December 31, 1997 and the balance sheet data as of December 31, 1996, 1997 and 1998 are derived from our audited financial statements not included elsewhere in this prospectus. The selected financial data for the three months ended March 31, 2000 and 2001 and as of March 31, 2001 has been derived from our unaudited financial statements included elsewhere in this prospectus, which, in the opinion of management, include all adjustments, consisting solely of normal recurring adjustments, necessary for a fair presentation of the financial information shown in these statements. The results for the three months ended March 31, 2000 and 2001 are not necessarily indicative of the results to be expected for the full year or for any future period. When you read this selected consolidated financial data, it is important that you also read the historical financial statements and related notes included in this prospectus, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations." Historical results are not necessarily indicative of future results.

	PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO DECEMBER 31,	YEAR ENDED DECEMBER 31,				THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1999	2000	2000	2001
	(in thousands, except per share data)						
STATEMENT OF OPERATIONS DATA:							
Interest income	$ 53	$ 144	$ 123	$ 199	$ 228	$ 60	$ 32
Expenses:							
Research and development	--	336	1,400	661	1,888	191	233
General and administration	547	1,618	1,112	853	1,679	301	465
Depreciation and amortization	1	52	140	91	98	24	24
Loss on disposal of capital assets	--	28	130	--	--	--	--
Total expenses	548	2,034	2,782	1,605	3,665	516	722
Loss before other expenses	(495)	(1,890)	(2,659)	(1,406)	(3,437)	(456)	(690)
Cost of acquisition of Structured Biologicals, Inc.	375	--	--	--	--	--	--
Purchased in-process research and development	5,377	--	--	--	--	--	--
Total other expenses	5,752	--	--	--	--	--	--
Net loss	$ (6,247)	$ (1,890)	$ (2,659)	$ (1,406)	$ (3,437)	$ (456)	$ (690)
Basic and diluted net loss per share	$ (0.26)	$ (0.05)	$ (0.08)	$ (0.03)	$ (0.06)	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	24,366	35,962	34,858	49,424	57,537	57,451	57,641

	AS OF DECEMBER 31,					AS OF MARCH 31,
	1996	1997	1998	1999	2000	2001
	(in thousands)					
BALANCE SHEET DATA:						
Cash and cash equivalents	$ 3,474	$ 1,750	$ 2,841	$ 5,275	$ 2,612	$ 5,222
Working capital	2,236	356	2,099	5,004	1,735	4,474
Total assets	3,519	2,450	3,449	5,780	3,067	5,637
Convertible debenture - current	--	--	--	--	500	500
Stockholders' equity	2,269	1,034	2,631	5,451	2,126	4,843

GENERAL

We are a development stage biopharmaceutical company engaged in the development and commercialization of hormone replacement products to treat hormone deficiencies in men and in women. We also are engaged in the development and commercialization of vaccine adjuvants or immune system boosters, proprietary novel vaccines, drug delivery systems and the purification of the milk of transgenic animals using calcium phosphate nanoparticles.

Our hormone replacement products, which we license on an exclusive basis from Antares Pharma, Inc., address a variety of hormone deficiencies that affect both men and women. Symptoms of these hormone deficiencies include impotence, lack of sex drive, muscle weakness and osteoporosis in men and menopausal symptoms in women including hot flashes, vaginal atrophy, decreased libido and osteoporosis.

The new products we in-licensed are gel formulations of testosterone (the natural male hormone), estradiol (the natural female hormone), and a combination of estradiol and a progestogen (another female hormone). The gels are designed to be quickly absorbed through the skin after application on the arms, abdomen or thighs, delivering the required hormone to the bloodstream evenly and in a non-invasive, painless manner. The gels are formulated to be applied once per day and to be absorbed into the skin without a trace of residue.

Under the terms of our license agreement with Antares, we acquired exclusive marketing rights, with the right to grant sub-licenses, to the single active ingredient testosterone and estradiol products for all therapeutic indications in the U.S., Canada, Mexico, Israel, Australia, New Zealand, China, Malaysia, Indonesia and South Africa. We acquired exclusive marketing rights, with the right to grant sub-licenses, for the combination estradiol and progestogen product in the U.S. and Canada. In partial consideration for the license of the hormone replacement products, we paid Antares an upfront license fee of $1.0 million. In addition, under the terms of the license agreement, we agreed to fund the development of the proposed products, make milestone payments and, after all necessary regulatory approvals are received, pay royalties to Antares on sales of the products.

In September 2000, we sub-licensed the marketing rights to our portfolio of female hormone replacement products in Canada to Paladin Labs Inc. In exchange for the sub-license, Paladin agreed to make an initial investment in our company, make future milestone payments and pay royalties on sales of the products in Canada. The milestone payments will be in the form of a series of equity investments by Paladin in our company's common stock at a 10 percent premium to the market price of our stock at the time the equity investment is made. Upon execution of the sub-license agreement, Paladin made an initial investment of $500,000 in our company in the form of a convertible debenture, convertible into our common stock at $1.05 per share. Paladin may convert the debenture at any time after January 1, 2001. Since Paladin did not convert the debenture by March 31, 2001, we have the right to require it to be converted.

Our strategy with respect to our hormone replacement product portfolio is to conduct human clinical trials of our proposed hormone replacement products, which are required to obtain FDA approval to market the products in the United States.

Our CAP 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 four potential applications for our CAP technology:

- the creation of improved versions of current vaccines by the "adjuvant" activity of our proprietary nanoparticles that enhance the ability of a vaccine to stimulate an immune response;
- the development of new, unique vaccines against diseases for which there currently are few or no effective methods of prevention (E.G., genital herpes);
- the creation of inhaled forms of drugs that currently must be given by injection (E.G., insulin); and
- the purification of the milk of transgenic animals, in which protein pharmaceuticals are grown by selectively isolating biologically active therapeutic proteins from the transgenic milk.

Our strategy with respect to CAP over the next 12 months, is to continue development of our nanoparticle technology and actively to seek collaborators and licensees to accelerate the development and commercialization of products incorporating this technology. We received clearance in August 2000 from the FDA to initiate a Phase I clinical trial of our CAP as a vaccine adjuvant and delivery system based on an Investigational New Drug Application that we filed in July 2000. The Phase I trial was a double-blind, placebo-controlled trial in 18 subjects to determine the safety of CAP as a vaccine adjuvant. The trial was completed and there was no apparent difference in side effect profile between CAP and placebo.

Our goal is to develop and commercialize our hormone replacement products and CAP technology into a wide range of pharmaceutical products. Our strategy to obtain this goal is to:

- Accelerate the development of our hormone replacement products.
- Continue to develop our nanoparticle-based CAP platform technology and seek assistance in the development through corporate partner sub-licenses.
- License or otherwise acquire other drugs that will add value to our current product portfolio.
- Implement business collaborations or joint ventures with other pharmaceutical and biotechnology companies.

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 our hormone replacement products and products incorporating our CAP 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.

Since our inception, we have experienced significant operating losses, and we expect to incur substantial and continuing losses for the foreseeable future. We incurred a net loss of $3,437,195 for the year ended December 31, 2000, resulting in an accumulated deficit of $15,639,672. We incurred a net loss of $689,900 for the three months ended March 31, 2001, and as of March 31, 2001, our accumulated deficit was $16,329,572.

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 upon, among other factors:

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

In order to generate revenues, we must successfully develop and commercialize our own proposed products in pre-clinical development, in late-stage human clinical development, 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, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

General and administrative expenses increased from $301,175 during the three month period ended March 31, 2000 to $465,058 during the three month period ended March 31, 2001. This increase of approximately 54% is due primarily to expenses related to new personnel and the higher legal expenses related to the increase in our collaboration and licensing activities.

Research and development expenses increased slightly from $191,175 during the three month period ended March 31, 2000 to $232,989 during the three month period ended March 31, 2001 due primarily to the increased expenses associated with the clinical development of our hormone replacement product portfolio. As a result of our hormone replacement product in-license entered into in June 2000, we expect that our research and development expenses will increase significantly. We also are required under the terms of our license agreement with the University of California to have available certain amounts of funds dedicated to research and development activities. The amount of our research and development expenditures, however, may fluctuate from quarter-to-quarter and year-to-year depending upon: (1) the resources available; (2) our development schedule; (3) results of studies, clinical trials and regulatory decisions; and (4) competitive developments.

Interest income decreased from $60,382 during the three month period ended March 31, 2000 to $32,109 during the three month period ended March 31, 2001 as a result of lower invested cash balances between the three month periods. We expect interest income to increase in the following quarter due to our April 2001 private placement, then to decline in subsequent periods as we use our cash balances for operations.

We incurred a net loss of $689,900 for the three month period ended March 31, 2001, compared to a net loss of $455,820 for the three month period ended March 31, 2000. The increase in the net loss is primarily due to the expenses associated with (1) new personnel-related expenses, (2) legal expenses related to increased collaboration and licensing activities, (3) increased expenses associated with the clinical development of our hormone replacement product portfolio, and (4) the remaining expenses

related to the conducting of a Phase I human clinical trial testing the safety of our CAP nanoparticles. We anticipate that our operating losses will continue for the foreseeable future.

LIQUIDITY AND CAPITAL RESOURCES

To date, we have raised equity financing to fund our operations, and we expect to continue this practice to fund our ongoing operations. Since inception, we have raised net proceeds of approximately $9.2 million from private equity financings, class A and class C stock conversions, warrant exercises and in the third quarter 2000, the issuance of a $500,000 convertible debenture. This figure does not include $3.7 million raised in a private placement closed on April 4, 2001. In this private placement, we issued units, which consisted of an aggregate of 9,250,000 shares of common stock and five-year warrants to purchase an aggregate of 4,625,000 shares of common stock. The price of each unit, which consisted of one share of common stock plus a warrant to purchase one half-share of common stock, was $0.40, the approximate market price of our common stock at closing. The exercise price of the warrant is $0.50 per full share.

Our cash and cash equivalents were $5,221,947 and $2,611,755 at March 31, 2001 and December 31, 2000, respectively. The increase in our cash balances is due to cash deposits of approximately $3.4 million recorded as cash and cash equivalents at March 31, 2001 pursuant to our $3.7 million private placement which closed on April 4, 2001. The remaining balance of cash proceeds from the private placement was received in April 2001. We used cash in operating activities of $785,657 for the three month period ended March 31, 2001 versus cash used in operating activities of $461,188 for the three month period ended March 31, 2000. This change reflects the cash expenditures associated with increased general and administrative and research and development personnel-related expenses and legal fees associated with the increase in licensing and collaboration activities in addition to expenses related to the clinical development of our (1) hormone replacement product portfolio, and (2) Phase I CAP human clinical trial. Net cash used in investing activities was $2,121 for the three month period ended March 31, 2001 versus $11,334 used in investing activities for the three month period ended March 31, 2000. The uses of cash in investing activities during the three month period ended March 31, 2001 were capital expenditures for the purchase of a new laptop computer. Similarly, the uses of cash in investing activities for the three month period ended March 31, 2000 represented the purchase of three computers. Net cash provided by financing activities was $3,397,970 for the three months ended March 31, 2001 compared to $10,460 for the three months ended March 31, 2000. Net cash provided during the three months ended March 31, 2001 was the result of the receipt of cash proceeds as described above pursuant to our private placement which closed on April 4, 2001, while net cash provided during the three months ended March 31, 2000 was the result of the conversion of shares of class C stock into shares of common stock.

We did not have any material commitments for capital expenditures as of March 31, 2001. We have, however several financial commitments, as described below under the heading "Commitments."

Our cash on hand as of March 31, 2001 was $5,221,947. We believe this cash will be sufficient to fund our operations through at least December 2002. We have based this estimate, however, on assumptions that may prove to be wrong. As a result, we may need to obtain additional financing prior to that time. In addition, we may need to raise additional capital at an earlier time to fund our ongoing research and development activities, acquire new products or take advantage of other unanticipated opportunities. Any additional equity financings may be dilutive to our existing shareholders, and debt financing, if available, may involve restrictive covenants on our business. In addition, insufficient funds may require us to delay, scale back or eliminate some or all of our programs designed to facilitate the commercial introduction of our proposed products, prevent commercial introduction of our products altogether or restrict us from acquiring new products that we believe may be beneficial to our business.

2000 VERSUS 1999

We used cash in operating activities of $3,207,604 for the year ended December 31, 2000 versus cash used in operating activities of $1,787,822 for the year ended December 31, 1999. This change was driven by the increase in research and development expenses, including the hormone product portfolio in-license upfront payment of $1.0 million to Antares Pharma, Inc. during 2000. Net cash used in investing activities was $43,238 for the year ended December 31, 2000 versus $4,219 for the year ended December 31, 1999. The significant uses of cash in investing activities for the year ended December 31, 2000 were capital expenditures for the purchase of office furniture and computer equipment. The significant uses of cash in investing activities for the year ended December 31, 1999 included capital expenditures for office furniture and a computer. Net cash provided by financing activities was $588,045 for the year ended December 31, 2000 compared to $4,225,343 for the year ended December 31, 1999. Net cash provided during 2000 was primarily the result of a $500,000 convertible debenture issued to Paladin Labs Inc. pursuant to a sub-license agreement related to our female hormone replacement products. Net cash provided in 1999 was primarily the result of our private placement in May 1999.

1999 VERSUS 1998

We used cash in operating activities of $1,787,822 for the year ended December 31, 1999 versus cash used in operating activities of $3,041,425 for the year ended December 31, 1998. This change was driven by a reduction in both personnel-related expenses in research and development and, a similar reduction in general and administrative expenses during 1999. Net cash used in investing activities was $4,219 for the year ended December 31, 1999 versus $124,984 for the year ended December 31, 1998. The significant uses of cash in investing activities during 1999 were capital expenditures for the purchase of office furniture and a computer. The significant uses of cash in investing activities for the year ended December 31, 1998 included capital expenditures for laboratory equipment and laboratory office furniture. Net cash provided by financing activities was $4,225,343 for the year ended December 31, 1999 compared to $4,257,328 for the year ended December 31, 1998. Net cash provided during 1999 was primarily the result of our private placement completed in May 1999. Net cash provided in 1998 was primarily the result of the conversion of class A and class C special stock into shares of common stock.

COMMITMENTS

We have several financial commitments, including the following minimum annual lease payments:

YEAR	MINIMUM ANNUAL LEASE PAYMENTS
2001	$ 89,401
2002	$ 68,254
2003	$ 57,239

Under our license agreement with the University of California, we are required to:

- pay the following minimum annual royalties on February 28 of each year beginning in the year 2004, to be credited against earned royalties, for the life of the agreement (2013):

YEAR	MINIMUM ANNUAL ROYALTY DUE
2004	$ 50,000
2005	$ 100,000
2006	$ 150,000
2007	$ 200,000

2008	$ 400,000
2009	$ 600,000
2010	$ 800,000
2011	$1,500,000
2012	$1,500,000
2013	$1,500,000

- maintain an annual minimum amount of available capital for development and commercialization of products incorporating the licensed technology until a product is introduced to the market; and

- pay the costs of patent prosecution and maintenance of the patents included in the agreement.

Our fixed expenses, such as rent, license payments and other contractual commitments, may increase in the future, as we may enter into additional leases for new facilities and capital equipment and enter into additional licenses and collaborative agreements.

OUTLOOK

We expect to continue to spend capital on:

- preclinical studies and clinical trials;

- research and development programs;

- regulatory processes;

- establishment of our own marketing capabilities or a search for third party manufacturers and marketing partners to manufacture and market our products for us; and

- the licensure or acquisition of new products.

The amount of capital we may need will depend on many factors, including the:

- progress, timing and scope of our preclinical studies and clinical trials;

- progress, timing and scope of our research and development programs;

- time and cost necessary to obtain regulatory approvals;

- time and cost necessary to seek third party manufacturers to manufacture our products for us;

- time and cost necessary to establish our own sales and marketing capabilities or to seek marketing partners to market our products for us;

- time and cost necessary to respond to technological and market developments;

- changes made or new developments in our existing collaborative, licensing and other commercial relationships; and

- new collaborative, licensing and other commercial relationships that we may establish.

Management estimates that it currently is expending approximately $125,000 to $150,000 per month on research and development activities and approximately $200,000 to $250,000 per month in total expenses, including research and development activities. We expect to spend approximately $25,000 to $50,000 in capital expenditures during the next 12 months.

BUSINESS

GENERAL

We are a development stage biopharmaceutical company that is developing a pipeline of hormone replacement products to treat hormone deficiencies in men and in women. We also are engaged in the development of our proprietary calcium phosphate, nanoparticulate-based platform technology, or CAP, for vaccine adjuvants, proprietary novel vaccines, drug delivery systems and to purify the milk of transgenic animals.

To enhance the value of our current pharmaceutical portfolio, we are pursuing the following corporate growth strategies:

- accelerate the development of our hormone replacement products;
- continue to develop our nanoparticle-based CAP platform technology and seek assistance in such development through corporate partner sub-licenses;
- license or otherwise acquire other drugs that will add value to our current product portfolio; and
- implement business collaborations or joint ventures with other pharmaceutical and biotechnology companies.

Our primary focus is to build a pipeline of hormone replacement products for the treatment of human hormone deficiencies. Symptoms of hormone deficiency in men include impotence, lack of sex drive, muscle weakness and osteoporosis, and in women, menopausal symptoms, such as hot flashes, vaginal atrophy, decreased libido and osteoporosis.

Our hormone replacement products, which we license on an exclusive basis from Antares Pharma Inc., are gel formulations of testosterone, estradiol and a combination of estradiol and a progestogen. The gels are designed to be absorbed quickly through the skin after application on the arms, shoulders, abdomen or thighs, delivering the required hormone to the bloodstream evenly and in a non-invasive, painless manner. We have begun human clinical trials on our hormone replacement products, a necessary step in the process of obtaining United States Food and Drug Administration, or FDA, approval to market the products.

Our CAP 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, for drug delivery and to purify the milk of transgenic animals. We have identified four potential initial applications for our CAP technology:

- the creation of improved versions of current vaccines by the "adjuvant" activity of our proprietary nanoparticles that enhance the ability of a vaccine to stimulate an immune response;
- the development of new, unique vaccines against diseases for which there currently are few or no effective methods of prevention (E.G., genital herpes);
- the creation of inhaled forms of drugs that currently must be given by injection (E.G., insulin); and
- the purification of the milk of transgenic animals, in which protein pharmaceuticals are grown by selectively isolating biologically active therapeutic proteins from the transgenic milk.

Our company, which was initially formed as a corporation organized under the laws of the Province of Ontario on August 29, 1996, was continued as a corporation under the laws of the State of Wyoming on December 19, 1996 and reincorporated in Delaware on June 26, 2001. Our company is the continuing corporation resulting from an amalgamation, or consolidation, of three companies, our company, which was previously named "Ben-Abraham Technologies Inc.", Structured Biologicals Inc., a corporation organized under the laws of the Province of Ontario, and 923934 Ontario Inc., a corporation organized under the laws of the Province of Ontario and a wholly owned subsidiary of Structured Biologicals. The amalgamation was approved by our stockholders on November 27, 1996 and the articles of arrangement were filed and became effective as of December 6, 1996. In November 1999, our stockholders approved the change of our corporate name from Ben-Abraham Technologies Inc. to BioSante Pharmaceuticals, Inc. In June 2001, our stockholders approved our reincorporation to Delaware.

BUSINESS STRATEGY

Our goal is to develop and commercialize our hormone replacement products and CAP technology into a wide range of pharmaceutical products. Key elements of our strategy to obtain this goal are to:

- ACCELERATE THE DEVELOPMENT OF OUR HORMONE REPLACEMENT PRODUCTS. We are focused on building a pipeline of hormone replacement products for the treatment of human hormone deficiencies. Symptoms of hormone deficiency in men include impotence, lack of sex drive, muscle weakness and osteoporosis, and in women, menopausal symptoms, such as hot flashes, vaginal atrophy, decreased libido and osteoporosis.

- CONTINUE TO DEVELOP OUR NANOPARTICLE-BASED CAP PLATFORM TECHNOLOGY AND SEEK ASSISTANCE IN THE DEVELOPMENT THROUGH CORPORATE PARTNER SUB-LICENSES. We are seeking opportunities to enter into business collaborations, joint ventures or sub-licenses with companies that have businesses or technologies complementary to our CAP technology business, such as vaccine and drug delivery pharmaceutical companies and transgenic milk companies. We believe that this partnering strategy will enable us to capitalize on our partner's strengths in product development, manufacturing and commercialization and thereby enable us to introduce into the market products incorporating our CAP technology sooner than which we otherwise would be able. In addition, such collaborations would significantly reduce our cash requirements for developing and commercializing products incorporating our CAP technology and thereby permit us to spend cash on accelerating the human clinical development of our hormone replacement products.

- LICENSE OR OTHERWISE ACQUIRE OTHER DRUGS THAT WILL ADD VALUE TO OUR CURRENT PRODUCT PORTFOLIO. We intend to seek opportunities to in-license or otherwise acquire other products in the late-stage development phase or products already on the market. In seeking such opportunities, we intend to target products that cover therapeutic areas treated by a limited number of physicians and drugs that are in or require human clinical trials that involve a limited number of patients and not a significant amount of time and cost needed to complete them. We believe that targeting these products that are currently in or ready for human clinical trials would decrease the risks associated with product development and would likely shorten the time before we can introduce the products into the market. In addition to late-stage development products, we intend to seek opportunities to in-license or otherwise acquire products that (1) have FDA approval, (2) have been or are about to be commercially introduced into the U.S. markets, (3) have a concentrated physician prescriber audience, and (4) have the potential to generate significant sales.

- IMPLEMENT BUSINESS COLLABORATIONS OR JOINT VENTURES WITH OTHER PHARMACEUTICAL AND BIOTECHNOLOGY COMPANIES. We intend to seek opportunities to enter into business collaborations or joint ventures with entities that have businesses or technology complementary to our business.

We are particularly interested in entering into product co-development and co-marketing arrangements.

DESCRIPTION OF OUR HORMONE REPLACEMENT PRODUCTS

We are focused on building a pipeline of hormone replacement products to treat hormone deficiencies in men and in women.

Our hormone replacement products are gel formulations of testosterone (the natural male hormone), estradiol (the natural female hormone), and a combination of estradiol and a progestogen (another female hormone). The gels are designed to be quickly absorbed through the skin after application on the arms, shoulders, abdomen or thighs, delivering the required amount of hormone to the bloodstream evenly and in a non-invasive, painless manner. The gels are formulated to be applied once per day and to be absorbed into the skin without a trace of residue.

Testosterone deficiency in men is known as hypogonadism. Low levels of testosterone may result in lethargy, depression, decreased sex drive, impotence, low sperm count and increased irritability. Men with severe and prolonged reduction of testosterone may also experience loss of body hair, reduced muscle mass, osteoporosis and bone fractures due to osteoporosis. Approximately five million men in the United States, primarily in the over age 40 male population group, have lower than normal levels of testosterone. Testosterone replacement therapy has been shown to restore levels of testosterone with minimal side effects.

Testosterone often is delivered through injections or dermal, or skin, patches. Delivery of testosterone through dermal patches was developed primarily to promote the therapeutic effects of testosterone replacement therapy without the often painful side effects associated with testosterone injections. Dermal patches, however, have been associated with skin irritation. Our testosterone-formulated gel product is designed to deliver the required amount of testosterone without the pain of injections and the skin irritation and discomfort associated with dermal patches. There currently is one gel testosterone product on the market in the United States and several are in development.

Estrogen deficiency in women can result in hot flashes, vaginal atrophy, decreased libido and osteoporosis. Hormone replacement in women decreases the chance the women will experience the symptoms of estrogen deficiency. According to industry estimates, approximately twenty million women in the U.S. currently are receiving some form of estrogen or combined estrogen hormone replacement therapy.

Estrogen is most commonly given orally in pill or tablet form. There are several potential side effects, however, with the use of oral estrogen, including insufficient absorption by the circulatory system, gallstones and blood clots. Although dermal patches have been shown to avoid some of these problems, delivery of estrogen through dermal patches, like testosterone patches, can result in skin irritation. Our estrogen formulated gel product is designed to deliver the required amount of estrogen without the skin irritation associated with dermal patches. We are also in the process of developing a combined estrogen/progestogen formulated gel product. Women whose uterus is intact often use a combined hormone replacement therapy because evidence suggests adding progestogen may reduce the potential risks of uterine cancer and endometrial hyperplasia associated with estrogen therapy in these women.

We believe our hormone replacement products have a number of benefits, including the following:

- estrogen and testosterone gels can be spread over large areas of skin where they dry rapidly and decrease the chance for skin irritation versus hormone patches;

- estrogen and estrogen/progestogen gels may have fewer side effects than many pills which have been known to cause gallstones, blood clots and complications related to metabolism;

- adding progestogen to estrogen may reduce the potential risks of uterine cancer and endometrial hyperplasia of estrogen therapy alone when the uterus is intact;

- testosterone gel has been shown to be absorbed evenly, thus allowing clinical testosterone levels to reach the systemic circulation; and

- the clinical trials involving the hormone products will be relatively smaller requiring fewer patients than most drug development projects which will keep our costs, time and risks associated with the approval process down.

We have begun human clinical trials of our hormone replacement products, which is required to obtain FDA approval to market the products.

We license our hormone replacement products on an exclusive basis from Antares Pharma, Inc. under a license agreement we entered into in June 2000. Under the terms of our license agreement with Antares, we acquired exclusive marketing rights, with the right to grant sub-licenses, to the single active ingredient testosterone and estradiol products for all therapeutic indications in the U.S., Canada, Mexico, Israel, Australia, New Zealand, China, Malaysia, Indonesia and South Africa. We acquired exclusive marketing rights, with the right to grant sub-licenses, for the combination estradiol and progestogen product in the U.S. and Canada.

In September 2000, we sublicensed our female hormone replacement products to Paladin Labs Inc. for sale in Canada.

DESCRIPTION OF OUR CAP TECHNOLOGY AND CAP TECHNOLOGY PRODUCTS

We believe our CAP technology will serve as an effective vehicle for delivering drugs and vaccines and enhancing the effects of vaccines. The key component, calcium phosphate, or CAP, is on the FDA's GRAS (Generally Regarded as Safe) list. Our nanoparticles have successfully passed the first stage of toxicity studies for administration orally, into muscles, under the skin and into the lungs by inhalation.

Research and development involving our CAP technology originated in a project set up under an agreement dated April 6, 1989 between the University of California and our predecessor company, Structured Biologicals, relating to viral protein surface absorption studies. The discovery research was performed by Structured Biologicals at UCLA School of Medicine and was based, in essence, on the use of extremely small, solid, uniform particles as components that could increase the stability of drugs and act as systems to deliver drugs into the body.

These ultra fine particles are made from inert, biologically acceptable materials, such as ceramics, pure crystalline carbon or biodegradable calcium phosphate. The size of the particles is in the nanometer range. A nanometer is one millionth of a millimeter and typically particles measure approximately 1,000 nanometers (nm). For comparison, a polio virus particle is about 27 nm in diameter, a herpes virus particle has a central core measuring 100 nm in diameter, contained in an envelope measuring 150-200 nm, while a tuberculosis bacterium is rod-shaped, about 1,200 nm long by 300 nm across. Because the size of these particles is measured in nanometers, we use the term "nanoparticles" to describe them.

We use the nanoparticles as the basis of a delivery system by applying a layer of a "bonding" coating of cellobiose or another carbohydrate derivative. The critical property of these coated nanoparticles is that

biologically active molecules, proteins, peptides or pharmacological agents, for example, vaccine components like bacterial or viral antigens or proteins like insulin, attached to them retain their activity and can be protected from natural alterations to their molecular structure by adverse environmental conditions. It has been shown in studies conducted by us that, when these combinations are injected into animals, the attachment can actually enhance the biological activity as compared to injection of the molecule alone in solution.

A major immune response that is triggered by these combination particles is the creation of antibody molecules, which can then specifically counteract an invading virus or bacterium. Similarly, a drug will produce an effect on an organ system only if it can attach to specific receptors on the surface of target cells (E.G., tumor cells). The stabilizing and slow release capabilities of a drug carrier and delivery system based on this discovery can lead to significant advances towards finding more effective and less toxic or harmful molecules to seek out and attach to such receptors.

We believe our CAP technology has a number of benefits, including the following:

- it is biodegradable (capable of being decomposed by natural biological processes) and non-toxic and therefore potentially safe to use and introduce into the human body;

- it is fast, easy and inexpensive to manufacture, which will keep our costs down and potentially improve our profit margins;

- the nanometer (one-millionth of a millimeter) size range makes it ideal for delivering drugs through aerosol sprays or inhalation instead of using painful injections; and

- it has excellent "loading" capacity -- the amount of molecules that can bond with the nanoparticles -- thereby potentially decreasing the dose needed to be taken by patients while enhancing the release capabilities.

Research in these areas has resulted in the issuance of a number of patents that we license from the University of California.

We plan to develop commercial applications of our CAP technology and any proprietary technology developed as a result of our ongoing research and development efforts. Initially, we plan to pursue the development of (1) vaccine adjuvants, (2) new virus vaccines, including vaccines to treat or prevent disease such as Herpes viruses, (3) drug delivery systems, including a method of delivering proteins (e.g., insulin) through inhalation, and (4) the purification of the milk of transgenic animals. Our pre-clinical research team in our laboratory in Smyrna, Georgia is currently pursuing the development of our CAP technology.

VACCINE ADJUVANTS. We believe that our CAP nanoparticles may offer a means of preparing new improved formulations of current vaccines that are equal or better in their immunogenicity, that is, in their capacity to elicit an immune response, compared to alum-formulated and non-adjuvanted vaccines but may be injected in lower concentrations and less often which could result in certain benefits, including cost savings and improved patient compliance.

Our nanoparticles when combined with vaccine antigens have been shown in animal studies conducted by us and others to possess an ability to elicit a higher immune response than non-adjuvanted vaccines and an immune response of the same magnitude as alum-formulated vaccines but up to 100 times lower concentrations. These preclinical studies also have shown that our CAP nanoparticles also may sustain higher antibody levels over a longer time period than both alum-formulated vaccines and non-adjuvanted

vaccines. Because our CAP nanoparticles are made of calcium phosphate, which has a chemical nature similar to normal bone material and therefore is natural to the human body, as opposed to aluminum hydroxide, or alum, which is not natural to the human body, we believe that our nanoparticles may be safer to use than alum. In our animal studies, we observed no material adverse reactions when our CAP nanoparticles were administered at effective levels.

We filed an investigational new drug, or IND, application with the FDA in July 2000 to commence a Phase I human clinical trial. We completed our Phase I human clinical trial in October 2000. As discussed in more detail under the heading "Government Regulation," the purpose of a Phase I trial is to evaluate the metabolism and safety of the experimental product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence of possible effectiveness. The Phase I trial of our CAP specifically looked at safety parameters, including local irritation and blood chemistry changes.

In addition to continuing our own research and development in this area, we intend to seek opportunities to enter into business collaborations or joint ventures with vaccine companies and others interested in co-development and co-marketing arrangements with respect to our CAP nanoparticles for use as a vaccine adjuvant. These arrangements also could include out-licenses of our CAP technology to vaccine companies and others for further development in their on-going vaccine development.

Our outlicensing activities with respect to our adjuvant for use in other companies' vaccines have to date included meeting with target companies and, in some cases, agreeing that the target company will test our adjuvant in their animal models. Thereafter, the target company may send to us its vaccine antigen or DNA which we will then formulate with our nanoparticles and return for use in the target company's animal models. Once this is completed, if the results are positive, we would negotiate an out-license agreement with the target company.

In November 1999, we announced that we formed a collaborative research alliance with Antares Pharma, Inc., the entity that resulted from the merger of Permatec Technologie, AG with Medi-Ject Corporation, to evaluate the efficacy of combining our nanoparticle drug delivery and adjuvant or immune system boosters with Antares' needle-free pressure injection. This research alliance will evaluate the ability of the combined systems to deliver DNA vaccines as part of a DNA vaccine program at a major U.S. university.

In August 2000, we announced initial preclinical results from our collaboration with Antares. The initial tests demonstrated that Antares' needle-free pressure assisted injections containing our CAP technology produced better cellular immune responses in the injected animals than the injections without our CAP technology.

In June 2000, we announced an option license agreement with ID Biomedical Corporation to use CAP as an adjuvant in a second-generation vaccine against group-A streptococcus ("GAS"). GAS is considered a worldwide public health threat causing strep-throat, skin infections, rheumatic fever, invasive fasciitis (flesh eating disease), toxic shock syndrome and other diseases.

We announced in August 2000, a non-exclusive option license agreement with Antex Biologics, Inc. to conduct preclinical tests of CAP in vaccines against CHLAMYDIA PNEUMONIAE and H. PYLORI.

NEW VACCINES. We believe our nanoparticle technology presents a new, and more effective and safer, approach to vaccine preparation. As with our vaccine adjuvant technology, we are continuing our own research and development in this area, but we also intend to seek opportunities to enter into business collaborations or joint ventures with vaccine companies and others interested in co-development and co-

marketing arrangements. We believe these collaborations may enable us to accelerate the development of potential improved vaccines for any products developed from our CAP technology. These arrangements also could include out-licenses of our CAP technology to vaccine companies and others for further development and marketing. We have begun discussions with other companies to out-license our adjuvant for use in those companies' new vaccine development.

DRUG DELIVERY SYSTEMS. The third field of use in which we are exploring applying our CAP technology involves creating novel and improved forms of delivery of drugs, including proteins (E.G., insulin). The attachment of drugs to CAP may enhance their stability in the body or enable the addition of further protective coatings to permit oral, delayed-release and mucosal (through mucous membranes) applications. Currently, insulin is given by frequent, inconvenient and often painful injections. However, several companies are in the process of developing and testing products that will deliver insulin orally or through inhalation. We believe we may have successfully created a formulation for the inhaled delivery of insulin. Our research and development efforts in this area are ongoing. We are in the process of contacting and meeting the insulin manufacturers and companies with devices for inhalation of drugs to pursue collaborations for this development.

TRANSGENIC MILK PURIFICATION. The fourth field of use in which we are exploring applying our CAP technology is in the purification of the milk of transgenic animals in which protein drugs are grown. This is achieved by selectively isolating biologically active therapeutic proteins from the transgenic milk. This method uses our CAP technology to recover greater than 90% of drug protein from the milk in a way that may require less downstream processing and may produce higher overall yields at lower cost than currently used methods.

SALES AND MARKETING

We currently have very limited sales and marketing personnel to sell on a commercial basis any of our proposed products. If and when we are ready to commercially launch a product, we will either hire qualified sales and marketing personnel or seek a joint marketing partner to assist us with this function.

RESEARCH AND PRODUCT DEVELOPMENT

We expect to spend a significant amount of our financial resources on research and development activities. We spent approximately $233,000 and $191,000 in the first quarter of 2001 and 2000, respectively, and we spent approximately $1,888,000 in 2000 and approximately $661,000 in 1999 on research and development activities. Since we are not yet engaged in the commercial distribution of any products and we have no revenues, other than interest revenues earned on available cash balances, these research and development costs must be financed by us. We estimate that we are currently spending approximately $125,000 to $150,000 per month on research and development activities. This amount is expected to increase as we begin to develop the hormone replacement product portfolio. These expenditures, however, may fluctuate from quarter-to-quarter and year-to-year depending on the resources available and our development schedule. Results of preclinical studies, clinical trials, regulatory decisions and competitive developments may significantly influence the amount of our research and development activities. In addition, we expect that our spending on product development will increase if we are successful at in-licensing or otherwise acquiring other late-stage development products.

MANUFACTURING

We currently do not have any facilities suitable for manufacturing on a commercial scale basis any of our proposed products nor do we have any experience in volume manufacturing. If, and when we are ready to

commercially launch a product, we will either find our own manufacturing facilities, hire additional personnel with manufacturing experience and comply with the extensive Good Manufacturing Practices, or GMP, regulations of the FDA and other regulations applicable to such a facility or we will more likely rely upon third-party manufacturers to manufacture our proposed products in accordance with these regulations.

In September 1999, we entered into an arrangement with the University of Iowa to manufacture our CAP nanoparticles for use in our Phase I human clinical trial. Under the arrangement, the University of Iowa manufactured both a trial batch of our CAP nanoparticles and a clinical batch which was used in the clinical trial.

Currently, our gel hormone products are manufactured through an exclusive agreement with Antares Pharma, Inc.

PATENTS, LICENSES AND PROPRIETARY RIGHTS

Our success depends and will continue to depend in part upon our ability to maintain our exclusive licenses, to maintain patent protection for our products and processes, to preserve our proprietary information and trade secrets and to operate without infringing the proprietary rights of third parties. Our policy is to attempt to protect our technology by, among other things, filing patent applications or obtaining license rights for technology that we consider important to the development of our business.

ANTARES PHARMA, INC. In June 2000, we entered into a license agreement with Antares Pharma, Inc. pursuant to which Antares has granted us an exclusive license to four hormone replacement products for the treatment of testosterone deficiency in men and estrogen deficiency in women, including rights to sublicense the hormone replacement technology in order to develop and market the hormone replacement technology in certain territories. Antares has an issued patent for these technologies in the United States and has filed patent applications for this licensed technology in several foreign jurisdictions, including Argentina, Australia, Canada, Europe, Italy, Japan, Korea, New Zealand, South Africa, and Taiwan.

The license agreement with Antares required us to make a $1,000,000 payment of a license issue fee, which we have paid. Also pursuant to the terms of the Antares license agreement, we expect to:

- pay royalties to Antares based on a percentage of the net sales of any products incorporating the licensed technology;
- accelerate the human clinical development of the hormone product portfolio, including:
  - testing proposed products;
  - conducting clinical trials;
  - obtaining government approvals; and
  - introducing products incorporating the licensed technology into the market.
- and enter into sub-license arrangements or agreements with other entities regarding development and commercialization of the technology covered by the license.

UNIVERSITY OF CALIFORNIA. In June 1997, we entered into a licensing agreement with the Regents of the University of California pursuant to which the University has granted us an exclusive license to nine United States patents owned by the University, including rights to sublicense such patents, in fields of use pertaining to: (1) vaccine adjuvants; (2) vaccine constructs or combinations for use in immunization against herpes virus; (3) drug delivery systems; and (4) red blood cell surrogates. The University of

California has filed patent applications for this licensed technology in several foreign jurisdictions, including Canada, Europe and Japan.

The license agreement with the University of California requires us to undertake various obligations, including:

- payment of royalties to the University based on a percentage of the net sales of any products incorporating the licensed technology;

- payment of minimum annual royalties on February 28 of each year beginning in the year 2004 in the amounts set forth below, to be credited against earned royalties, for the life of the agreement (2013);

YEAR	MINIMUM ANNUAL ROYALTY DUE
2004	$ 50,000
2005	$ 100,000
2006	$ 150,000
2007	$ 200,000
2008	$ 400,000
2009	$ 600,000
2010	$ 800,000
2011	$1,500,000
2012	$1,500,000
2013	$1,500,000

- maintaining an annual minimum amount of available capital for development and commercialization of products incorporating the licensed technology until a product is introduced to the market;

- payment of the costs of patent prosecution and maintenance of the patents included in the agreement which have amounted to $11,722 in fiscal 2000 and which we estimate will equal approximately $15,000 per year;

- meeting performance milestones relating to:

  - hiring or contracting with personnel to perform research and development, regulatory and other activities relating to the commercial launch of a proposed product;
  - testing proposed products;
  - conducting clinical trials;
  - obtaining government approvals; and
  - introducing products incorporating the licensed technology into the market.

- entering into partnership or alliance arrangements or agreements with other entities regarding commercialization of the technology covered by the license.

The license agreement further provides that we have the right to abandon any project in any field of use without abandoning our license to pursue other projects in that or other fields of use covered by the agreement. In May 1999, we notified the University of California that we would not pursue the red blood cell surrogate use because we do not believe this will be proven an effective use of CAP. In October 1999, we signed an amendment to our license agreement with the University of California, which

removed the red-blood cell surrogate use from the agreement. In addition, under the terms of the amendment, the University agreed to make other changes we suggested to the license agreement, including delaying minimum royalty payments until 2004 and limiting the University of California's rights to terminate the agreement in cases where we do not perform under the agreement.

If we violate or fail to perform any term or covenant of the license agreement and fail to cure this default within 60 days after written notice from the University of California, the University of California may terminate some projects included in the agreement.

PATENTS AND PATENT APPLICATIONS. We own one United States patent and no foreign patents. In February 2000, we filed a patent application with the U.S. Trademark and Patent Office relating to our development work with vaccine adjuvants, conventional DNA and RNA vaccines and drug delivery, including aerosol delivery into the lungs. In June 1999, we filed a patent for our advanced method of selectively isolating biologically active therapeutic proteins from transgenic milk. This patent was issued in the first quarter of 2001.

TRADEMARKS AND TRADEMARK APPLICATIONS. We have filed a U.S. trademark application and received a Notice of Allowance for the mark BIOSANTE for vaccines and vaccine adjuvants. We have also filed a U. S. application for BIOSANTE for hormone replacement products, and nine applications for products in development. We have also filed 21 trademark applications in the European Union and other countries for marks including the BIOSANTE mark. The Community Trademark application for BIOSANTE has been published for opposition. The BIOSANTE mark has registered in Israel. We do not have any other registered trademarks.

CONFIDENTIALITY AND ASSIGNMENT OF INVENTIONS AGREEMENTS. We require our employees, consultants and advisors having access to our confidential information to execute confidentiality agreements upon commencement of their employment or consulting relationships with us. These agreements generally provide that all confidential information we develop or make known to the individual during the course of the individual's employment or consulting relationship with us must be kept confidential by the individual and not disclosed to any third parties. We also require all of our employees and consultants who perform research and development for us to execute agreements that generally provide that all inventions conceived by these individuals will be our property.

COMPETITION

Competition in the biopharmaceutical industry is intense both in hormone replacement therapy and the development of products for prevention and/or treatment of the same infectious diseases we target and in the acquisition of products in the late-stage development phase or already on the market. Potential competitors in the United States are numerous and include major pharmaceutical and specialized biotechnology companies, universities and other institutions. In general, competition in the pharmaceutical industry can be divided into four categories: (1) corporations with large research and developmental departments that develop and market products in many therapeutic areas; (2) companies that have moderate research and development capabilities and focus their product strategy on a small number of therapeutic areas; (3) small companies with limited development capabilities and only a few product offerings; and (4) university and other research institutions.

All of our competitors in categories (1) and (2) and some of our competitors in category (3) have longer operating histories, greater name recognition, substantially greater financial resources and larger research and development staffs than we do, as well as substantially greater experience than us in developing products, obtaining regulatory approvals, and manufacturing and marketing pharmaceutical products.

A significant amount of research in the field also is being carried out at academic and government institutions. These institutions are becoming increasingly aware of the commercial value of their findings and are becoming more aggressive in pursuing patent protection and negotiating licensing arrangements to collect royalties for use of technology that they have developed. These institutions also may market competitive commercial products on their own or in collaboration with competitors and will compete with us in recruiting highly qualified scientific personnel.

We expect our products, if and when approved for sale, to compete primarily on the basis of product efficacy, safety, patient convenience, reliability and patent position. In addition, the first product to reach the market in a therapeutic or preventative area is often at a significant competitive advantage relative to later entrants in the market.

We are aware of certain programs and products under development by others which may compete with our hormone replacement products and products we develop that incorporate our CAP technology. Several competing companies, including Wyeth-Ayerst Pharmaceuticals, Novartis, Solvay Pharmaceuticals, Inc., Noven Pharmaceuticals, Inc. and Berlex Laboratories, Inc., dominate the international hormone replacement industry. The international vaccine industry is dominated by three companies: SmithKline Beecham plc, Rhone-Poulenc S.A. (through its subsidiaries, including Institut Merieux International, Pasteur Merieux Serums et Vaccins, Connaught Laboratories Limited and Connaught Laboratories, Inc.) and Merck & Co., Inc.

There are several firms currently marketing or developing transdermal hormone replacement products. They include The Proctor & Gamble Company, Noven Pharmaceuticals, Inc., Novavax, Inc., Cellegy Pharmaceuticals, Inc., Auxilium A2, Watson Pharmaceuticals Inc. and Solvay Pharmaceuticals, Inc.

With regard to our CAP technology, the larger, better known pharmaceutical companies have generally focused on a traditional synthetic drug approach, although some have substantial expertise in biotechnology. During the last decade, however, significant research activity in the biotechnology industry has been completed by smaller research and development companies, like us, formed to pursue new technologies. Competitive or comparable companies to us include Corixa Corporation, generally regarded as the leader in vaccine adjuvant development, ID Biomedical Corporation and Antex Biologicals Inc., which both develop sub-unit vaccines from mycobacteria and other organisms.

GOVERNMENTAL REGULATION

Pharmaceutical products intended for therapeutic use in humans are governed by extensive Food and Drug Administration regulations in the United States and by comparable regulations in foreign countries. Any products developed by us will require FDA approvals in the United States and comparable approvals in foreign markets before they can be marketed. The process of seeking and obtaining FDA approval for a previously unapproved new human pharmaceutical product generally requires a number of years and involves the expenditure of substantial resources.

Following drug discovery, the steps required before a drug product may be marketed in the United States include:

- preclinical laboratory and animal tests;
- the submission to the FDA of an investigational new drug application, commonly known as an IND application;
- clinical and other studies to assess safety and parameters of use;

- adequate and well-controlled clinical trials to establish the safety and effectiveness of the drug product;

- the submission to the FDA of a new drug application, commonly known as an NDA; and

- FDA approval of the NDA prior to any commercial sale or shipment of the product.

Typically, preclinical studies are conducted in the laboratory and in animals to gain preliminary information on a proposed product's uses and physiological effects and harmful effects, if any, and to identify any potential safety problems that would preclude testing in humans. The results of these studies, together with the general investigative plan, protocols for specific human studies and other information, are submitted to the FDA as part of the IND application. The FDA regulations do not, by their terms, require FDA approval of an IND. Rather, they allow a clinical investigation to commence if the FDA does not notify the sponsor to the contrary within 30 days of receipt of the IND. As a practical matter, however, FDA approval is often sought before a company commences clinical investigations. That approval may come within 30 days of IND receipt but may involve substantial delays if the FDA requests additional information.

The initial phase of clinical testing, which is known as Phase I, is conducted to evaluate the metabolism, uses and physiological effects of the experimental product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence of possible effectiveness. Phase I studies can also evaluate various routes, dosages and schedules of product administration. These studies generally involve a small number of healthy volunteer subjects, but may be conducted in people with the disease the product is intended to treat. The total number of subjects is generally in the range of 20 to 80. A demonstration of therapeutic benefit is not required in order to complete Phase I trials successfully. If acceptable product safety is demonstrated, Phase II trials may be initiated.

Phase II trials are designed to evaluate the effectiveness of the product in the treatment of a given disease and involve people with the disease under study. These trials often are well controlled, closely monitored studies involving a relatively small number of subjects, usually no more than several hundred. The optimal routes, dosages and schedules of administration are determined in these studies. If Phase II trials are completed successfully, Phase III trials are often commenced, although Phase III trials are not always required.

Phase III trials are expanded, controlled trials that are performed after preliminary evidence of the effectiveness of the experimental product has been obtained. These trials are intended to gather the additional information about safety and effectiveness that is needed to evaluate the overall risk/benefit relationship of the experimental product and provide the substantial evidence of effectiveness and the evidence of safety necessary for product approval. Phase III trials usually include from several hundred to several thousand subjects.

A clinical trial may combine the elements of more than one Phase and typically two or more Phase III studies are required. A company's designation of a clinical trial as being of a particular Phase is not necessarily indicative that this trial will be sufficient to satisfy the FDA requirements of that Phase because this determination cannot be made until the protocol and data have been submitted to and reviewed by the FDA. In addition, a clinical trial may contain elements of more than one Phase notwithstanding the designation of the trial as being of a particular Phase. The FDA closely monitors the progress of the Phases of clinical testing and may, at its discretion, reevaluate, alter, suspend or terminate the testing based on the data accumulated and its assessment of the risk/benefit ratio to patients. It is not possible to estimate with any certainty the time required to complete Phase I, II and III studies with respect to a given product.

Upon the successful completion of clinical testing, an NDA is submitted to the FDA for approval. This application requires detailed data on the results of preclinical testing, clinical testing and the composition of the product, specimen labeling to be used with the drug, information on manufacturing methods and samples of the product. The FDA typically takes from six to 18 months to review an NDA after it has been accepted for filing. Following its review of an NDA, the FDA invariably raises questions or requests additional information. The NDA approval process can, accordingly, be very lengthy. Further, there is no assurance that the FDA will ultimately approve an NDA. If the FDA approves that NDA, the new product may be marketed. The FDA often approves a product for marketing with a modification to the proposed label claims or requires that post-marketing surveillance, or Phase IV testing, be conducted.

All facilities and manufacturing techniques used to manufacture products for clinical use or sale in the United States must be operated in conformity with current "good manufacturing practice" regulations, commonly referred to as "GMP" regulations, which govern the production of pharmaceutical products. We currently do not have manufacturing capability. In the event we undertake any manufacturing activities or contract with a third-party manufacturer to perform our manufacturing activities, we intend to establish a quality control and quality assurance program to ensure that our products are manufactured in accordance with the GMP regulations and any other applicable regulations.

Products marketed outside of the United States are subject to regulatory approval requirements similar to those in the United States, although the requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary widely from country to country. No action can be taken to market any product in a country until an appropriate application has been approved by the regulatory authorities in that country. The current approval process varies from country to country, and the time spent in gaining approval varies from that required for FDA approval. In certain European countries, the sales price of a product must also be approved. The pricing review period often begins after market approval is granted. We intend to seek and utilize foreign partners to apply for foreign approvals of our products.

EMPLOYEES

We had seven full-time employees as of June 15, 2001, including four in research and development and three in management or administrative positions. None of our employees is covered by a collective bargaining agreement. We believe we have an excellent relationship with our employees.

PROPERTIES

Our principal executive office is located in Lincolnshire, Illinois. We lease approximately 1,371 square feet of office space for approximately $2,100 per month, which lease expires in December 2001. We plan to renew our lease for a one-year term. Our CAP research and development operations are located in Smyrna, Georgia where we lease approximately 11,840 square feet of laboratory space for approximately $5,400 per month. This lease expires in October 2003. We also lease approximately 2,600 square feet of office space in Atlanta, Georgia for approximately $3,500 per month. This lease expires on September 14, 2002. In September 1999, we entered into a sublease agreement for the Atlanta office space under which we receive approximately $3,400 per month from the sub-tenant through September 14, 2002. Management of our company considers our leased properties suitable and adequate for our current and immediately foreseeable needs.

LEGAL PROCEEDINGS

We are not a party to any material, threatened or pending legal proceedings.

EXECUTIVE OFFICERS, DIRECTORS AND KEY EMPLOYEES

Set forth below is information concerning our executive officers, directors and key employees, including their age, as of June 15, 2001:

NAME	AGE	TITLE
Stephen M. Simes	49	Vice Chairman, President and Chief Executive Officer
Phillip B. Donenberg	40	Chief Financial Officer, Treasurer and Secretary
John E. Lee	51	Vice President, Commercial Development
Leah M. Lehman, Ph.D	38	Vice President, Clinical Development
Steven J. Bell, Ph.D	41	Vice President, Research and Pre-Clinical Development
Louis W. Sullivan, M.D. (1)(2)(3)	67	Chairman of the Board
Victor Morgenstern (2)	58	Director
Fred Holubow (3)	62	Director
Ross Mangano (1)	55	Director
Edward C. Rosenow III, M.D. (3)	66	Director
Angela Ho (2)	48	Director
Peter Kjaer (1)	40	Director
Avi Ben-Abraham, M.D	43	Director

(1) Member of the audit and finance committee
(2) Member of the compensation committee
(3) Member of the scientific review committee

STEPHEN M. SIMES has served as our Vice Chairman, President and a director of our company since January 1998 and Chief Executive Officer since March 1998. From October 1994 to January 1997, Mr. Simes was President, Chief Executive Officer and a Director of Unimed Pharmaceuticals, Inc., a company with a product focus on infectious diseases, AIDS, endocrinology and oncology. From 1989 to 1993, Mr. Simes was Chairman, President and Chief Executive Officer of Gynex Pharmaceuticals, Inc., a company which concentrated on the AIDS, endocrinology, urology and growth disorders markets. In 1993, Gynex was acquired by Bio-Technology General Corp., and from 1993 to 1994, Mr. Simes served as Senior Vice President and director of Bio-Technology General Corp. Mr. Simes' career in the pharmaceutical industry started in 1974 with G.D. Searle & Co.

PHILLIP B. DONENBERG, CPA has served as our Chief Financial Officer, Treasurer and Secretary since July 1998. Before joining our company, Mr. Donenberg was Controller of Unimed Pharmaceuticals, Inc. from January 1995 to July 1998. From 1993 to 1994, Mr. Donenberg was Controller of Molecular Geriatrics Corporation, a biotechnology corporation. Prior to Molecular Geriatrics Corporation, Mr. Donenberg held similar positions with other pharmaceutical companies, including Gynex Pharmaceuticals, Inc. and Xtramedics, Inc.

JOHN E. LEE has served as our Vice President, Commercial Development since August 2000. Before joining our company, Mr. Lee was Vice President, Sales and Marketing at Questcor Pharmaceuticals (formerly Cypros Pharmaceuticals, Inc.) from March 1999 to May 2000. From 1996 to March 1998, Mr. Lee was Vice President, Commercial Development at Unimed Pharmaceuticals and has held various sales and marketing positions at G.D. Searle & Co.

LEAH M. LEHMAN, PH.D. has served as our Vice President, Clinical Development since January 2001. Prior to joining our company, Dr. Lehman was Director of Clinical Research with Scientific Research

Development Corp. from April 1995 to December 2000. From 1993 to 1995, Dr. Lehman was a clinical statistician at Abbott Laboratories.

STEVEN J. BELL, PH.D. has served as our Vice President, Research and Pre-Clinical Development since October 2000 and served as a Director of Research and Development of BioSante from July 1997 to October 2000. Prior to joining our company Dr. Bell held various positions with Boehringer Mannheim, Hoffman-LaRoche, The Upjohn Company and Boehringer Ingelheim.

THE HONORABLE LOUIS W. SULLIVAN, M.D. has been our Chairman of the Board of Directors since March 1998 and has been a director of our company since its formation. Dr. Sullivan served as Secretary of Health and Human Services in the cabinet of President George Bush from 1989 to 1993. Since retiring from the Bush Administration, Dr. Sullivan has been President of the Morehouse School of Medicine in Atlanta, Georgia. He had previously served as President and Dean of the School from 1981 to 1985. Since 1993, Dr. Sullivan has served and continues to serve on the Boards of several large U.S. corporations, including 3M Corp., Bristol-Myers Squibb Company, Cigna Corporation, Georgia Pacific Corp. and Household International Inc.

VICTOR MORGENSTERN was elected a director of our company in July 1999. Mr. Morgenstern has more than 32 years of investment experience and is the Chairman of the Board of Trustees of The Oakmark Funds, an open-end registered investment company and serves as managing director of Resolute Partners L.P. He is a trustee of the Illinois Institute of Technology.

FRED HOLUBOW was elected a director of our company in July 1999. Mr. Holubow has been a Vice President of Pegasus Associates since he founded Pegasus in 1982. Pegasus Associates is currently an operating division of William Harris Investors, a registered investment advisory firm. He specializes in analyzing and investing in pharmaceutical and biotechnology companies. Mr. Holubow has served on the Boards for Bio-Technology General Corp., ThermoRetec Corporation, Unimed Pharmaceuticals, Inc. and Gynex Pharmaceuticals, Inc.

ROSS MANGANO was elected a director of our company in July 1999. Mr. Mangano has been the President and a director of Oliver Estate, Inc., a management company specializing in investments in public and private companies since 1971. He is the Chairman of Cerprobe Corporation, and serves as a director for Blue Chip Casino, Inc., Orchard Software Corporation, and U.S. RealTel Inc.

EDWARD C. ROSENOW, III, M.D. has been a director of our company since November 1997. Dr. Rosenow is a Master Fellow of the American College of Physicians as well as Master Fellow of the American College of Chest Physicians. Dr. Rosenow was the Arthur M. and Gladys D. Gray Professor of Medicine at the Mayo Clinic from 1988 until his recent retirement. Beginning with his residency in 1960, Dr. Rosenow has worked at the Mayo Clinic in many professional capacities including as a Consultant in Internal Medicine (Thoracic Diseases) from 1966 to 1996, an Assistant Professor, Associate Professor and Professor of Medicine at the Mayo Clinic Medical School, President of the Mayo Clinic Staff in 1986, and Chair of the Division of Pulmonary and Critical Care Medicine from 1987 to 1994. Dr. Rosenow has also served as a consultant to NASA, space station FREEDOM at the Johnson Space Center in Houston, Texas from 1989 to 1990 and as the President of the American College of Chest Physicians from 1989 to 1990. In 1998, he received the Mayo Distinguished Alumnus Award.

ANGELA HO has been a director of our company since June 1998. Ms. Ho was elected to our Board of Directors as a representative of certain major investors in Hong Kong. Ms. Ho has been the Vice Chairman and Chief Managing Officer of Jet-Asia Ltd., a Hong Kong-based aircraft and management company, since April 1996. From June 1996 to June 1998, Ms. Ho was the President of Ho Galleries Ltd., a New York art gallery.

PETER KJAER has been a director of our company since July 1999 and is a representative of certain major investors in Hong Kong. Mr. Kjaer has been President and Chief Executive Officer of Jet-Asia Ltd., a Hong Kong-based aircraft and management company, since April 1996. From April 1989 to July 1996, Mr. Kjaer was the General Manager and a director of the Gallery of Contemporary Living Ltd., a Hong Kong-based art gallery.

AVI BEN-ABRAHAM, M.D. founded our company and has been a director of our company since inception. Dr. Ben-Abraham was the Chairman of the Board of Directors and Chief Executive Officer of our company from inception to March 1998. Dr. Ben-Abraham was a trustee of the Morehouse School of Medicine in Atlanta, Georgia until December 1998. From July 1995 to March 1998, Dr. Ben-Abraham served as Chairman, Chief Executive Officer and Director of Structured Biologicals, Inc., a predecessor company of BioSante.

BOARD COMMITTEES

The Board of Directors has an Audit and Finance Committee, Compensation Committee and Scientific Review Committee.

AUDIT AND FINANCE COMMITTEE. The Audit and Finance Committee provides assistance to the Board of Directors in satisfying its fiduciary responsibilities relating to our accounting, auditing, operating and reporting practices, and reviews our annual financial statements, the selection and work of our independent auditors and the adequacy of internal controls for compliance with corporate policies and directives. The Audit and Finance Committee consists of Mr. Kjaer, Mr. Mangano and Dr. Sullivan.

COMPENSATION COMMITTEE. The Compensation Committee:

- reviews general programs of compensation and benefits for all of our employees;
- makes recommendations to the Board of Directors concerning matters as compensation to be paid to our officers and directors; and
- administers our stock option plan, pursuant to which stock options may be granted to our eligible employees, officers, directors and consultants.

The Compensation Committee consists of Dr. Sullivan, Ms. Ho and Mr. Morgenstern.

SCIENTIFIC REVIEW COMMITTEE. The Scientific Review Committee assists in evaluating potential new licenses or new products. The Scientific Review Committee consists of Dr. Rosenow, Mr. Holubow and Dr. Sullivan.

DIRECTOR COMPENSATION

We do not pay fees to our directors. We do, however, periodically compensate our directors through the granting of stock options. On January 1, 2001, we granted stock options to purchase 25,000 shares of common stock to each of our non-employee directors. These options have an exercise price of $0.67 per share, fully vest on January 1, 2002 and expire ten years from the date of grant. All directors are reimbursed for travel expenses for attending meetings of the Board of Directors and any Board committees.

EXECUTIVE COMPENSATION

The following table provides summary information concerning cash and non-cash compensation paid to or earned by our President and Chief Executive Officer and our executive officers, who received or earned cash and non-cash salary and bonus of more than $100,000, for the fiscal year ended December 31, 2000.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION		LONG-TERM COMPENSATION	
NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	SECURITIES UNDERLYING OPTIONS (#)	ALL OTHER COMPENSATION ($)
Stephen M. Simes.....	2000	$275,000	$125,000 (1)	0	$29,317 (2)
VICE CHAIRMAN, PRESIDENT AND	1999	250,000	115,000	1,856,250	21,882 (2)
CHIEF EXECUTIVE OFFICER	1998	218,795	0	1,000,000	16,333 (2)
Phillip B. Donenberg.....	2000	127,000	33,000 (3)	0	13,286 (4)
CHIEF FINANCIAL OFFICER, TREASURER	1999	110,000	15,000	521,875	13,001 (4)
AND SECRETARY	1998	49,359	0	340,000	5,984 (4)

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(1) Represents a cash bonus of $75,000 and a stock bonus of 163,859 shares of common stock valued at $50,000.

(2) Represents an auto allowance ($12,000 in 2000, $12,000 in 1999 and $11,333 in 1998), a 401(k) matching contribution ($5,250 in 2000, and $5,000 in each of 1999 and 1998) and insurance premiums and taxes associated with the premiums of $12,067 paid by BioSante in 2000.

(3) Represents a cash bonus of $25,000 and a stock bonus of 26,217 shares of common stock valued at $8,000.

(4) Represents an auto allowance ($7,200 in 2000, $7,200 in 1999 and $3,484 in 1998), a 401(k) matching contribution ($5,250 in 2000, $5,000 in 1999 and $2,500 in 1998) and insurance premiums paid and taxes associated with the premiums of $836 paid by BioSante in 2000.

OPTION GRANTS IN LAST FISCAL YEAR

None of the executive officers named in the Summary Compensation Table were granted options during the fiscal year ended December 31, 2000.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table summarizes the number and value of options held by each of the executive officers named in the Summary Compensation Table at December 31, 2000. None of these executive officers exercised any stock options during 2000.

	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 2000		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 2000 (1)	
NAME	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Stephen M. Simes.....	2,240,199	616,051	$1,113,070	$316,190
Phillip B. Donenberg.....	628,993	232,882	$ 313,901	$117,274

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(1) Value based on the difference between the fair market value of one share of our common stock at December 31, 2000 ($.75), and the exercise price of the options ranging from $0.23 to $0.29 per share. Options are in-the-money if the market price of the shares exceeds the option exercise price.

EMPLOYMENT AGREEMENTS

SIMES EMPLOYMENT AGREEMENT

In January 1998, we entered into a letter agreement with Stephen M. Simes pursuant to which Mr. Simes serves as our Vice Chairman, President and Chief Executive Officer. The term of this agreement continues until December 31, 2003, after which time the term will be automatically extended for three additional years unless on or before October 1 immediately preceding the extension, either party gives written notice to the other of the termination of the agreement.

Mr. Simes is entitled to receive an annual performance bonus of up to 50%, subject to compensation committee review and decision, of his then base salary if certain performance criteria are met. If Mr. Simes is terminated without cause or upon a change in control or if he terminates his employment for good reason, all of his options will become immediately exercisable and will remain exercisable for a period of one year (for the remainder of their term in the event of a change in control), and he will be entitled to a minimum severance payment of 12 months base salary. Mr. Simes also is subject to assignment of inventions, confidentiality and non-competition provisions.

DONENBERG EMPLOYMENT AGREEMENT

In June 1998, we entered into a letter agreement with Phillip B. Donenberg pursuant to which Mr. Donenberg serves our Chief Financial Officer. The term of this agreement continues until either party gives 30 days written notice to the other of the termination of the agreement.

Mr. Donenberg is entitled to receive an annual performance bonus of up to 30%, subject to compensation committee review and decision, of his then base salary if certain performance criteria are met. If Mr. Donenberg is terminated without cause or upon a change in control or if he terminates his employment for good reason, all of his options will become immediately exercisable and will remain exercisable for a period of one year (for the remainder of their term in the event of a change in control), and he will be entitled to a minimum severance payment of 12 months base salary. Mr. Donenberg also is subject to assignment of inventions, confidentiality and non-competition provisions.

CHANGE IN CONTROL ARRANGEMENTS

Under our 1998 Stock Option Plan options granted under that plan will become fully exercisable following certain changes in control of our company, such as:

- the sale, lease, exchange or other transfer of all or substantially all of the assets of our company to a corporation that is not controlled by us;
- the approval by our stockholders of any plan or proposal for the liquidation or dissolution of our company;
- certain merger or business combination transactions;
- more than 50% of our outstanding voting shares are acquired by any person or group of persons who did not own any shares of common stock on the effective date of the plan; and
- certain changes in the composition of our Board of Directors.

STOCK OPTION PLAN

From time to time we grant options under our Amended and Restated 1998 Stock Option Plan. The option plan was approved by our Board of Directors on December 8, 1998 and approved by our stockholders on July 13, 1999. The option plan has been amended several times to increase the number of shares reserved for issuance. The option plan provides for the grant to employees, officers, directors, consultants and independent contractors of our company and our subsidiaries of options to purchase shares of common stock that qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, as well as non-statutory options that do not qualify as incentive stock options. This plan is administered by the Compensation Committee of our Board of Directors, which determines the persons who are to receive awards, as well as the type, terms and number of shares subject to each award.

We have reserved an aggregate of 8,500,000 shares of common stock for awards under the option plan. As of June 15, 2001, options to purchase an aggregate of 6,944,657 shares of common stock were outstanding under the option plan, of which 4,406,302 were fully vested, and a total of 1,555,343 shares of common stock remained available for grant. As of June 15, 2001, the outstanding options under the plan were held by an aggregate of 15 individuals and were exercisable at prices ranging from $0.23 to $1.04 per share of common stock.

Incentive stock options granted under the plan may not have an exercise price less than the fair market value of the common stock on the date of the grant (or, if granted to a person holding more than 10% of our voting stock, at less than 110% of fair market value). Non-statutory stock options granted under the plans may not have an exercise price less than 85% of fair market value on the date of grant. Aside from the maximum number of shares of common stock reserved under the plans, there is no minimum or maximum number of shares that may be subject to options under the plans. However, the aggregate fair market value of the stock subject to incentive stock options granted to any optionee that are exercisable for the first time by an optionee during any calendar year may not exceed $100,000. Options generally expire when the optionee's employment or other service is terminated with us. Options generally may not be transferred, other than by will or the laws of descent and distribution, and during the lifetime of an optionee, may be exercised only by the optionee. The term of each option, which is fixed by our Board of Directors at the time of grant, may not exceed five years from the date the option is granted if our common stock is then listed on the Canadian Venture Exchange and we have not been exempted from the

Canadian Venture Exchange requirements in this regard (except that an incentive stock option may be exercisable only for 10 years and an incentive stock option granted to a person holding more than 10% of our voting stock may be exercisable only for five years regardless of the availability of such exemption).

The option plan contains provisions under which options would become fully exercisable following certain changes in control of our company, such as (1) the sale, lease, exchange or other transfer of all or substantially all of the assets of our company to a corporation that is not controlled by us, (2) the approval by our stockholders of any plan or proposal for the liquidation or dissolution of our company, (3) certain merger or business combination transactions, (4) more than 50% of our outstanding voting shares are acquired by any person or group of persons who did not own any shares of common stock on the effective date of the plan, or (5) certain changes in the composition of our Board of Directors.

Payment of an option exercise price may be made in cash, or at the Compensation Committee's discretion, in whole or in part by tender of a broker exercise notice, a promissory note or previously acquired shares of our common stock having an aggregate fair market value on the date of exercise equal to the payment required.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

DIRECTOR RELATIONSHIPS

Messrs. Morgenstern, Holubow and Mangano were elected to our Board of Directors in July 1999 as representatives of the lead investors in the May 1999 private placement. We refer you to the discussion under the heading "May 1999 Private Placement" below.

Ms. Ho and Mr. Kjaer were elected to our Board of Directors as representatives of several investors located in Hong Kong. Neither Ms. Ho or Mr. Kjaer has entered into any voting agreements with these Hong Kong investors nor does Ms. Ho or Mr. Kjaer otherwise have any control over the voting of shares held by these investors.

MAY 1999 PRIVATE PLACEMENT

In connection with our May 1999 private placement, we entered into a stockholders' agreement with the investors, which included Stephen M. Simes, Victor Morgenstern, an affiliated trust and a partnership, Fred Holubow, JO & Co., of which Ross Mangano is President, and certain of our major investors located in Hong Kong, including Hans Michael Jebsen, Marcus Jebsen and King Cho Fung. This agreement contains, among other things, a voting agreement with respect to the election of directors.

APRIL 2001 PRIVATE PLACEMENT

In connection with our April 2001 private placement, we sold an aggregate of 9,250,000 shares of our common stock and warrants to purchase an aggregate of 4,625,000 shares of our common stock for $0.40 per unit, each unit consisting of one share of common stock and a warrant to purchase 0.50 shares of our common stock, for an aggregate purchase price of $3,700,000, to accredited investors, including certain existing stockholders, directors and officers.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET PRICE

Our common stock has traded in the United States in the over-the-counter market on the OTC Bulletin Board, under the symbol "BTPH," since May 5, 2000 and in Canada on the Canadian Venture Exchange, formerly known as the Alberta Stock Exchange, under the symbol "BAI," since December 20, 1996. From September 10, 1999 to May 4, 2000, our common stock was traded in the United States on the National Quotation Bureau, commonly referred to as the "Pink Sheets," under the symbol "BTPH."

The following table sets forth, in U.S. dollars and in dollars and cents (in lieu of fractions), the high and low sales prices for each of the calendar quarters indicated, as reported by the Canadian Venture Exchange.

CANADIAN VENTURE EXCHANGE	HIGH	LOW
2001		
First Quarter	$0.72	$0.46
2000		
First Quarter	$1.38	$0.22
Second Quarter	$1.07	$0.46
Third Quarter	$1.01	$0.71
Fourth Quarter	$0.95	$0.49
1999		
First Quarter	$0.24	$0.15
Second Quarter	$0.50	$0.21
Third Quarter	$0.37	$0.23
Fourth Quarter	$0.48	$0.45

The following table sets forth, in U.S. dollars and in dollars and cents (in lieu of fractions), the high and low sales prices for each of the calendar quarters indicated, as reported by the OTC Bulletin Board and the Pink Sheets. The prices in the table may not represent actual transactions. These quotations reflect inter-dealer prices, without retail mark up, mark down or commissions and may not represent actual transactions.

OTC BULLETIN BOARD	HIGH	LOW
2001		
First Quarter	$0.75	$0.38
2000		
Second Quarter	$1.25	$0.47
Third Quarter	$1.03	$0.80
Fourth Quarter	$0.92	$0.52

NATIONAL QUOTATION BUREAU ("PINK SHEETS")

2000	HIGH	LOW
First Quarter.....	$1.50	$0.28

1999	HIGH	LOW
Third Quarter.....	$0.51	$0.27
Fourth Quarter.....	$1.125	$.175

SECURITY OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth information known to us with respect to the beneficial ownership of each class of our capital stock as of June 15, 2001 for (1) each person known by us to beneficially own more than 5% of any class of our voting securities, (2) each of the executive officers named in the Summary Compensation Table under the heading "Management" (3) each of our directors and (4) all of our executive officers and directors as a group. Except as otherwise indicated, we believe that each of the beneficial owners of our capital stock listed below, based on information provided by these owners, has sole investment and voting power with respect to its shares, subject to community property laws where applicable.

Unless otherwise noted, each of the stockholders listed in the table possesses sole voting and investment power with respect to the shares indicated. Shares not outstanding but deemed beneficially owned by virtue of the right of a person or member of a group to acquire them within 60 days are treated as outstanding only when determining the amount and percent owned by such person or group.

	COMMON STOCK		CLASS C SPECIAL STOCK		COMMON STOCK AND COMMON STOCK	PERCENT OF TOTAL VOTING
NAME	NUMBER	PERCENT	NUMBER	PERCENT	EQUIVALENTS	POWER (1)
Stephen M. Simes (2).....	3,288,587 (3)	5.1%	--	--	3,288,587	4.7%
Louis W. Sullivan, M.D. (2).....	125,000 (4)	*	1,000,000	21.3%	1,125,000	1.7%
Edward C. Rosenow III, M.D. (2).....	150,000 (5)	*	--	--	150,000	*
Victor Morgenstern (2).....	5,100,000 (6)	8.0%	--	--	5,100,000	7.4%
Fred Holubow (2).....	637,500 (7)	1.0%	--	--	637,500	*
Ross Mangano (2).....	15,025,000 (8)	22.4%	--	--	15,025,000	20.9%
Angela Ho (2).....	725,000 (9)	1.2%	1,000,000	21.3%	1,725,000	2.6%
Peter Kjaer (2).....	75,000 (10)	*	--	--	75,000	*
Avi Ben-Abraham, M.D. (2).....	10,954,800 (11)	17.6%	--	--	10,954,800	16.4%
Phillip B. Donenberg (2).....	833,622 (12)	1.3%	--	--	833,622	1.2%
JO & Co.....	14,925,000 (13)	22.3%	--	--	14,925,000	20.8%
Hans Michael Jebsen.....	4,250,000 (14)	6.8%	1,000,000	21.3%	5,250,000	7.8%
King Cho Fung.....	3,700,000 (15)	5.9%	625,000	13.3%	4,325,000	6.5%
Marcus Jebsen.....	1,750,000 (16)	2.8%	500,000	10.7%	2,250,000	3.4%
All executive officers and directors as a group (13 persons).....	37,970,984(17)	51.4%	2,000,000	42.7%	39,970,984	50.9%

* less than 1%.

(1) In calculating the percent of total voting power, the voting power of shares of our class C special stock and our common stock is combined.

(2) Address: 175 Olde Half Day Road, Lincolnshire, IL 60069.

(3) Mr. Simes' beneficial ownership includes 2,562,228 shares of common stock issuable upon exercise of stock options and 187,500 shares of common stock issuable upon exercise of warrants.

(4) Dr. Sullivan's beneficial ownership includes 125,000 shares of common stock issuable upon exercise of a stock option.

(5) Dr. Rosenow's beneficial ownership includes 150,000 shares of common stock issuable upon exercise of stock options.

(6) Mr. Morgenstern's beneficial ownership includes: (1) 75,000 shares of common stock issuable upon exercise of a stock option, (2) 950,000 shares of common stock issuable upon exercise of warrants, (3) 325,000 shares of common stock issuable upon exercise of warrants and 800,000 shares of common stock held by Mr. Morgenstern's wife as trustee of the Morningstar Trust, as to which Mr. Morgenstern disclaims control, direction or beneficial ownership, (4) 100,000 shares of common stock issuable upon exercise of a warrant and 200,000 shares of common stock held by Mr. Morgenstern's wife, as to which Mr. Morgenstern disclaims control, director or beneficial ownership, and (5) 250,000 shares of common stock issuable upon exercise of a warrant and 500,000 shares of common stock held by Resolute Partners L.P. Victor Morgenstern is a managing director of Resolute Partners L.P.

(7) Mr. Holubow's beneficial ownership includes 187,500 shares of common stock issuable upon exercise of warrants and 75,000 shares of common stock issuable upon exercise of a stock option.

(8) Mr. Mangano's beneficial ownership includes: (1) 75,000 shares of common stock issuable upon exercise of a stock option, (2) 3,750,000 shares of common stock issuable upon exercise of a warrant and 7,800,000 shares of common stock held by JO & Co., of which Mr. Mangano is President, and (4) an aggregate of 2,250,001 shares of common stock and an aggregate of 1,124,999 shares of common stock issuable upon exercise of warrants held in various accounts, of which Mr. Mangano is an advisor and/or a trustee. Mr. Mangano has sole dispositive power over these shares. See note (13) below.

(9) Ms. Ho's beneficial ownership includes 125,000 shares of common stock issuable upon exercise of stock options.

(10) Mr. Kjaer's beneficial ownership includes 75,000 shares of common stock issuable upon exercise of a stock option.

(11) Dr. Ben-Abraham's beneficial ownership includes 25,000 shares of common stock issuable upon exercise of a stock option. Dr. Ben-Abraham has entered into an agreement limiting the voting rights with respect to his shares of common stock in certain circumstances. His percentage ownership has been calculated without taking these restrictions into account.

(12) Mr. Donenberg's beneficial ownership includes 788,655 shares of common stock issuable upon exercise of stock options and 6,250 shares of common stock issuable upon exercise of a warrant.

(13) Includes 3,750,000 shares of common stock issuable upon exercise of a warrant. Ross Mangano, a director of BioSante, has sole voting power over these shares. See note (8) above. The address for JO & Co. is 112 West Jefferson Boulevard, Suite 613, South Bend, Indiana 46634.

(14) Mr. Jebsen's beneficial ownership includes 750,000 shares of common stock issuable upon exercise of a warrant. Mr. Jebsen's address is c/o Jebsen & Co. Ltd., 28/F Caroline Center, 28 Yun Ping Road, Causeway Bay, Hong Kong.

(15) Mr. Fung's beneficial ownership includes 750,000 shares of common stock issuable upon exercise of a warrant. Mr. Fung's address is c/o SP2 15/F, 46 Lyndhurst Terrace, Central Hong Kong.

(16) Mr. Jebsen's beneficial ownership includes 250,000 shares of common stock issuable upon exercise of a warrant. Mr. Jebsen's address is c/o Jebsen & Co. Ltd., 28/F Caroline Center, 28 Yun Ping Road, Causeway Bay, Hong Kong.

(17) The amount beneficially owned by all current directors and executive officers as a group includes 6,072,358 shares issuable upon exercise of warrants and stock options held by these individuals and

5,549,999 shares issuable upon exercise of warrants held by entities affiliated with these individuals. See notes (6), (8) and (13) above.

DESCRIPTION OF SECURITIES

AUTHORIZED SHARES

We are authorized to issue 100,000,000 shares of common stock, $0.0001 par value per share and 10,000,000 shares of undesignated preferred stock, $0.0001 par value per share. The following is a summary of the material terms and provisions of our capital stock. Because it is a summary, it does not include all of the information that is included in our certificate of incorporation. The text of our certificate of incorporation, which is attached as an exhibit to this registration statement, is incorporated into this section by reference.

COMMON STOCK

We are authorized to issue 100,000,000 shares of common stock, of which 62,202,943 shares were issued and outstanding as of June 15, 2001. Each share of our common stock entitles its holder to one vote per share. Holders of our common stock are entitled to receive dividends as and when declared by our Board of Directors from time to time out of funds properly applicable to the payment of dividends. Subject to the liquidation rights of any outstanding preferred stock, the holders of our common stock are entitled to share pro rata in the distribution of the remaining assets of our company upon a liquidation, dissolution or winding up of our company. The holders of our common stock have no cumulative voting, preemptive, subscription, redemption or sinking fund rights.

CLASS C SPECIAL STOCK

We are authorized to issue 4,687,684 shares of class C special stock, of which 4,687,684 shares were issued and outstanding as of June 15, 2001. Each share of class C special stock entitles its holder to one vote per share. Each share of our class C special stock is exchangeable, at the option of the holder, for one share of common stock, at an exchange price of $0.25 per share, subject to adjustment upon certain capitalization events. Holders of our class C special stock are not entitled to receive dividends. Holders of our class C special stock are not entitled to participate in the distribution of our assets upon any liquidation, dissolution or winding-up of our company. The holders of our class C special stock have no cumulative voting, preemptive, subscription, redemption or sinking fund rights.

UNDESIGNATED PREFERRED STOCK

We are authorized to issue 10,000,000 shares of preferred stock, none of which are issued and outstanding. Our Board of Directors is authorized to issue one or more series of preferred stock with such rights, privileges, restrictions and conditions as our Board may determine. The preferred stock, if issued, may be entitled to rank senior to our common stock with respect to the payment of dividends and the distributions of assets in the event of a liquidation, dissolution or winding-up of our company.

OPTIONS AND WARRANTS

As of June 15, 2001, we had outstanding options to purchase an aggregate of 6,944,657 shares of common stock at a weighted average exercise price of $0.37 per share. All outstanding options provide for antidilution adjustments in the event of certain mergers, consolidations, reorganizations, recapitalizations, stock dividends, stock splits or other similar changes in our corporate structure and shares of our capital stock. We typically grant options with a ten-year term. We have outstanding warrants to purchase an aggregate of 16,447,500 shares of common stock at a weighted average exercise price of $0.37 per share with a majority of those warrants having a five-year term. The warrants provide for antidilution adjustments in the event of certain mergers, consolidations, reorganizations,

recapitalizations, stock dividends, stock splits or other changes in our corporate structure of our company and, subject to certain exceptions, the issuance by our company of any securities for a purchase price of less than $0.40 per share.

REGISTRATION RIGHTS

The holders of the common stock and warrants purchased in our April 2001 private placement are entitled to certain registration rights under the Securities Act. No later than 90 days after April 4, 2001, we are required to file a registration statement to register under the Securities Act the resale of the shares of BioSante common stock underlying the shares of common stock and warrants purchased in our April 2001 private placement. The registration statement, of which this prospectus is a part, satisfies this requirement. We are required to use our reasonable best efforts to cause this registration statement to become effective under the Securities Act as promptly as practicable and to use our reasonable best efforts to cause this registration statement to remain effective until the earlier of (1) the sale of all the shares of BioSante common stock covered by this registration statement; or (2) such time as the selling stockholders named in this registration statement become eligible to resell the shares of BioSante common stock and the shares of BioSante common stock issuable upon exercise of the warrants pursuant to Rule 144(k) under the Securities Act.

The holders of the common stock and warrants purchased in our May 1999 private placement are entitled to certain registration rights under the Securities Act. If at any time after we become listed on Nasdaq, the holders of a specified amount of these registrable shares request that we file a registration statement covering the shares, we will use commercially reasonable efforts to cause these shares to be registered. We are not required to file more than two registration statements under these demand rights, or more than one registration statement in any twelve-month period. In addition, the holders of these registrable shares are entitled to have their shares included in a registration statement under the Securities Act in connection with the public offering of our securities. In any underwritten public offering, the registration rights are limited to the extent that the managing underwriter has the right to (1) limit the number of registrable shares to be included in the registration statement; (2) prohibit the sale of any of our securities other than those registered and included in the underwritten offering for a period of 180 days; and (3) require holders of registrable shares not to sell or otherwise dispose of any securities of our company (other than securities included in the registration) without the prior written consent of the underwriters for a period of up to 180 days from the effective date of such registration. These registration rights will terminate as to any registrable shares when such registrable shares are effectively registered and sold by the holder thereof or when such registrable shares are sold pursuant to Rule 144(k) or are sold pursuant to Rule 144 under the Securities Act.

ANTI-TAKEOVER PROVISIONS OF DELAWARE LAW AND OUR CERTIFICATE OF INCORPORATION

We are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an interested stockholder is a person who, together with affiliates and associates, owns or, in the case of affiliates or associates of the corporation, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's voting stock. The existence of this provision could have anti-takeover effects with respect to transactions not approved in advance by the Board of Directors, such as discouraging takeover attempts that might result in a premium over the market price of the common stock.

There are several provisions of our amended and restated certificate of incorporation that may have the effect of deterring or discouraging hostile takeovers or delaying changes in control of our company. In addition, stockholders are not entitled to cumulative voting in the election of directors. Our certificate of incorporation has authorized undesignated preferred stock which could make it possible for our Board of Directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to effect a change of control of our company.

LIMITATIONS ON LIABILITY OF DIRECTORS AND INDEMNIFICATION

Our certificate of incorporation limits our directors' liability to the fullest extent permitted under Delaware's corporate law. Specifically, our directors are not liable to us or our stockholders for monetary damages for any breach of fiduciary duty by a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- dividends or other distributions of our corporate assets that are in contravention of restrictions in Delaware law, our amended and restated certificate of incorporation, bylaws or any agreement to which we are a party; and
- any transaction from which a director derives an improper personal benefit.

This provision generally does not limit liability under federal or state securities laws.

Delaware law, and our certificate of incorporation, provide that we will, in some situations, indemnify any person made or threatened to be made a party to a proceeding by reason of that person's former or present official capacity with our company against judgments, penalties, fines, settlements and reasonable expenses including reasonable attorney's fees. Any person is also entitled, subject to some limitations, to payment or reimbursement of reasonable expenses in advance of the final disposition of the proceeding.

TRANSFER AGENTS AND REGISTRARS

The transfer agents and registrars for our common stock in Canada is Computershare Trust Company of Canada, formerly Montreal Trust of Canada, and in the United States is American Securities Transfer & Trust, Inc.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for BioSante by Oppenheimer Wolff & Donnelly LLP, Minneapolis, Minnesota.

EXPERTS

The financial statements as of December 31, 2000 and 1999 and for each of the two years in the period ended December 31, 2000, included in this prospectus, have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein (which report expresses an unqualified opinion and includes an explanatory paragraph referring to the developmental stage nature of BioSante).

The financial statements as of December 31, 1998 and for the year then ended, included in this prospectus, have been audited by Deloitte & Touche LLP (Canada) independent auditors, as stated in their report appearing herein (which report expresses an unqualified opinion and includes an explanatory paragraph referring to the developmental stage nature of BioSante). These reports have been so included in reliance upon the reports of such firms given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other information with the Securities and Exchange Commission. Copies of our reports, proxy statements and other information may be inspected and copied at the following public reference facilities maintained by the SEC:

Judiciary Plaza	Citicorp Center	7 World Trade Center
450 Fifth Street, N.W.	500 West Madison Street	Suite 1300
Washington, D.C. 20549	Chicago, Illinois 60621	New York, New York 10048

Copies of these materials also can be obtained by mail at prescribed rates from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330. The SEC maintains a web site that contains reports, proxy statements and other information regarding us. The address of the SEC web site is HTTP://WWW.SEC.GOV. The Securities Act file number for our SEC filings is 0-28637.

We have filed a registration statement on Form SB-2 with the SEC for the common stock offered by the selling stockholders under this prospectus. This prospectus does not include all of the information contained in the registration statement. You should refer to the registration statement and its exhibits for additional information that is not contained in this prospectus. Whenever we make reference in this prospectus to any of our contracts, agreements or other documents, you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document.

We also file annual audited and interim unaudited financial statements, proxy statements and other information with the Ontario, Alberta and British Columbia Securities Commissions and with the Canadian Venture Exchange. Copies of these documents that are filed through the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators are available at its web site HTTP://WWW.SEDAR.COM and on the Canadian Venture Exchange web site HTTP://WWW.CDNX.COM under INFOCDNX.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make an offer, solicitation of an offer or proxy solicitation in that jurisdiction. Neither the delivery of this prospectus nor any distribution of securities pursuant to this prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated herein by reference or in our affairs since the date of this prospectus.

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

BIOSANTE PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEETS
MARCH 31, 2001 AND DECEMBER 31, 2000

	MARCH 31, 2001	DECEMBER 31, 2000
ASSETS	(UNAUDITED)	(NOTE)
CURRENT ASSETS		
Cash and cash equivalents	$5,221,947	$ 2,611,755
Prepaid expenses and other sundry assets	46,325	64,341
	5,268,272	2,676,096
PROPERTY AND EQUIPMENT, NET	368,980	390,821
	$5,637,252	$ 3,066,917
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 93,115	$ 44,746
Accrued compensation	150,756	258,598
Other accrued expenses	50,657	137,919
Convertible debenture	500,000	500,000
	794,528	941,263
STOCKHOLDERS' EQUITY		
Capital stock		
Issued and Outstanding		
4,687,684 (2000 - 4,687,684) Class C special stock	469	469
52,952,943 (2000 - 52,952,943) Common stock	17,782,857	17,782,857
Subscriptions to purchase common stock (Note 5)	3,397,970	-
	21,181,296	17,783,326
Deferred unearned compensation	(9,000)	(18,000)
Deficit accumulated during the development stage	(16,329,572)	(15,639,672)
	4,842,724	2,125,654
	$5,637,252	$ 3,066,917

Note: The balance sheet as of December 31, 2000 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)
STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2001 AND 2000 AND THE CUMULATIVE
PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO MARCH 31, 2001
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,		CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO MARCH 31,
	2001	2000	2001
REVENUE			
Interest income	$ 32,109	$ 60,382	$ 778,645
EXPENSES			
Research and development	232,989	191,175	4,517,361
General and administration	465,058	301,175	6,275,296
Depreciation and amortization	23,962	23,852	405,796
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
	722,009	516,202	17,108,217
NET LOSS	$ (689,900)	$ (455,820)	$ (16,329,572)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.01)	$ (0.01)	$ (0.37)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	57,640,627	57,450,551	43,704,568

See accompanying notes to the financial statements.

ITEM 1 - FINANCIAL STATEMENTS (CONTINUED)

BIOSANTE PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2001 AND 2000 AND THE CUMULATIVE
PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO MARCH 31, 2001
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,		CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO MARCH 31
	2001	2000	2001
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net loss	$ (689,900)	$ (455,820)	$ (16,329,572)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	23,962	23,852	405,796
Amortization of deferred unearned compensation	9,000	-	33,290
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 and other sundry assets	18,016	13,602	(43,357)
Accounts payable and accrued expenses	(146,735)	(42,822)	(445,659)
Due from SBI	-	-	(128,328)
NET CASH USED IN OPERATING ACTIVITIES	(785,657)	(461,188)	(10,973,285)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of capital assets	(2,121)	(11,334)	(898,211)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES			
Issuance of convertible debenture	-	-	500,000
(Conversion) issuance of Class "C" shares	-	(4)	469
Proceeds from subscription, sale or conversion of shares	3,397,970	10,464	16,592,974
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,397,970	10,460	17,093,443
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,610,192	(462,062)	5,221,947
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,611,755	5,274,552	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$5,221,947	$ 4,812,490	$ 5,221,947
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.

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, 2001, the results of operations for the three months ended March 31, 2001 and 2000 and for the cumulative period from August 29, 1996 (date of incorporation) to March 31, 2001, and the cash flows for the three months ended March 31, 2001 and 2000 and for the cumulative period from August 29, 1996 (date of incorporation) to March 31, 2001, in conformity with accounting principles generally accepted in the United States of America. Operating results for the three month period ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

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, 2000.

2. 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 net 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. Because BioSante has incurred net losses from operations in each of the periods presented, there is no difference between basic and diluted net loss per share amounts. The computation of diluted net loss per share does not include options and warrants with dilutive potential that would have an antidilutive effect on net loss per share.

3. LICENSE AND SUPPLY AGREEMENTS

On June 13, 2000, BioSante entered into a licensing agreement and a supply agreement with Antares Pharma Inc. (the entity that resulted from the merger of Permatec Technologie, AG with Medi-Ject Corporation), covering four hormone products for the treatment of testosterone deficiency in men and estrogen deficiency in women. The agreement requires BioSante to pay Antares a percentage of future net sales, if any, as a royalty. Under the terms of the license agreement, BioSante is also obligated to make milestone payments upon the occurrence of certain future events. Under terms of the supply agreement, Permatec has agreed to manufacture or have manufactured and sell exclusively to BioSante, and BioSante has agreed to purchase exclusively from Antares, BioSante's total requirements for the products covered under the license agreement between the two parties.

As allowed by the licensing agreement with Antares, on September 1, 2000, BioSante entered into a sub-license agreement with Paladin Labs Inc. ("Paladin") to market the female hormone replacement products in Canada. In exchange for the sub-license, Paladin agreed to make an initial investment in BioSante, make future milestone payments and pay royalties on sales of the products in Canada. The milestone payments will be in the form of a series of equity investments by Paladin in

BioSante's common stock at a 10% premium to the market price of BioSante's common stock at the date of the equity investment.

4. CONVERTIBLE DEBENTURE

In connection with entering into the sub-license agreement with Paladin as described in Note 3, BioSante issued a convertible debenture to Paladin in the principal amount of $500,000. The debenture matures on September 1, 2001 and does not accrue interest unless it is not paid, or has not been converted into BioSante common stock, by the maturity date. If unpaid, interest accrues at a rate of 10% from September 1, 2001 until paid or converted. The convertible debenture is convertible into BioSante common stock at $1.05 per share, which conversion price is subject to adjustment under certain circumstances. Commencing January 1, 2001, the debenture may be converted at the option of Paladin. In the event Paladin has not converted the debenture prior to March 31, 2001, BioSante has the right, in its sole discretion, after March 31, 2001, to require the debenture to be converted.

5. SUBSEQUENT EVENT

On April 4, 2001, BioSante closed a private placement, raising US$3.7 million upon the issuance of units, which consisted of an aggregate of 9,250,000 shares of common stock and five-year warrants to purchase an aggregate of 4,625,000 shares of common stock. The price of each unit, which consisted of one share of common stock plus a warrant to purchase one half-share of common stock was US$0.40, the approximate market price of BioSante's common stock at closing. The exercise price of the warrant is US$0.50 per full share. Transaction costs related to the private placement have been netted against the proceeds. As of March 31, 2001, approximately $3.4 million of the private placement proceeds had been deposited with BioSante and are reflected in cash and "Subscriptions to purchase common stock" on the Balance Sheet.

INDEPENDENT AUDITORS' REPORT

Board of Directors
BioSante Pharmaceuticals, Inc.
Lincolnshire, Illinois

We have audited the accompanying balance sheets of BioSante Pharmaceuticals, Inc. (a development stage company) as of December 31, 2000 and 1999 and the related statements of operations, stockholders' equity and cash flows for each of the two years ended December 31, 2000, and for the period from August 29, 1996 (date of incorporation) through December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Company's financial statements as of and for the year ended December 31, 1998 and for the period from August 29, 1996 (date of incorporation) through December 31, 1998 were audited by other auditors whose report, dated February 19, 1999, expressed an unqualified opinion on those statements. The financial statements for the period August 29, 1996 (date of incorporation) through December 31, 1998 reflect total revenues and net loss of $320,135 and $10,796,218, respectively, of the related totals. The other auditors' report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such prior period, is based solely on the report of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the two years ended December 31, 2000, and for the period from August 29, 1996 (date of incorporation) through December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Company is in the development stage.

/s/ Deloitte & Touche LLP

February 16, 2001
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

Board of Directors
BioSante Pharmaceuticals, Inc.
(formerly Ben-Abraham Technologies Inc.)

We have audited the balance sheet of BioSante Pharmaceuticals, Inc. (formerly Ben-Abraham Technologies Inc.), a development stage company, as of December 31, 1998 and the related statements of operations, stockholders' equity and cash flows for the year ended December 31, 1998, and for the period from August 29, 1996 (date of incorporation) to December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1998 and the results of its operations and its cash flows for the year ended December 31, 1998, and for the period from August 29, 1996 (date of incorporation) through December 31, 1998 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Company is in the development stage.

/s/ Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
February 19, 1999

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

	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$2,611,755	$5,274,552
Prepaid expenses and other sundry assets	64,341	58,994
	2,676,096	5,333,546
PROPERTY AND EQUIPMENT, NET (Note 4)	390,821	446,083
	$3,066,917	$5,779,629
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable (Note 11)	$ 44,746	$ 76,057
Accrued compensation	258,598	182,973
Other accrued expenses	137,919	45,085
Convertible debenture (Note 6)	500,000	-
Due to licensor	-	25,000
	941,263	329,115
COMMITMENTS (Notes 10 and 12)		
STOCKHOLDERS' EQUITY (Note 7)		
Capital stock		
Issued and Outstanding		
4,687,684 (1999 - 4,807,865) Class C special stock	469	481
52,952,943 (1999 - 52,642,686) Common stock	17,782,857	17,652,510
	17,783,326	17,652,991
Deferred unearned compensation	(18,000)	-
Deficit accumulated during the development stage	(15,639,672)	(12,202,477)
	2,125,654	5,450,514
	$3,066,917	$5,779,629

See accompanying notes to the financial statements.

BIOSANTE PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
AND THE CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO
DECEMBER 31, 2000

	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 1998	CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO DECEMBER 31, 2000
REVENUE				
Interest income	$ 227,718	$ 198,683	$ 123,061	$ 746,536
EXPENSES				
Research and development	1,887,832	660,588	1,400,129	4,284,372
General and administration	1,678,581	853,389	1,112,647	5,810,238
Depreciation and amortization	98,500	90,965	139,769	381,834
Loss on disposal of capital assets	-	-	129,931	157,545
Costs of acquisition of Structured Biologicals Inc.	-	-	-	375,219
Purchased in-process research and development	-	-	-	5,377,000
	3,664,913	1,604,942	2,782,476	16,386,208
NET LOSS	$ (3,437,195)	$ (1,406,259)	$(2,659,415)	$ (15,639,672)
BASIC AND DILUTED NET LOSS PER SHARE (Note 2)	$ (0.06)	$ (0.03)	$ (0.08)	$ (0.36)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	57,536,761	49,424,140	34,858,243	42,914,244

See accompanying notes to the financial statements.

BIOSANTE PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
AND THE CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO
DECEMBER 31, 2000

	Class A Special Shares		Class C Special Shares		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
BALANCE, AUGUST 29, 1996, DATE OF INCORPORATION	-	$ -	-	$ -	-	$ -
Issuance of Class "C" shares August 29, 1996 ($0.0001 per share)	-	-	4,150,000	415	-	-
Issuance of Class "A" shares September 23, 1996 ($0.0001 per share)	20,000,000	2,000	-	-	-	-
Issuance of common shares	-	-	-	-	-	-
September 23, 1996	-	-	-	-	4,100,000	4,100,000
Financing fees accrued	-	-	-	-	-	(410,000)
November 27, 1996 - issued as consideration upon acquisition of SBI (Note 3)	-	-	-	-	7,434,322	4,545,563
Exercise of Series "X" warrants(Note 7)	-	-	-	-	215,714	275,387
Exercise of Series "Z" warrants(Note 7)	-	-	-	-	1,428	2,553
Net loss	-	-	-	-	-	-
BALANCE, DECEMBER 31, 1996	20,000,000	2,000	4,150,000	415	11,751,464	8,513,503
Conversion of shares						
January 13, 1997	-	-	(282,850)	(28)	282,850	70,741
January 13, 1997	-	-	(94,285)	(9)	94,285	23,580
December 2, 1997	-	-	(106,386)	(11)	106,386	26,607
December 2, 1997	-	-	(100,000)	(10)	100,000	25,010
Exercise of Series "V" warrants (Note 7)	-	-	-	-	24,000	36,767
Exercise of Series "X" warrants (Note 7)	-	-	-	-	28,571	36,200
Exercise of Series "W" warrants (Note 7)	-	-	-	-	20,000	25,555
Adjustment for partial shares issued upon amalgamation	-	-	-	-	130	-
Financing fees reversed	-	-	-	-	-	410,000
Net loss	-	-	-	-	-	-
BALANCE, DECEMBER 31, 1997	20,000,000	2,000	3,566,479	357	12,407,686	9,167,963
Conversion of shares						
March 4, 1998	-	-	(20,000)	(2)	20,000	5,002
March 16, 1998	-	-	(10,000)	(1)	10,000	2,501
May 8, 1998	(15,000,000)	(1,500)	-	-	15,000,000	3,751,500
June 1, 1998	(1,000,000)	(100)	-	-	1,000,000	250,100
June 1, 1998	(1,000,000)	(100)	-	-	1,000,000	250,100
Return of shares to treasury						
May 8, 1998	(1,468,614)	(147)	-	-	-	-
May 8, 1998	-	-	(250,000)	(25)	-	-
Net loss	-	-	-	-	-	-
BALANCE, DECEMBER 31, 1998	1,531,386	153	3,286,479	329	29,437,686	13,427,166
Conversion of shares						
February 2, 1999	-	-	(10,000)	(1)	10,000	2,501
Private placement of common shares, net						
May 6, 1999	-	-	-	-	23,125,000	4,197,843
Share redesignation						
July 13, 1999	(1,531,386)	(153)	1,531,386	153	-	-
Issuance of common shares						
August 15, 1999	-	-	-	-	70,000	25,000
Net loss	-	-	-	-	-	-
BALANCE, DECEMBER 31, 1999	-	-	4,807,865	481	52,642,686	17,652,510
Conversion of shares						
March 17, 2000	-	-	(10,000)	(1)	10,000	2,501
March 24, 2000	-	-	(31,840)	(3)	31,840	7,963
June 12, 2000	-	-	(50,000)	(5)	50,000	12,505
July 13, 2000	-	-	(28,341)	(3)	28,341	7,088
Issuance of common shares						
July 18, 2000	-	-	-	-	190,076	58,000
Issuance of warrants for services received	-	-	-	-		42,290
Amortization of deferred unearned compensation	-	-	-	-	-	-
Net loss	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2000	-	$	4,687,684	$469	52,952,943	$17,782,857

	Deferred Unearned Compensation	Deficit Accumulated During the Development Stage	Total
BALANCE, AUGUST 29, 1996, DATE OF INCORPORATION	$ -	$ -	$ -
Issuance of Class "C" shares August 29, 1996 ($0.0001 per share)	-	-	415
Issuance of Class "A" shares September 23, 1996			

($0.0001 per share)	-	-	2,000
Issuance of common shares	-	-	-
September 23, 1996	-	-	4,100,000
Financing fees accrued	-	-	(410,000)
November 27, 1996 - issued as consideration upon acquisition of SBI (Note 3)	-	-	4,545,563
Exercise of Series "X" warrants(Note 7)	-	-	275,387
Exercise of Series "Z" warrants(Note 7)	-	-	2,553
Net loss	-	(6,246,710)	(6,246,710)
BALANCE, DECEMBER 31, 1996		(6,246,710)	2,269,208
Conversion of shares			
January 13, 1997	-	-	70,713
January 13, 1997	-	-	23,571
December 2, 1997	-	-	26,596
December 2, 1997	-	-	25,000
Exercise of Series "V" warrants (Note 7)	-	-	36,767
Exercise of Series "X" warrants (Note 7)	-	-	36,200
Exercise of Series "W" warrants (Note 7)	-	-	25,555
Adjustment for partial shares issued upon amalgamation	-	-	-
Financing fees reversed	-	-	410,000
Net loss	-	(1,890,093)	(1,890,093)
BALANCE, DECEMBER 31, 1997	-	(8,136,803)	1,033,517
Conversion of shares			
March 4, 1998	-	-	5,000
March 16, 1998	-	-	2,500
May 8, 1998	-	-	3,750,000
June 1, 1998	-	-	250,000
June 1, 1998	-	-	250,000
Return of shares to treasury			
May 8, 1998	-	-	(147)
May 8, 1998	-	-	(25)
Net loss	-	(2,659,415)	(2,659,415)
BALANCE, DECEMBER 31, 1998	-	(10,796,218)	2,631,430
Conversion of shares			
February 2, 1999	-	-	2,500
Private placement of common shares, net			
May 6, 1999	-	-	4,197,843
Share redesignation			
July 13, 1999	-	-	-
Issuance of common shares			
August 15, 1999	-	-	25,000
Net loss	-	(1,406,259)	(1,406,259)
BALANCE, DECEMBER 31, 1999	-	(12,202,477)	5,450,514
Conversion of shares			
March 17, 2000	-	-	2,500
March 24, 2000	-	-	7,960
June 12, 2000	-	-	12,500
July 13, 2000	-	-	7,085
Issuance of common shares			
July 18, 2000	-	-	58,000
Issuance of warrants for services received	(42,290)	-	
Amortization of deferred unearned compensation	24,290	-	24,290
Net loss	-	(3,437,195)	(3,437,195)
BALANCE, DECEMBER 31, 2000	$(18,000)	$(15,639,672)	$2,125,654

See accompanying notes to the financial statements.

BIOSANTE PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF CASH FLOW
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
AND THE CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO
DECEMBER 31, 2000

	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 1998	CUMULATIVE PERIOD FROM AUGUST 29, 1996 (DATE OF INCORPORATION) TO DECEMBER 31, 2000
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss	$ (3,437,195)	$ (1,406,259)	$ (2,659,415)	$ (15,639,672)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation and amortization	98,500	90,965	139,769	381,834
Amortization of deferred unearned compensation	24,290	-	-	24,290
Purchased in-process research and development	-	-	-	5,377,000
Loss on disposal of equipment	-	-	129,931	157,545
Changes in other assets and liabilities affecting cash flows from operations				
Prepaid expenses and other sundry assets	(5,347)	16,272	(53,376)	(61,373)
Accounts payable and accrued expenses	137,148	(386,483)	(598,334)	(298,924)
Due to licensor	(25,000)	(102,317)	-	-
Due from SBI	-	-	-	(128,328)
NET CASH USED IN OPERATING ACTIVITIES	(3,207,604)	(1,787,822)	(3,041,425)	(10,187,628)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchase of capital assets	(43,238)	(4,219)	(124,984)	(896,090)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES				
Issuance of convertible debenture	500,000	-	-	500,000
(Conversion) issuance of Class "A" shares	-	-	(1,847)	-
(Conversion) issuance of Class "C" shares	(12)	-	(28)	469
Proceeds from sale or conversion of shares	88,057	4,225,343	4,259,203	13,195,004
NET CASH PROVIDED BY FINANCING ACTIVITIES	588,045	4,225,343	4,257,328	13,695,473
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,662,797)	2,433,302	1,090,919	2,611,755
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,274,552	2,841,250	1,750,331	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,611,755	$ 5,274,552	$ 2,841,250	$ 2,611,755
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	$ -	$ -	$ -	$ -

1. ORGANIZATION

On December 19, 1996, Ben-Abraham Technologies, Inc. ("BAT") was continued under the laws of the State of Wyoming, U.S.A. Previously, BAT had been incorporated under the laws of the Province of Ontario effective August 29, 1996. Pursuant to the shareholders meeting to approve the arrangement on November 27, 1996 and subsequent filing of the articles of arrangement December 6, 1996, BAT acquired Structured Biologicals Inc. and its wholly-owned subsidiary 923934 Ontario Inc. ("SBI"), a Canadian public company listed on the Alberta Stock Exchange. The "acquisition" was effected by a statutory amalgamation wherein the stockholders of BAT were allotted a significant majority of the shares of the amalgamated entity. Upon amalgamation, the then existing stockholders of SBI received 7,434,322 subordinate voting shares of BAT (1 such share for every 3 1/2 shares held in SBI). On November 10, 1999, BAT changed its name to BioSante Pharmaceuticals, Inc. ("the Company").

The Company was established to develop prescription pharmaceutical products, vaccines and vaccine adjuvants using its nanoparticle technology ("CAP") licensed from the University of California. The research and development on the CAP technology is conducted in the Company's Smyrna, Georgia laboratory facility. In addition to its nanoparticle technology, the Company also is developing its pipeline of hormone replacement products to treat testosterone deficiency in men and estrogen deficiency in women. The business office is located in Lincolnshire, Illinois.

The Company has been in the development stage since its inception. The Company's successful completion of its development program and its transition to profitable operations is dependent upon obtaining regulatory approval from the United States (the "U.S.") Food and Drug Administration ("FDA") prior to selling its products within the U.S., and foreign regulatory approval must be obtained to sell its products internationally. There can be no assurance that the Company's products will receive regulatory approvals, and a substantial amount of time may pass before the achievement of a level of sales adequate to support the Company's cost structure. The Company will also incur substantial expenditures to achieve regulatory approvals and will need to raise additional capital during its developmental period. Obtaining marketing approval will be directly dependent on the Company's ability to implement the necessary regulatory steps required to obtain marketing approval in the United States and in other countries. It is not possible at this time to predict with assurance the outcome of these activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These financial statements are expressed in U.S. dollars.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") and Statement of Financial Accounting Standards ("SFAS") No. 7 "Accounting and Reporting by Development Stage Enterprises". The preparation of financial statements in conformity with

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, the Company considers all instruments with original maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation of computer, office and laboratory equipment is computed primarily by accelerated methods over estimated useful lives of seven years. Leasehold improvements are amortized on a straight-line basis over the terms of the leases, plus option renewals.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to expense as incurred.

BASIC AND DILUTED NET LOSS PER SHARE

The basic and diluted net loss per share is computed based on the weighted average number of the aggregate of common stock and Class C shares outstanding, all being considered as equivalent of one another. Basic earnings (loss) per share is computed by dividing income (loss) available to common stockholders by the weighted average number of shares outstanding for the reporting period. Diluted earnings (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 earnings (loss) per share does not include the Company's stock options, warrants or convertible debt with dilutive potential because of their antidilutive effect on earnings (loss) per share.

STOCK-BASED COMPENSATION

The Company follows the provisions of APB Opinion No. 25, which requires compensation cost for stock-based employee compensation plans be recognized based on the difference, if any, between the quoted market price of the stock on the date of grant and the amount the employee must pay to acquire the stock. As a result of the Company continuing to apply APB No. 25, SFAS No. 123, "Accounting for Stock-Based Compensation," requires certain additional disclosures of the pro forma compensation expense arising from the Company's fixed and performance stock compensation plans. The expense is measured as the fair value of the award at the date it was granted using an option-pricing model that takes into account the exercise price and the expected

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

term of the option, the current price of the underlying stock, its expected volatility, expected dividends on the stock and the expected risk-free rate of return during the term of the option. The compensation cost is recognized over the service period, usually the period from the grant date to the vesting date. The Company has disclosed the required pro forma net loss and loss per share data in Note 8 as if the Company had recorded compensation expense using the fair value method per SFAS No. 123. Warrants issued to non-employees as compensation for services rendered are valued at their fair value on the date of issue.

INTEREST INCOME

Interest income on invested cash is recorded as earned following the accrual basis of accounting.

NEW STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

In June 1998, the FASB issued SFAS No. 133, ACCOUNTING FOR DERIVATIVES INSTRUMENTS AND HEDGING ACTIVITIES. This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company adopted this statement effective January 1, 2001. No cumulative transition adjustment was required.

3. ACQUISITION

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 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, as follows:

ASSETS	
In-process research and development	$ 5,377,000
Other	37,078
	5,414,078
LIABILITIES	
Current liabilities	679,498
Due to directors	60,689
Due to the Company	128,328
	868,515
Net assets acquired	$ 4,545,563
CONSIDERATION	
Common stock	$ 4,545,563

3. ACQUISITION (CONTINUED)

In connection with the acquisition of SBI, accounted for under the purchase method, the Company acquired the rights to negotiate with the Regents of the University of California for licenses of specific CAP-related technologies and products. The specific technologies and products relate to investigative research funded by SBI. At the time of acquisition, the technologies and products had not yet been approved for human clinical research. The value ascribed to the rights, based on an independent evaluation, was $5,377,000. This amount was immediately expensed as the technologies and products did not have their technological feasibility established and had no identified future alternative use.

As of the date of acquisition, the technology related to the development of products for six indications (i.e. applications of the technology). The Company determined the value of the in process research and development related to the acquired rights based on an independent valuation using discounted cash flows. Principle assumptions used in the valuation were as follows:

- FDA approval for the CAP-related for the six indications was expected to be received at various dates between 2002 and 2004, however, there are many competitive products in development. There are also many requirements that must be met before FDA approval is secured. There is no assurance that the products will be successfully developed, proved to be safe in clinical trials, meet applicable regulatory standards, or demonstrate substantial benefits in the treatment or prevention of any disease.

- The estimated additional research and development expenditures required before FDA approval was $26.5 million, to be incurred over 8 to 10 years.

- Future cash flows were estimated based on estimated market size, with costs determined based on industry norms, an estimated annual growth rate of 3%.

- The cash flows were discounted at 25%. The rate was preferred due to the high-risk nature of the biopharmaceutical business.

- The Company is continuing to develop the technology related to five of the six indications.

- In June 1997, the Company exercised its option and entered into a license agreement with UCLA for the technology that it had previously supported.

4. PROPERTIES AND EQUIPMENT

Property and equipment, net of accumulated depreciation at December 31 comprise:

	2000	1999
Computer equipment	$ 61,643	$ 23,951
Office equipment	34,208	32,862
Laboratory equipment	103,012	103,012
Leasehold improvements - Laboratory	474,294	470,094
	673,157	629,919
Accumulated depreciation and amortization	(282,336)	(183,836)
	$ 390,821	$ 446,083

5. INCOME TAXES

The components of the Company's net deferred tax asset at December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Net operating loss carryforwards	$ 3,886,495	$ 2,367,292	$ 1,778,246
Amortization of intangibles	1,468,699	1,613,942	1,759,186
Research & development credits	191,358	235,310	144,310
Other	60,993	38,794	16,594
	5,607,545	4,255,338	3,698,336
Valuation allowance	(5,607,545)	(4,255,338)	(3,698,336)
	$ -	$ -	$ -

The Company has no current tax provision due to its accumulated losses, which result in net operating loss carryforwards. At December 31, 2000, the Company had approximately $10,500,000 of net operating loss carryforwards that are available to reduce future taxable income for a period of up to 20 years. The net operating loss carryforwards expire in the years 2011-2020. The net operating loss carryforwards as well as amortization of various intangibles, principally acquired in-process research and development, generate deferred tax benefits, which have been recorded as deferred tax assets and are entirely offset by a tax valuation allowance. The valuation allowance has been provided at 100% to reduce the deferred tax assets to zero, the amount management believes is more likely than not to be realized. Additionally, the Company has approximately $191,000 of research and development credits available to reduce future income taxes through the year 2014.

5. INCOME TAXES (CONTINUED)

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate of 34% to pre-tax income as follows:

	2000	1999	1998
Tax at U.S. federal statutory rate	$ (1,160,388)	$ (469,799)	$ (904,201)
State taxes, net of federal benefit	(195,854)	(91,015)	(90,810)
Change in valuation allowance	1,352,207	556,972	986,730
Other, net	4,035	3,842	8,281
	$ -	$ -	$ -

6. CONVERTIBLE DEBENTURE

In September 2000, in connection with entering into a sub-license agreement, the Company issued a convertible debenture to Paladin Labs Inc. ("Paladin") in the face amount of $500,000. The debenture does not bear interest and is due September 1, 2001, unless converted into shares of the Company's common stock. If the debenture is not converted and not paid in full by September 1, 2001, then any unpaid principal shall bear interest at a rate of 10 percent from September 1, 2001 forward, until paid in full. The debenture is convertible at the conversion price of $1.05 per share, subject to adjustment in certain situations, at the option of Paladin at anytime after January 1, 2001. The Company can declare the debenture mandatorily convertible in full at any time after March 31, 2001 if Paladin has not previously converted the debenture.

7. STOCKHOLDERS' EQUITY

By articles of amendment dated July 20, 1999 (effective as of July 13, 1999), the subordinate voting shares of the Company were redesignated as common stock, the Class A special shares were reclassified as Class C special shares and the Class B special shares were eliminated. There were no changes in the number of shares outstanding.

a) AUTHORIZED

PREFERENCE SHARES

An unlimited number of preference shares issuable in series subject to limitation, rights, and privileges as determined by the directors. No preference shares have been issued as of December 31, 2000.

7. STOCKHOLDERS' EQUITY (CONTINUED)

SPECIAL SHARES

An unlimited number of Class C special shares without par value, convertible to common stock on the basis of one Class C special share and U.S. $0.25. These shares are not entitled to a dividend and carry one vote per share.

COMMON STOCK

An unlimited number of common shares of stock without par value, which carry one vote per share.

SIGNIFICANT EQUITY TRANSACTIONS

Significant equity transactions since the date of the Company's incorporation are as follows:

- -Prior to the Amalgamation on December 6, 1996, the Company issued 20,000,000 shares of the Company's Class A stock for $0.0001 per share, 4,150,000 shares of Class C stock for $0.0001 per share and 4,100,000 shares of the Company's common stock for $1.00 per share.
- -Pursuant to the shareholders meeting to approve the arrangement held on November 27, 1996 and the subsequent filing of articles of arrangement on December 6, 1996, the Company completed the acquisition of 100% of the outstanding shares of SBI. Upon the effectiveness of this Amalgamation, the then existing stockholders of SBI received 7,434,322 shares of common stock of the Company (1 common share of the Company for every 3 1/2 shares of SBI). The deemed fair market value of this stock was $4,545,563.
- -In May 1998, the Company and Avi Ben-Abraham, M.D., a director and a founder of the Company and the Company's then Chief Executive Officer and Chairman of the Board, entered into an agreement pursuant to which Dr. Ben-Abraham would relinquish his executive position and remain as a director of the Company. Pursuant to the agreement, Dr. Ben-Abraham converted shares of the Company's Class A stock held by him into 15,000,000 shares of common stock at $0.25 per share for proceeds to the Company of $3,750,000. In addition, Dr. Ben-Abraham agreed to return to the Company 1,468,614 shares of Class A stock and 250,000 shares of Class C stock to the Company, and also agreed not to sell any of his shares of common stock or any other securities of the Company for a period of 15 months. The Company and Dr. Ben-Abraham agreed to cross-indemnify each other upon the occurrence of certain events.
- -In June 1998, the Company issued an aggregate of 2,000,000 shares of common stock pursuant to the conversion of Class A stock at a conversion price of $0.25 per share.

7. STOCKHOLDERS' EQUITY (CONTINUED)

- -On May 6, 1999, the Company sold an aggregate of 23,125,000 common shares and warrants to purchase 11,562,500 shares of common stock at an exercise price of $0.30 per share to 31 accredited investors in a private placement, including several current members of the board of directors and one executive officer. Net proceeds to the Company from this private placement were approximately $4.2 million.

- -In August 1999, an outstanding liability of $25,000 was converted into 70,000 shares of common stock.

- -In July 2000, 190,076 shares of common stock were issued to certain corporate officers in lieu of a cash bonus.

b) WARRANTS

The Company, upon the acquisition of SBI, assumed 2,577,129 exercisable warrants to purchase common stock, all of which expired prior to or as of December 31, 1998. Of this amount, 72,571 were exercised in 1997 prior to their expiration.

Pursuant to the Company's private placement financing in May 1999, warrants to purchase an aggregate of 11,562,500 shares of common stock were issued at an exercise price of $0.30 per share with a term of five years. These warrants remain outstanding and are all exercisable as of December 31, 2000.

In June 2000, a five-year warrant to purchase 250,000 shares of common stock at an exercise price of $0.88 was issued to a communications firm for various consulting services. The warrant vests quarterly over the first year. As of December 31, 2000, 125,000 of these shares were exercisable. The Company recognized expense in 2000 of approximately $18,000 for this warrant grant, and will recognize a similar amount in 2001.

8. STOCK OPTIONS

The Company has a stock option plan for certain officers, directors and employees whereby 7,000,000 shares of common stock have been reserved for issuance. Options for 5,263,125 shares of common stock have been granted as of December 31, 2000 at prices equal to either the ten-day weighted average closing price, or the closing price of the stock at the date of the grant, and are exercisable and vest in a range substantially over a three-year period. The options expire either in five or ten years from the date of the grants.

The Company applies APB Opinion No. 25 and related interpretations in accounting for its plan. Accordingly, no compensation cost has been recognized for the plan. Had the compensation cost for the Company's plan been determined based on the fair value of the awards under the plan consistent with the method of SFAS No. 123 the Company's net loss, cumulative net loss, and basic net loss per common share would have been increased to the pro forma amounts indicated below:

	2000	1999	1998
Net loss			
As reported	$(3,437,195)	$(1,406,259)	$(2,659,415)
Pro forma	$(3,960,210)	$(1,713,693)	$(2,771,391)
Basic and diluted net loss per share			
As reported	$ (0.06)	$ (0.03)	$ (0.08)
Pro forma	$ (0.07)	$ (0.03)	$ (0.08)
Cumulative net loss			
As reported	$(15,639,672)	--	--
Pro forma	$(16,817,160)	--	--
Cumulative basic and diluted net loss per share			
As reported	$ (0.36)	--	--
Pro forma	$ (0.39)	--	--

8. STOCK OPTIONS (CONTINUED)

The weighted average fair value of the options at the date of the grant for options granted during 2000, 1999 and 1998 was $0.90, $0.33 and $0.44 was estimated using the Cox Rubinstein binomial model and the Black-Scholes option-pricing model with following weighted average assumptions:

	2000	1999	1998
Expected option life (years)	10	5	5
Risk free interest rate	6.03%	4.59%	5.05%
Expected stock price volatility	157.06%	238.08%	350.00%
Dividend yield	-	-	-

The following table summarizes the Company's stock option activity:

	2000	Weighted Average Exercise Price	1999	Weighted Average Exercise Price	1998	Weighted Average Exercise Price
Options outstanding, Beginning of period	4,973,125	$ 0.30	2,465,000	$ 0.37	250,000	$ 1.07
Options granted	510,000	$ 0.91	3,068,125	$ 0.24	2,225,000	$ 0.29
Options cancelled/expired	(220,000)	$ 1.00	(560,000)	$ 0.31	(10,000)	$ 0.29
Options exercised	-	$ -	-	$ -	-	$ -
Options outstanding, End of period	5,263,125	$ 0.33	4,973,125	$ 0.30	2,465,000	$ 0.37
Options exercisable, End of year	3,865,025	$ 0.28	2,117,113	$ 0.35	674,500	$ 0.60

8. STOCK OPTIONS (CONTINUED)

The following table summarizes information about stock options outstanding at December 31, 2000:

	Outstanding Options			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Avg. Remaining Contractual Life	Weighted Avg. Exercise Price	Number Outstanding	Weighted Avg. Exercise Price
$0.23	2,378,125	3.2 YEARS	$ 0.23	1,680,692	$ 0.23
$0.28 - $0.29	2,325,000	3.1 YEARS	$ 0.28	2,046,833	$ 0.28
$0.75 - $1.04	560,000	9.4 YEARS	$ 0.92	137,500	$ 0.96
	5,263,125			3,865,025	

9. RETIREMENT PLAN

In July 1998, the Company began offering a discretionary 401(k) Plan (the Plan) to all of its employees. Under the Plan, employees may defer income on a tax-exempt basis, subject to IRS limitation. Under the Plan the Company can make discretionary matching contributions. Company contributions expensed in 2000, 1999 and 1998 totaled $26,296, $23,899 and $21,799, respectively.

10. LEASE ARRANGEMENTS

The Company has entered into lease commitments for rental of its office space and laboratory facilities. The future minimum lease payments are:

2001	$ 89,401
2002	68,254
2003	57,239
THEREAFTER	-
	$ 214,894

Rent expense amounted to $82,069, $89,110 and $134,788 for the years ended December 31, 2000, 1999 and 1998, respectively. Effective September 16, 1999, the Company entered into a sublease agreement for its Atlanta office space under which the Company receives approximately $3,400 per month from the sub-tenant through September 14, 2002.

11. RELATED PARTY TRANSACTIONS

	2000	1999	1998
Management fees paid to a company controlled by a former member of management, who was also a shareholder and was a member of the Board of Directors	$ -	$ -	$ 94,200

Included in current liabilities are $379, $5,588, and $133,901 which represent amounts due to directors and officers of the Company as of December 31, 2000, 1999 and 1998, respectively.

Prior to the Amalgamation on December 6, 1996, the Company issued 20,000,000 shares of class A stock and 4,150,000 shares of class C stock for $0.0001 per shares. 17,000,000 of the class A shares were sold to a director of the Company. 1,050,000 of the class C shares were sold to the same director of the Company to be held by him in trust for the benefit of others; 500,000 of the class C shares were sold to a separate company controlled by a then officer of the Company; and 2,000,000 of the class C shares were sold to other directors of the Company.

The 20,000,000 class A shares and 4,150,000 class C shares were founder's shares and the terms under the authorization of these shares, provided for their conversion to common stock at $0.25 per share.

In May 1998, the Company and Avi Ben-Abraham, M.D., a director and a founder of the Company and the Company's then Chief Executive Officer and Chairman of the Board, entered into an agreement pursuant to which Dr. Ben-Abraham would relinquish his executive position and remain as a director of the Company. See Note 7.

In connection with the May 1999 private placement of 23,125,000 shares of common stock and warrants to purchase 11,562,500 shares of common stock, the Company's Chief Executive Officer purchased 250,000 shares of the common stock sold and warrants to purchase 125,000 shares of common stock. Three other individuals, who purchased either individually or through affiliated entities, an aggregate 10,250,000 shares of common stock and warrants to purchase 5,125,000 shares of common stock, became directors of the Company upon their acquisition of the shares or sometime later.

12. COMMITMENTS

UNIVERSITY OF CALIFORNIA LICENSE

The Company's license agreement with the University of California requires it to undertake various obligations, including:

- Payment of royalties to the University based on a percentage of the net sales of any products incorporating the licensed technology;

- Payment of minimum annual royalties on February 28 of each year beginning in the year 2004 in the amounts set forth below, to be credited against earned royalties, for the life of the agreement (2013);

Year	Minimum Annual Royalty Due
2004	$ 50,000
2005	100,000
2006	150,000
2007	200,000
2008	400,000
2009	600,000
2010	800,000
2011	1,500,000
2012	1,500,000
2013	1,500,000

- Development of products incorporating the licensed technology until a product is introduced to the market;

- Payment of the costs of patent prosecution and maintenance of the patents included in the agreement which for the year ended December 31, 2000 have amounted to $11,722 and which management estimates will equal approximately $15,000 per year;

12. COMMITMENTS (CONTINUED)

- Meeting performance milestones relating to:
  - Hiring or contracting with personnel to perform research and development, regulatory and other activities relating to the commercial launch of a proposed product;
  - Testing proposed products;
  - Obtaining government approvals;
  - Conducting clinical trials; and
  - Introducing products incorporating the licensed technology into the market.
- Entering into partnership or alliance arrangements or agreements with other entities regarding commercialization of the technology covered by the license.
- The Company has agreed to indemnify, hold harmless and defend the University of California and its affiliates, as designated in the license agreement, against any and all claims, suits, losses, damage, costs, fees and expenses resulting from or arising out of exercise of the license agreement, including but not limited to, any product liability claims.

ANTARES PHARMA, INC. LICENSE

The Company's license agreement with Antares Pharma, Inc. (formerly known as Permatec Technologie, AG) required the Company to make a $1.0 million upfront payment to Antares. The Company expects to fund the development of the products, make milestone payments and once regulatory approval to market is received, pay royalties on the sales of products.

The Company's sub-license agreement (of the Antares license) with Paladin Labs Inc. required Paladin to make an initial investment in the Company of $500,000 in the form of a convertible debenture. Paladin will also make milestone payments to the Company in the form of a series of equity investments at a 10 percent premium to the Company's market price at the time the equity investment is made. In addition, Paladin will pay the Company a royalty on sales of the sub-licensed products.

25,437,500 SHARES

[BIOSANTE PHARMACEUTICALS LOGO]

COMMON STOCK

PROSPECTUS

, 2001

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 24. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Delaware General Corporate Law and our certificate of incorporation provide that we will, under some situations, indemnify any director, officer, employee or agent of our company made or threatened to be made a party to a proceeding, by reason of the former or present official capacity of the person, against judgments, penalties, fines, settlements and reasonable expenses including attorney's fees, incurred by the person in connection with the proceeding if specified statutory standards are met. Any person also is entitled, subject to some limitations, to payment or reimbursement of reasonable expenses in advance of the final disposition of the proceeding. A proceeding means a threatened, pending or completed civil, criminal, administrative, arbitration or investigative proceeding, including one by or in the right of our company. Reference is made to Section 145 of the Delaware General Corporate Law for a full statement of these indemnification rights.

We also maintain a directors and officers insurance policy pursuant to which our directors and officers are insured against liability for actions in their capacity as directors and officers.

ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses payable by BioSante in connection with the issuance and distribution of the Shares being registered. All such expenses are estimated except for the SEC registration fee.

SEC registration fee	$ 5,088
Printing expenses	1,000
Fees and expenses of counsel for BioSante	40,000
Fees and expenses of accountants for BioSante	8,000
Blue sky fees and expenses	10,000
Miscellaneous	10,000
*Total	$ 74,088

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* None of the expenses listed above will be borne by the Selling Stockholders.

ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES.

Since January 1, 1997, BioSante has issued the following securities without registration under the Securities Act:

1. In January 1997, we issued: (1) an aggregate of 24,000 shares of common stock pursuant to the exercise of warrants issued prior to the Amalgamation, at an exercise price of $1.53 per share, for an aggregate payment of $36,720; (2) 377,135 shares of common stock (94,285 of such shares to Wagner-Bartak Holdings Inc. and 282,850 of such shares to an unaffiliated accredited investor) pursuant to the conversion of an aggregate of 377,135 class C stock, at a conversion price of $0.25 per share, for an aggregate payment of $94,283.75 to us; and (3) an aggregate of 28,571 shares of common stock pursuant to the exercise of warrants issued prior to the Amalgamation, at an exercise price of $1.28 per share, for an aggregate payment of $36,570.88.

2. In July 1997, we issued an aggregate of 20,000 shares of common stock pursuant to the exercise of warrants issued prior to the Amalgamation, at an exercise price of $1.28 per share for an aggregate payment of $25,500.

3. In December 1997, we issued an aggregate of 206,386 shares of common stock (106,386 of such shares to Wagner-Bartak Holdings Inc. and 100,000 of such shares to Marblegate Holdings Limited) pursuant to the conversion of an aggregate of 206,386 class C stock at a conversion price of $0.25 per share for an aggregate payment of $51,596.50.

4. In March 1998, we issued 30,000 shares of common stock to one accredited investor pursuant to the conversion of class C stock, at a conversion price of $0.25 per share for an aggregate payment of $7,500.

5. In May 1998, we issued 15,000,000 shares of common stock to Dr. Ben-Abraham pursuant to his conversion of class A stock at a conversion price of $0.25 per share for a payment of $3,750,000. In addition, Dr. Ben-Abraham returned 1,468,614 class A stock and 250,000 class C stock to our treasury for no consideration.

6. In June 1998, we issued an aggregate of 2,000,000 shares of common stock pursuant to the conversion of class A stock to two accredited investors, at a conversion price of $0.25 per share for an aggregate payment of $500,000.

7. In February 1999, we issued 10,000 shares of common stock to an accredited investor pursuant to the conversion of class C stock, at a conversion price of $0.25 per share, which was satisfied by the settlement of claims.

8. In May 1999, we issued an aggregate of 23,125,000 shares of common stock and warrants to purchase 11,562,500 shares of common stock at an exercise price of $0.30 per share to 31 accredited investors pursuant to a private placement of our stock for an aggregate payment of $4,372,500. Stephen Simes purchased 250,000 shares of common stock, Victor Morgenstern, including an affiliated Trust and a Partnership, purchased an aggregate of 2,500,000 shares of common stock, Fred Holubow purchased 250,000 shares of common stock and JO & Co. purchased 7,500,000 shares of common stock to which Ross Mangano has sole voting power.

9. In August 1999, an outstanding liability of $25,000 was converted into 70,000 shares of common stock to an accredited investor at approximately $.36 per share for executive placement services.

10. In March and June 2000, we issued 91,840 shares of common stock to accredited investors pursuant to the conversion of Class C stock, at a conversion price of $0.25 per share for an aggregate payment of $22,960.

11. In September 2000, we issued a $500,000 convertible debenture to Paladin Labs, Inc.

12. In July 2000, we issued an aggregate of 190,076 shares of common stock (163,859 shares to Stephen Simes and 26,217 shares to Phillip Donenberg) pursuant to the granting of common stock bonuses, in lieu of cash valued at $58,000.

13. In July 2000, we issued 28,341 shares of common stock to an accredited investor pursuant to the conversion of Class C stock, at a conversion price of $0.25 per share for a payment of $7,085.25.

14. In April 2001, we issued an aggregate of 9,250,000 shares of our common stock and warrants to purchase an aggregate of 4,625,000 shares of our common stock for $0.40 per unit, each unit consisting of one share of common stock and a warrant to purchase 0.50 shares of our common stock, for an aggregate purchase price of $3,700,000, to 49 accredited investors, including certain existing stockholders, directors and officers. Stephen Simes purchased 125,000 shares of common stock and a warrant to purchase 62,500 shares of common stock, Leah Lehman purchased 375,000 shares of common stock and a warrant to purchase 187,500 shares of common stock, Fred Holubow purchased 125,000 shares of common stock and a warrant to purchase 62,500 shares of common stock, Victor Morgenstern, including an affiliated trust and his wife, purchased an aggregate of 750,000 shares of common stock and warrants to purchase an aggregate of 375,000 shares of common stock, Phillip Donenberg and John Lee, each purchased 12,500 shares of common stock and a warrant to purchase 6,250 shares of common stock, Steve Bell purchased 3,750 shares of common stock and a warrant to purchase 1,875 shares of common stock, and Ross Mangano, as a trustee and investment advisor purchased an aggregate of 2,250,001 shares of common stock and warrant to purchase an aggregate of 1,124,999 shares of common stock.

No underwriting commissions or discounts were paid with respect to the sales of the unregistered securities described above. In addition, all of the above sales were made in reliance on either Section 4(2) of the Securities Act as transactions by an issuer not involving any public offering or Regulation D of the Securities Act. In all such transactions, certain inquiries were made by BioSante to establish that such sales qualified for such exemption from the registration requirements. In particular, BioSante confirmed that with respect to the exemption claimed under Section 4(2) of the Securities Act (i) all offers of sales and sales were made by personal contact from officers and directors of BioSante or other persons closely associated with BioSante, (ii) each investor made representations that he or she was sophisticated in relation to this investment (and BioSante has no reason to believe that such representations were incorrect), (iii) each purchaser gave assurance of investment intent and the certificates for the shares bear a legend accordingly, and (iv) offers and sales within any offering were made to a limited number of persons.

ITEM 28. UNDERTAKINGS.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the

securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form SB-2 and authorized this registration statement on Form SB-2 to be signed on its behalf by the undersigned, thereunto duly authorized in City of Lincolnshire, State of Illinois.

Dated: June 27, 2001 BIOSANTE PHARMACEUTICALS, INC.

By /s/ Stephen M. Simes

Stephen M. Simes
Vice Chairman, President and Chief Executive Officer

By /s/ Phillip B. Donenberg

Phillip B. Donenberg
Chief Financial Officer, Treasurer and Secretary

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Stephen M. Simes and Phillip B. Donenberg, and either of them, his or her true and lawful attorney-in-fact and agent with full powers of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this registration statement on Form SB-2 has been signed by the following persons in the capacities indicated, on June 27, 2001.

NAME AND SIGNATURE	TITLE
/s/ Stephen M. Simes - --- Stephen M. Simes	Vice Chairman, President and Chief Executive Officer (Principal Executive Officer)
/s/ Phillip B. Donenberg - --- Phillip B. Donenberg	Chief Financial Officer, Treasurer and Secretary (Principal Financial and Accounting Officer)
/s/ Louis W. Sullivan, M.D. - --- Louis W. Sullivan, M.D.	Chairman of the Board

/s/ Edward C. Rosenow, III, M.D.	Director
Edward C. Rosenow, III, M.D.	
/s/ Victor Morgenstern	Director
Victor Morgenstern	
/s/ Ross Mangano	Director
Ross Mangano	
/s/ Peter Kjaer	Director
Peter Kjaer	
/s/ Fred Holubow	Director
Fred Holubow	
/s/ Angela Ho	Director
Angela Ho	
	Director
Avi Ben-Abraham, M.D.	

BIOSANTE PHARMACEUTICALS, INC.
REGISTRATION STATEMENT ON FORM SB-2
EXHIBIT INDEX

EXHIBIT NO.	EXHIBIT	METHOD OF FILING
2.1	Arrangement Agreement, dated October 23, 1996, between Structured Biologicals Inc. and BioSante Pharmaceuticals, Inc.	Incorporated by reference to Exhibit 2.1 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
3.1	Amended and Restated Certificate of Incorporation of BioSante Pharmaceuticals, Inc.....	Filed herewith electronically
3.2	Bylaws of BioSante Pharmaceuticals, Inc.....	Filed herewith electronically
4.1	Form of Warrant issued in connection with May 1999 Private Placement.....	Incorporated by reference to Exhibit 4.1 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
4.2	Form of Warrant issued in connection with April 2001 Private Placement.....	Filed herewith electronically
5.1	Opinion of Oppenheimer Wolff & Donnelly LLP.....	Filed herewith electronically
10.1	License Agreement, dated June 18, 1997, between BioSante Pharmaceuticals, Inc. and The Regents of the University of California (1).....	Incorporated by reference to Exhibit 10.1 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)

10.2	Amendment to License Agreement, dated October 26, 1999, between BioSante Pharmaceuticals, Inc. and the Regents of the University of California (1).....	Incorporated by reference to Exhibit 10.2 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.3	Amended and Restated 1998 Stock Option Plan.....	Filed herewith electronically
10.4	Stock Option Agreement, dated December 7, 1997, between BioSante Pharmaceuticals, Inc. and Edward C. Rosenow, III, M.D.....	Incorporated by reference to Exhibit 10.5 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.5	Stock Option Agreement, dated December 8, 1998, between BioSante Pharmaceuticals, Inc. and Stephen M. Simes.....	Incorporated by reference to Exhibit 10.6 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.6	Stock Option Agreement, dated December 8, 1998, between BioSante Pharmaceuticals, Inc. and Stephen M. Simes.....	Incorporated by reference to Exhibit 10.7 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.7	Stock Option Agreement, dated March 30, 1999, between BioSante Pharmaceuticals, Inc. and Stephen M. Simes.....	Incorporated by reference to Exhibit 10.8 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)

10.8	Escrow Agreement, dated December 5, 1996, among BioSante Pharmaceuticals, Inc., Montreal Trust Company of Canada, as Escrow Agent, and certain stockholders of BioSante Pharmaceuticals, Inc....	Incorporated by reference to Exhibit 10.9 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.9	Voting Agreements, dated May 6, 1999, between BioSante Pharmaceuticals, Inc., Avi Ben-Abraham, M.D. and certain stockholders of BioSante Pharmaceuticals, Inc.....	Incorporated by reference to Exhibit 10.11 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.10	Shareholders' Agreement, dated May 6, 1999, between BioSante Pharmaceuticals, Inc., Avi Ben-Abraham, M.D. and certain stockholders of BioSante Pharmaceuticals, Inc.....	Incorporated by reference to Exhibit 10.12 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.11	Registration Rights Agreement, dated May 6, 1999, between BioSante Pharmaceuticals, Inc. and certain stockholders of BioSante Pharmaceuticals, Inc.	Incorporated by reference to Exhibit 10.13 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.12	Securities Purchase Agreement, dated May 6, 1999, between BioSante Pharmaceuticals, Inc. and certain stockholders of BioSante Pharmaceuticals, Inc.	Incorporated by reference to Exhibit 10.14 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.13	Lease, dated September 15, 1997, between BioSante Pharmaceuticals, Inc. and Highlands Park Associates.....	Incorporated by reference to Exhibit 10.15 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.14	Employment Agreement, dated January 21, 1998, between BioSante Pharmaceuticals, Inc. and Stephen M. Simes, as amended.....	Incorporated by reference to Exhibit 10.16 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.15	Employment Agreement, dated June 11, 1998, between BioSante Pharmaceuticals, Inc. and Phillip B. Donenberg, as amended.....	Incorporated by reference to Exhibit 10.17 contained in BioSante's Registration Statement on Form 10-SB, as amended (File No. 0-28637)
10.16	License Agreement, dated June 13, 2000, between Permatec Technologie, AG and BioSante Pharmaceuticals, Inc. (1).....	Incorporated by reference to Exhibit 10.1 contained in BioSante's Current Report on Form 8-K on July 11, 2000 (File No. 0-28637)
10.17	Supply Agreement, dated June 13, 2000, between Permatec Technologie, AG and BioSante Pharmaceuticals, Inc. (1).....	Incorporated by reference to Exhibit 10.2 contained in BioSante's Current Report on Form 8-K on July 11, 2000 (File No. 0-28637)
10.18	Employment Agreement, dated August 1, 2000, between BioSante Pharmaceuticals, Inc. and John E. Lee.....	Incorporated by reference to Exhibit 10.18 contained in BioSante's Annual Report on Form 10-KSB on March 30, 2001 (File No. 0-28637)

10.19	Employment Agreement, dated 15, 2000, between BioSante Pharmaceuticals, Inc. and Leah M. Lehman, Ph.D.....	Incorporated by reference to Exhibit 10.19 contained in BioSante's Annual Report on Form 10-KSB on March 30, 2001 (File No. 0-28637)
10.20	Form of Subscription Agreement in connection with the April 2001 Private Placement.....	Filed herewith electronically
23.1	Consent of Deloitte & Touche LLP.....	Filed herewith electronically
23.2	Consent of Deloitte & Touche LLP (Cananda).....	Filed herewith electronically
23.3	Consent of Oppenheimer Wolff & Donnelly LLP (included in Exhibit 5.1).....	Filed herewith electronically
24.1	Power of Attorney (Included on page II-5).....	Filed herewith electronically

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(1) Confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended has been granted with respect to designated portions of this document.

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF BIOSANTE PHARMACEUTICALS, INC.

BioSante Pharmaceuticals, Inc., a Delaware corporation, hereby certifies as follows:

The Certificate of Incorporation of BioSante Pharmaceuticals, Inc. (the "Corporation") was filed in the office of the Secretary of State of the State of Delaware on April 11, 2001, and is hereby amended and restated pursuant to Section 242 and Section 245 of the Delaware General Corporation Law. All amendments to the Certificate of Incorporation reflected herein have been duly proposed by the Board of Directors of the Corporation in accordance with the provisions of such Sections.

This amended and restated certificate of incorporation restates and further amends and restates the certificate of incorporation of the corporation currently on file with the secretary of state of the state of Delaware. The text of the certificate of incorporation is hereby amended in its entirety to read as herein set forth:

ARTICLE I

The name of the Corporation is BioSante Pharmaceuticals, Inc.

ARTICLE II

The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent is The Corporation Trust Corporation.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation law of Delaware (the "DGCL").

ARTICLE IV

The aggregate number of shares of stock which the Corporation shall have authority to issue is One Hundred Fourteen Million Six Hundred Eighty-Seven Thousand Six Hundred Eighty-Four (114,687,684) shares, consisting of One Hundred Million (100,000,000) shares of common stock, $0.0001 par value (the "COMMON STOCK"), Four Million Six Hundred Eighty-Seven Thousand Six Hundred Eighty-Four (4,687,684) shares of class C special stock, $0.0001 par value (the "CLASS C SPECIAL STOCK"), and Ten Million (10,000,000) shares of preferred stock, $0.0001 par value (the "PREFERRED STOCK"). Shares of Preferred Stock of the Corporation may be issued from time to time in one or more series, each of which series shall have such distinctive designation or title and such number of shares as shall be fixed by the Board of Directors prior to the issuance of any shares thereof. Each such series of Preferred Stock shall have such voting powers, full or limited, or no voting powers, and such preferences and relative, participating,

optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue of such series of Preferred Stock as may be adopted from time to time by the Board of Directors prior to the issuance of any shares thereof pursuant to the authority hereby expressly vested in it. The Board of Directors is further authorized to increase or decrease (but not below the number of shares then outstanding) the number of shares of any series of Preferred Stock subsequent to the issuance of shares of that series. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status of which they had prior to the adoption of the resolution originally fixing the number of shares of such series. Except as provided in the resolution or resolutions of the Board of Directors creating any series of Preferred Stock and in Section 2 of this Article IV, the shares of Common Stock shall have the exclusive right to vote for the election and removal of directors and for all other purposes.

The relative rights, preferences and privileges of the Common Stock and the Class C Special Stock shall be as follows:

1. DIVIDEND RIGHTS

(a) DIVIDEND RIGHTS OF COMMON STOCK

The holders of the Common Stock, shall be entitled to receive dividends as and when declared by the directors from time to time out of moneys of the Corporation properly applicable to the payment of dividends and the amount per share of each such dividend shall be determined by the directors of the Corporation at the time of declaration.

(b) DIVIDEND RIGHTS OF CLASS C SPECIAL STOCK

The holders of the Class C Special Stock shall not be entitled to receive any dividends.

2. VOTING RIGHTS

(a) VOTING OF COMMON STOCK

Subject to the provisions of the DGCL, the holders of the Common Stock shall be entitled to receive notice of and to attend all meetings of the stockholders of the Corporation and shall be entitled to vote at all meetings of stockholders, except meetings at which only holders of another class of shares are entitled to vote. Each share of Common Stock shall entitle the holder thereof to one vote.

(b) VOTING OF CLASS C SPECIAL STOCK

Subject to the provisions of the DGCL, the holders of the Class C Special Stock shall be entitled to receive notice of and to attend all meetings of the stockholders of the Corporation and shall be entitled to vote at all meetings of stockholders, except meetings at which only holders of

another class of shares are entitled to vote. Each Class C share shall entitle the holder thereof to one vote.

3. PURCHASE RIGHTS

(a) COMMON STOCK PURCHASE RIGHTS OF CLASS C SPECIAL STOCK

A holder of Class C Special Stock shall be entitled, in accordance with the provisions hereof, to acquire Common Stock of the Corporation as the same may then be constituted by tendering any of the Class C Special Stock held and registered in such holder's name together with $0.25 per share (the "Common Stock Purchase Price") on the basis of one Common Stock for each share of Class C Special Stock and $0.25. The purchase right herein provided shall be exercised by notice in writing given to the Corporation which notice shall specify the number of shares of Class C Special Stock that the holder desires to have applied to the purchase price of Common Stock. If any shares of Class C Special Stock are applied to the purchase of Common Stock pursuant to this paragraph, the holder of such shares of Class C Special Stock shall surrender the certificate or certificates representing the shares of Class C Special Stock so applied to the registered office of the Corporation, or to the transfer agent of the Corporation at the time of purchase together with cash or a certified cheque in the amount of $0.25 per share of Common Stock being acquired, and the Corporation shall thereupon issue to such holder certificates representing the number of shares of Common Stock to which the holder became entitled upon such purchase.

4. ADJUSTMENT OF PURCHASE RIGHTS AND CONVERSION RIGHTS

(a) In case of any reclassification or redesignation of the Common Stock (hereinafter referred to in this subsection 4(a) as the "Shares") or change of the Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other body corporate (other than a consolidation, amalgamation or merger which does not result in any reclassification or redesignation of the outstanding Shares or a change of the Shares into other shares), or in the case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, the holder of any shares of Class C Special Stock who thereafter shall exercise such holder's right to purchase Shares pursuant to Section 3 hereof shall be entitled to receive, and shall accept, in lieu of the number of Shares to which such holder was theretofore entitled upon such exercise of such right to purchase or convert, as the case may be, the kind and amount of Shares which such holder would have been entitled to receive as a result of such reclassification, redesignation, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, such holder had been the registered holder of the number of Shares to which such holder was

theretofore entitled upon exercising such holder's right to purchase or convert, as the case may be. The subdivision or consolidation of Shares at anytime outstanding into a greater or lesser number of Shares shall be deemed not to be a reclassification of the capital of the Corporation for the purposes of this paragraph 4(a).

(b) If and whenever the Shares shall be subdivided into a greater or consolidated into a lesser number of Shares, or the Corporation shall issue Shares (or securities exchangeable for or convertible into Shares) to the holders of all or substantially all of the outstanding Shares by way of a dividend or other distribution of Shares (or securities exchangeable for or convertible into Shares), any holder of shares of Class C Special Stock who has not exercised such holder's right of purchase pursuant to Section 3 hereof on or prior to the effective date or record date, as the case may be of such subdivision, consolidation, dividend or other distribution, upon the exercise of such right thereafter, shall be entitled to receive, and shall accept, in lieu of the number of Shares to which such holder was theretofore entitled upon such exercise of such right to purchase or convert (and, in the case of a purchase of Shares pursuant to Section 3 hereto, at the Common Stock Purchase Price adjusted in accordance with subsection 5(a) hereof), the aggregate number of Shares that such holder would have been entitled to receive as a result of such subdivision, consolidation, dividend or other distribution as if, on such record date or effective date, as the case may be, such holder had been the registered holder of the number of Shares to which such holder was theretofore entitled upon such exercise of such right to purchase or convert, as the case may be.

5. ADJUSTMENT OF PURCHASE PRICE

If the Corporation shall:

(a) subdivide its outstanding Common Stock (hereinafter referred to in this paragraph 5 as the "Shares") into a greater number of shares,

(b) consolidate the outstanding Shares into a lesser number of shares, or

(c) issue Shares or securities exchangeable for or convertible into Shares ("convertible securities") to the holders of all or substantially all of the outstanding Shares by way of a dividend or distribution of Shares or securities convertible into Shares (other than the issue of Shares or convertible securities as dividends paid in the ordinary course),

the Common Stock Purchase Price shall, on the effective date of such subdivision or consolidation or on the record date of such dividend or other distribution, as the case may be, be adjusted by multiplying the

Common Stock Purchase Price in effect immediately prior to such subdivision, consolidation, dividend or other distribution by a fraction, the numerator of which is the number of outstanding Shares before giving effect to such subdivision, consolidation or stock dividend and the denominator of which is the number of outstanding Shares after giving effect to such subdivision, consolidation, dividend or other distribution (including in the case where convertible securities are distributed, the number of Shares that would have been outstanding had such securities been exchanged for or converted into Shares on such record date). Such adjustment shall be made successively whenever any event referred to in this Section 5 shall occur.

6. DISTRIBUTION RIGHTS ON LIQUIDATION

If the Corporation is liquidated, dissolved or wound-up or its assets are otherwise distributed among the stockholders by way of repayment of capital, whether voluntary or involuntary and subject to the rights, privileges, and conditions attaching to any series of preference shares of the Corporation:

(a) the holders of the Common Stock shall be entitled to share, equally share for share, in the distribution of the remaining assets of the Corporation; and

(b) the holders of the Class C Special Stock shall not be entitled to share in the remaining assets of the Corporation.

ARTICLE V

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the bylaws of the Corporation, subject to the voting rights of any series of Preferred Stock.

ARTICLE VI

The Corporation shall indemnify, to the fullest extent authorized or permitted by law, as the same exists or may hereafter be amended, any person who was or is made or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of any other company, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise; provided, however, that the Corporation shall not indemnify any director or officer in connection with any action by such director or officer against the Corporation unless the Corporation shall have consented to such action. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification to employees and agents of the Corporation similar to those conferred in this Article VI to directors and officers of the Corporation. No amendment or repeal of this

Article VI shall apply to or have any effect on any right to indemnification provided hereunder with respect to any acts or omission occurring prior to such amendment or repeal.

ARTICLE VII

No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such a director as a director, except to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which such director derived an improper personal benefit. If the General Corporation Law of Delaware is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of Delaware as so amended. No amendment to or repeal of this Article VII shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

ARTICLE VIII

The Corporation reserves the right to amend, alter, change, or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE IX

Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

IN WITNESS WHEREOF, the undersigned signatures shall constitute the affirmation or acknowledgment of the signatory, under penalties of perjury, that the instrument is the signatory's act and deed and that the facts stated herein are true.

Dated: June 26, 2001 BIOSANTE PHARMACEUTICALS, INC.,

By: /s/ STEPHEN M. SIMES

Stephen M. Simes
Its: President and Chief Executive Officer

ATTEST:

By: /s/ PHILLIP B. DONENBERG

Phillip B. Donenberg
Its: Secretary

BYLAWS
OF
BIOSANTE PHARMACEUTICALS, INC.
A DELAWARE CORPORATION
(the "Corporation")

ARTICLE I.
OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. OTHER OFFICES. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II.
MEETINGS OF STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2. ANNUAL MEETINGS. The annual meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting.

SECTION 3. SPECIAL MEETINGS. Unless otherwise prescribed by law or by the Certificate of Incorporation, special meetings of stockholders, for any purpose or purposes, may be called by either (i) the Chairman, if there be one, (ii) the President and Chief Executive Officer, (iii) the Chief Financial Officer, or (iv) the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. At a special meeting no business shall be transacted and no corporate action shall be taken other than that stated in the notice of the meeting.

SECTION 4. NOTICE. Written or printed notice of every annual or special meeting of the stockholders, stating the place, date, time, and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten (10), nor more than sixty (60), days before the date of the meeting.

SECTION 5. QUORUM AND ADJOURNMENT. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If,

however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

SECTION 6. VOTING. Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote. Each stockholder represented at a meeting of stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote held by such stockholder, except as provided in the Certificate of Incorporation or a resolution of the Board of Directors fixing rights and preferences of a class or series established by the Board of Directors. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three (3) years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his or her discretion, may require that any votes cast at such meeting shall be cast by written ballot.

SECTION 7. RECORD DATE OF STOCKHOLDERS. The Board of Directors is authorized to fix in advance a date not exceeding sixty (60) days nor less than ten (10) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of stockholders for any purposes, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and, in such case, such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation, after such record date fixed as aforesaid.

SECTION 8. CONSENT OF STOCKHOLDERS IN LIEU OF MEETING. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the Corporation, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

SECTION 9. VOTING LIST. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of

stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

SECTION 10. STOCK LEDGER. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 10 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 11. CONDUCT OF MEETINGS. The Chairman, or, if there be no Chairman or in his or her absence, the Vice Chairman or any other officer designated by the Board of Directors or the Chairman, shall preside at all regular or special meetings of stockholders. To the maximum extent permitted by law, such presiding person shall have the power to set procedural rules, including but not limited to rules respecting the time allotted to stockholders to speak, governing all aspects of the conduct of such meetings.

SECTION 12. BUSINESS TO BE CONDUCTED.

(a) At any annual meeting of stockholders, only such business shall be conducted, and only such proposals shall be acted on, as are properly brought before the meeting. In order for business to be properly brought before the meeting, the business must be either (1) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (2) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (3) otherwise properly brought before the meeting by a stockholder who is entitled to vote at the meeting and who complies with the notice procedure set forth in this Section 12. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the date that the Corporation first released or mailed its proxy statement to stockholders in connection with the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or the anniversary date of the immediately preceding annual meeting of stockholders, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs. To be in proper written form, a stockholder's notice to the Secretary must set

forth as to each matter such stockholder proposes to bring before the annual meeting (1) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (2) the name and record address of such stockholder, (3) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (4) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (5) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

(b) Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 12 of Article II; provided, however, that nothing in this Section 12 of Article II shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting.

(c) The Chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 12 of Article II, and if the Chairman should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(d) At any special meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting by or at the direction of the Board of Directors.

SECTION 13. STOCKHOLDER NOMINATION OF DIRECTORS. Any stockholder who intends to make a nomination of one or more persons for election to the Board of Directors of the Corporation shall have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the date that the Corporation first released or mailed its proxy statement to stockholders in connection with the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after the anniversary date of the immediately preceding annual meeting of stockholders, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs. Such stockholders' notice shall set forth (A) as to each nominee whom the stockholder proposes to nominate for election or reelection as a director, (1) the name, age, business address and residence address of the nominee, (2) the principal occupation or employment of the nominee, (3) the class and number of shares of capital stock of the Corporation which are beneficially owned by the nominee and (4) any other information concerning the nominee that would be required, under the rules of the Securities and Exchange Commission, in a proxy statement

soliciting proxies of the election of such nominee; and (B) as to the stockholder giving the notice, (1) the name and record address of the stockholder, (2) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder (3) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (4) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (5) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice shall include a signed consent to serve as a director of the Corporation, if elected, of each such nominee. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

ARTICLE III.
DIRECTORS

SECTION 1. NUMBER AND TERM OF OFFICE. The number of directors which will constitute the whole board will be at least one, or such other number as may be determined by the Board of Directors or by the stockholders at an annual or special meeting. Except as otherwise permitted by statute, the directors will be elected at each annual meeting of the Company's stockholders (or at any special meeting of the stockholders called for that purpose) by a majority of the voting power of the shares represented and voting, and each director will be elected to serve until the next annual meeting of the stockholders and thereafter until a successor is duly elected and qualified, unless a prior vacancy will occur by reason of death, resignation, or removal for office. Directors will be natural persons, but need not be stockholders.

SECTION 2. REMOVAL AND RESIGNATION OF DIRECTORS. Any director may be removed from the Board of Directors, with or without cause, by the holders of a majority of the shares of capital stock entitled to vote, either by written consent or consents or at any special meeting of the stockholders called for that purpose, and the office of such director shall forthwith become vacant. Any director may resign at any time. Such resignation shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless so specified therein.

SECTION 3. VACANCIES. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, increase in the number of directors or otherwise, a majority of the remaining directors, although less than a quorum, at a meeting called for that purpose, or a sole remaining director, may choose a successor, for the unexpired term in respect of which such vacancy occurred or until a successor is duly elected and qualified, or until such director's earlier resignation or removal.

SECTION 4. DUTIES AND POWERS. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the

Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

SECTION 5. MEETINGS. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called (i) by the Chairman, if there be one, or the President and Chief Executive Officer on twenty-four (24) hours' notice or (ii) any director on ten (10) days' notice, to each director, either personally, or by mail, telephone, facsimile, e-mail or telegram. Every such notice shall state the date, time and place of the meeting. Notice of a meeting called by a person other than the Chairman or the President and Chief Executive Officer shall state the purpose of the meeting.

SECTION 6. QUORUM. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 7. ACTIONS OF BOARD. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 8. PARTICIPATION BY ELECTRONIC COMMUNICATIONS. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 8 shall constitute presence in person at such meeting.

SECTION 9. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the Board of Directors, designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the Corporation. The Board of Directors may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act

at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board if Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

SECTION 10. COMPENSATION. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 11. CONDUCT OF MEETINGS. The Chairman, or, if there be no Chairman or in his or her absence, the Vice Chairman or any other officer designated by the Board of Directors, shall preside at all meetings of the Board of Directors. The Secretary shall act as secretary of all meetings of the Board of Directors, and in his or her absence any person appointed by the Chairman shall act as secretary.

SECTION 12. CHAIRMAN OF THE BOARD. The Board of Directors shall, from time to time, elect one of the directors to serve as Chairman of the Board (the "Chairman"). The Chairman of the Board will be considered an officer of the Corporation and will have such duties as the Board of Directors will determine.

SECTION 13. VICE CHAIRMAN OF THE BOARD. The Board of Directors shall, from time to time, elect one of the directors to serve as Vice Chairman of the Board (the "Vice Chairman"). The Vice Chairman of the Board will be considered an officer of the Corporation and will have such duties as the Board of Directors will determine.

ARTICLE IV.
OFFICERS

SECTION 1. GENERAL. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President and Chief Executive Officer, a Secretary and a Chief Financial Officer. The Board of Directors, in its discretion, may also choose a Chairman of the Board of Directors (who must be a director) and one (1) or more Vice Presidents, Assistant Secretaries, Assistant Financial Officers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

SECTION 2. ELECTION. The Board of Directors at its first meeting held after each annual meeting of stockholders shall elect the officers of the Corporation, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal.

SECTION 3. REMOVAL AND RESIGNATION. Any officer of the Corporation may be removed from office, with or without cause, by a vote of a majority of the Board of Directors. Any officer of the Corporation may resign at any time. Such resignation shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless so specified therein. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

SECTION 4. COMPENSATION. The compensation of the officers of the Corporation shall be fixed by the Board of Directors, or any committee upon whom power in that regard may be conferred by the Board of Directors.

SECTION 5. VOTING SECURITIES OWNED BY THE CORPORATION. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President and Chief Executive Officer, the Chief Financial Officer or any Vice President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

SECTION 6. PRESIDENT AND CHIEF EXECUTIVE OFFICER. The President and Chief Executive Officer shall be the chief executive officer of the Corporation, shall have general active management of the business of the Corporation, shall see that all orders and resolutions of the Board of Directors are carried into effect and shall have and exercise all such powers and discharge such duties as usually pertain to the office of President, except to the extent otherwise provided by resolution of the Board of Directors. In the absence or disability of the Chairman of the Board, or there be none, the President and Chief Executive Officer shall preside at all meetings of the stockholders and Board of Directors. Except as otherwise prescribed by these Bylaws or the Board of Directors, the President and Chief Executive Officer shall prescribe the duties of other officers.

SECTION 7. VICE PRESIDENTS. The Vice President or the Vice Presidents if there is more than one (1) (in the order designated by the Board of Directors) shall, at the request of the President and Chief Executive Officer or in his or her absence or in the event of his or her inability or refusal to act (and if there be no Chairman of the Board of Directors), perform the duties of the President and Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and Chief Executive Officer. Each Vice President shall perform such other duties and have such other powers as the Board of Directors from time to time may prescribe.

SECTION 8. SECRETARY. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or

books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President and Chief Executive Officer, under whose supervision he or she shall be.

SECTION 9. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Chief Executive Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his or her transactions as Chief Financial Officer and of the financial condition of the Corporation. If required by the Board of Directors, the Chief Financial Officer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

SECTION 10. ASSISTANT SECRETARIES. Except as may be otherwise provided in these Bylaws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President and Chief Executive Officer, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his or her disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

SECTION 11. ASSISTANT FINANCIAL OFFICERS. Assistant Financial Officers, if there be any; shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the President and Chief Executive Officer, any Vice President, if there be one, or the Chief Financial Officer, and in the absence of the Chief Financial Officer or in the event of his or her disability or refusal to act, shall perform the duties of the Chief Financial Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Financial Officer. If required by the Board of Directors, an Assistant Financial Officers shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from or her office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

SECTION 12. OTHER OFFICERS. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by

the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V.
STOCK

SECTION 1. FORM OF CERTIFICATES. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President and Chief Executive Officer or a Vice President and (ii) by the Chief Financial Officer or an Assistant Financial Officer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him, her or it in the Corporation.

SECTION 2. SIGNATURES. Where a certificate is countersigned by (i) a transfer agent other than the Corporation or its employee, or (ii) a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he, she or it were such officer, transfer agent or registrar at the date of issue.

SECTION 3. LOST CERTIFICATES. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his, her or its legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 4. TRANSFERS. Stock of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his, her or its attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued.

SECTION 5. BENEFICIAL OWNERS. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI.
NOTICES

SECTION 1. WAIVERS OF NOTICE. Any director, member of a committee or stockholder may at any time waive any notice required to be given by law, the Certificate of Incorporation or these Bylaws, by a writing signed by such person or persons entitled to said notice. If any director, member of a committee or stockholder shall be present at any meeting, his or her presence shall constitute a waiver of such notice.

SECTION 2. NOTICES. Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his or her address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by facsimile, telegram, telex, e-mail or cable and will be deemed given when delivered or transmitted.

ARTICLE VII.
GENERAL PROVISIONS

SECTION 1. DIVIDENDS. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

SECTION 2. DISBURSEMENTS. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3. FISCAL YEAR. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 4. CORPORATE SEAL. The Corporation may, but need not, have a corporate seal. In the event the Corporation has a seal, the seal need not be affixed for any contract, resolution or other document executed by or on behalf of the Corporation to be valid and duly authorized.

ARTICLE VIII.
INDEMNIFICATION

SECTION 1. RIGHT TO INDEMNIFICATION. The Corporation shall indemnify any and all of its directors or officers, including former directors or officers, and any employee, who shall serve

as an officer or director of any corporation at the request of this Corporation, to the fullest extent permitted under and in accordance with the laws of the State of Delaware.

SECTION 2. NONEXCLUSIVITY OF RIGHTS. The indemnification rights conferred on any person under this Article VIII and the laws of the State of Delaware shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation or these Bylaws, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

SECTION 3. AMENDMENT OR REPEAL. Any repeal or modification of the foregoing provision of this Article VIII shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE IX.
AMENDMENTS

The Board of Directors shall have the power to make, rescind, alter, amend and repeal these By-laws, provided, however, that the stockholders shall have power to rescind, alter, amend or repeal any by-laws made by the Board of Directors, and to enact by-laws which if so expressed shall not be rescinded, altered, amended or repealed by the Board of Directors.

Dated: April 11, 2001

FORM OF WARRANT

Warrant to Purchase Up To
_____ Shares Of Common Stock of
BioSante Pharmaceuticals, Inc.

THIS CERTIFIES that, for value received, _____ ("Investor") or any transferee of Investor (Investor or such transferee being hereinafter referred to as the "Holder"), is entitled, upon the terms and subject to the conditions hereinafter set forth, to purchase from BioSante Pharmaceuticals, Inc., a Wyoming corporation (the "Company"), that number of fully paid and nonassessable shares of common stock, no par value (the "Warrant Shares") of the Company (the "Common Stock") at the purchase price per share as set forth in Section 1 below (the "Exercise Price"). The number of Warrant Shares purchasable and Exercise Price are subject to adjustment as provided in Section 10 hereof.

1. NUMBER OF WARRANT SHARES; EXERCISE PRICE; TERM.

(a) Subject to adjustments as provided herein, the Holder of this Warrant may, at the Holder's option, exercise this Warrant in whole at any time or in part from time to time for _____ (_____) Warrant Shares at an Exercise Price of $0.625 per Warrant Share.

(b) Subject to the terms and conditions set forth herein, this Warrant and all rights and options hereunder shall expire at 5:00 p.m. central standard time on _____, 2006. This Warrant and all options and rights hereunder shall be wholly void to the extent this Warrant is not exercised before it expires.

2. TRANSFERABILITY OF WARRANT. The Warrant and all rights hereunder are not transferable, in whole or in part.

3. EXERCISE OF WARRANT. The Warrant is exercisable by the Holder, in whole or in part, at any time, or from time to time, during the term hereof as described in Section l above, by the surrender of the Warrant and the Notice of Exercise annexed hereto duly completed and executed on behalf of the Holder hereof, at the office of the Company in Lincolnshire, Illinois (or such other office or agency of the Company as it may designate by notice in writing to the Holder hereof at the address of the Holder appearing on the books of the Company), and subject to Section 4 hereof, upon payment of the Exercise Price in cash or check, whereupon the Holder of the Warrant shall be entitled to receive shares of Common Stock of the Company for the number of Warrant Shares so purchased and, if the Warrant is exercised for fewer than all of the Warrant Shares, a new Warrant representing the right to acquire the number of Warrant Shares in respect of which this Warrant shall not have been exercised. Notwithstanding the foregoing, payment of the Exercise Price may also be made by (a) delivering shares of Common Stock already owned by the Holder having a total Fair Market Value (as defined in Section 4) on the date of delivery equal to the aggregate Exercise Price; (b) authorizing the Company to return Warrant Shares which would otherwise be issuable upon exercise of this Warrant having a total Fair Market Value on the date of exercise equal to the aggregate Exercise Price; or (c) any combination of the foregoing. The Company agrees that, upon exercise of the Warrant in

accordance with the terms hereof, the Warrant Shares so purchased shall be deemed to be issued to the Holder as the record owner of such Warrant Shares as of the close of business on the date on which the Warrant shall have been exercised.

Certificates for Warrant Shares purchased hereunder and, on exercise of fewer than all of the Warrant Shares purchasable hereunder, a new Warrant representing the right to acquire Warrant Shares not so purchased shall be delivered to the Holder hereof as promptly as practicable after the date on which the Warrant shall have been exercised.

The Company covenants that all Warrant Shares which may be issued upon the exercise of the Warrant shall, upon exercise of the Warrant and payment of the Exercise Price, be fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein).

4. NO FRACTIONAL WARRANT SHARES OR SCRIP. No fractional Warrant Shares or scrip representing fractional shares shall be issued upon the exercise of the Warrant. In lieu of any fractional Warrant Share to which the Holder would otherwise be entitled, such Holder shall be entitled, at its option, to receive either (a) a cash payment equal to the excess of Fair Market Value (as defined herein) for such fractional Warrant Share above the Exercise Price for such fractional share or (b) a whole share if the Holder tenders the Exercise Price for one whole Warrant Share. For purposes hereof, the term "Fair Market Value" shall mean an amount determined as follows: (A) if the Common Stock is listed on a national or regional securities exchange or admitted to unlisted trading privileges on such exchange or listed for trading on the Nasdaq National Market System or the Nasdaq Small Cap Market (collectively, "Nasdaq"), the Fair Market Value on a particular day shall be the last reported sale price of a share of Common Stock on such exchange or on Nasdaq, on the last business day prior to such day or, if no such sale is made on such business day, the business day before such business day, or (B) if the Common Stock is not listed or admitted to unlisted trading privileges on an exchange or on Nasdaq, the fair market value on a particular day shall be the mean of the last reported bid and asked prices reported by the National Quotation Bureau, Inc., or the National Association of Securities Dealers, Inc. OTC Bulletin Board on the last business day prior to such day, or (C) if the Common Stock is not so listed or admitted to unlisted trading privileges on an exchange or on Nasdaq and bid and asked prices are not so reported, the Fair Market Value on a particular day shall be an amount determined in such reasonable manner as may be prescribed by the board of directors of the Company.

5. CHARGES, TAXES AND EXPENSES. Issuance of certificates for Warrant Shares upon the exercise of the Warrant shall be made without charge to the Holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder of the Warrant or in such name or names as may be directed by the Holder of the Warrant; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder of the Warrant, the Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Notice of Exercise duly completed and executed and stating in whose name the

certificates are to be issued; and provided further, that such assignment shall be subject to applicable laws and regulations.

6. NO RIGHTS AS WARRANT SHAREHOLDERS. The Warrant does not entitle the Holder hereof to any voting rights, dividend rights or other rights as a shareholder of the Company prior to the exercise thereof.

7. EXCHANGE AND REGISTRY OF WARRANT. The Company shall maintain a registry showing the name and address of the Holder of the Warrant. The Warrant may be surrendered for exchange, transfer or exercise, in accordance with the terms hereof, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

8. LOSS, THEFT, DESTRUCTION OR MUTILATION OF WARRANT. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of the Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor and dated as of such cancellation, in lieu of the Warrant.

9. SATURDAYS, SUNDAYS, HOLIDAYS, ETC. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday or a Sunday or a legal holiday.

10. ADJUSTMENTS. The above provisions are, however, subject to the following:

(a) The Exercise Price shall be subject to adjustment from time to time as hereinafter provided. Upon each adjustment of the Exercise Price, the Holder shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant to this Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

(b) Except for (i) shares of capital stock of the Company issued to employees, directors, advisors and consultants of the Company, vendors and other similar persons to whom the Company owes money, (ii) options and warrants granted to employees, directors, advisors and consultants of the Company, (iii) shares of Common Stock of the Company issuable upon the exercise of options and warrants granted to employees, directors, advisors and consultants, (iv) shares of Common Stock issuable upon the exercise of all currently outstanding warrants and other convertible securities and (v) shares of capital stock issuable upon the conversion of all currently outstanding shares of preferred stock of the Company, if the Company shall issue or sell any shares of Common Stock during the next twelve months for a consideration per share less than $0.50, then, forthwith upon such issue or sale, the Exercise Price shall be reduced to the price (calculated to the nearest cent) determined by dividing (A) an amount equal to the

sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue or sale multiplied by the then existing Exercise Price, and (2) the consideration, if any, received by the Company upon such issue or sale by (B) an amount equal to the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue or sale and (2) the number of shares of Common Stock thus issued or sold.

(c) For the purposes of paragraph (b), the following provisions (i) to (vi), inclusive, shall also be applicable:

(i) In case at any time the Company shall grant (whether directly or by assumption in a merger or otherwise) any rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any obligations, stock or securities convertible into or exchangeable for Common Stock (such convertible or exchangeable stock or securities being herein called "Convertible Securities") whether or not such rights or options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share at which shares of Common Stock are issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities (determined by dividing (A) the total amount, if any, received or receivable by the Company as consideration for the granting of such rights or options, plus the minimum aggregate amount of additional consideration payable to the Company upon the exercise of such rights or options, plus, in the case of such rights or options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such rights or options) shall be less than the Exercise Price in effect immediately prior to the time of the granting of such rights or options, then the total maximum number of shares of Common Stock issuable upon the exercise of rights or options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such rights or options shall (as of the date of granting of such rights or options) be deemed to have been issued for such price per share. Except as provided in paragraph (f) below, no further adjustments of the Exercise Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such rights or options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

(ii) In case the Company shall issue or sell (whether directly or by assumption in a merger or otherwise) any Convertible Securities, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (determined by dividing (A) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (B) the total

maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Exercise Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall (as of the date of the issue or sale of such Convertible Securities) be deemed to be outstanding and to have been issued for such price per share, provided that (x) except as provided in paragraph (f) below, no further adjustments of the Exercise Price shall be made upon the actual issue of such shares of Common Stock upon conversion or exchange of such Convertible Securities, and (y) if any such issue or sale of such Convertible Securities is made upon exercise of any rights to subscribe for or to purchase or any option to purchase any such Convertible Securities for which adjustments of the Exercise Price have been or are to be made pursuant to other provisions of this paragraph (c), no further adjustment of the Exercise Price shall be made by reason of such issue or sale.

(iii) In case the Company shall declare a dividend or make any other distribution upon any stock of the Company payable in Common Stock or Convertible Securities, or in any rights or options to purchase any Common Stock or Convertible Securities, any Common Stock or Convertible Securities, or any such rights or options, as the case may be, issuable in payment of such dividend or distribution shall be deemed to have been issued or sold without consideration.

(iv) In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any shares of Common Stock or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions, discounts or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any shares of Common Stock or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined by the Board of Directors of the Company, without deduction of any expenses incurred or any underwriting commissions, discounts or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase shares of Common Stock or Convertible Securities shall be issued in connection with any merger or consolidation in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value as determined by the Board of Directors of the Company of such portion of the assets and business of the non-surviving corporation or corporations as such Board shall have determined to be attributable to such shares of Common Stock, Convertible Securities, rights or options, as the case may be. In the event of any consolidation or merger of the Company in which the Company is not the surviving corporation or in the event of any sale of all or substantially all of the assets of the Company

for stock or other securities of any other corporation, the Company shall be deemed to have issued a number of shares of its Common Stock for stock or securities of the other corporation computed on the basis of the actual exchange ratio on which the transaction was predicated and for a consideration equal to the fair market value on the date of such transaction of such stock or securities of the other corporation, and if any such calculation results in adjustment of the Exercise Price, the determination of the number of shares of Common Stock issuable upon exercise immediately prior to such merger, consolidation or sale, for purposes of paragraph (f) below, shall be made after giving effect to such adjustment of the Exercise Price.

(v) In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in shares of Common Stock or in Convertible Securities, or in any rights or options to purchase any shares of Common Stock or Convertible Securities, or (B) to subscribe for or purchase shares of Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such rights of subscription or purchase, as the case may be.

(vi) The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock for the purposes of this paragraph (c).

(d) In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased.

(e) Upon the happening of any of the following events, namely, if the purchase price provided for in any rights or options referred to in clause (i) of paragraph (c), the additional consideration, if any, payable upon the conversion or exchange of Convertible Securities referred to in clause (i) or clause (ii) of paragraph (c), or the rate at which any Convertible Securities referred to in clause (i) or clause (ii) of paragraph (c) are convertible into or exchangeable for Common Stock shall change (other than under or by reason of provisions designed to protect against dilution), the Exercise Price in effect at the time of such event shall forthwith be increased or decreased to the Exercise Price which would have obtained had the adjustments made upon the issuance of such rights, options or Convertible Securities been made upon the basis of (i) the issuance of the number of shares of Common Stock theretofore actually delivered upon the exercise of such options or rights or upon the conversion or exchange of such Convertible Securities, and the total consideration received therefor, and (ii) the issuance at the time of such

change of any such options, rights or Convertible Securities then still outstanding for the consideration, if any, received by the Company therefor and to be received on the basis of such changed price; and on the expiration of any such option or right or the termination of any such right to convert or exchange such Convertible Securities, the Exercise Price then in effect hereunder shall forthwith be increased to the Exercise Price which would have obtained had the adjustments made upon the issuance of such rights or options or Convertible Securities been made upon the basis of the issuance of the shares of Common Stock theretofore actually delivered (and the total consideration received therefor) upon the exercise of such rights or options or upon the conversion or exchange of such Convertible Securities. If the purchase price provided for in any such right or option referred to in clause (i) of paragraph (c) or the rate at which any Convertible Securities referred to in clause (i) or clause (ii) of paragraph (c) are convertible into or exchangeable for Common Stock shall decrease at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of Common Stock upon the exercise of any such right or option or upon conversion or exchange of any such Convertible Securities, the Exercise Price then in effect hereunder shall forthwith be decreased to such Exercise Price as would have obtained had the adjustments made upon the issuance of such right, option or Convertible Securities been made upon the basis of the issuance of (and the total consideration received for) the shares of Common Stock delivered as aforesaid.

(f) If any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for shares of Common Stock (such stock, securities or assets being hereinafter referred to as "substituted property"), then, as a condition of such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby the holder of this Warrant shall thereafter have the right to purchase and receive upon the basis and upon the terms and conditions specified herein and in lieu of the shares of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of this Warrant, such substituted property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of this Warrant had such reorganization, reclassification, consolidation, merger or sale not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of the holder of this Warrant to the end that the provisions hereof (including without limitation provisions for adjustments of the Exercise Price and of the number of shares purchasable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be, in relation to any substituted property thereafter purchasable and receivable upon the exercise of this Warrant. The Company shall not effect any such consolidation, merger or sale, unless prior to the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument executed and mailed to the holder of this Warrant at the last address of such holder appearing on the books of the Company, the obligation to deliver to such holder such substituted property as, in

accordance with the foregoing provisions, such holder may be entitled to purchase and receive.

(g) If the Company takes any other action, or if any other event occurs, which does not come within the scope of the provisions of Paragraphs (a) through (f) of this Section 10 but which should result in adjustment in the Exercise Price and/or the number of shares subject to the Warrant in order to fairly protect the purchase rights of the holder of this Warrant, an appropriate adjustment of such Exercise Price shall be made by the Company.

(h) Upon any adjustment of the Exercise Price, then and in each such case, the Company shall give written notice thereof, by first-class mail, postage prepaid, addressed to the holder of this Warrant at the address of such holder as shown on the books of the Company, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(i) In case any time:

(i) the Company shall pay any dividend payable in stock upon its Common Stock or make any distribution (other than regular cash dividends) to the holders of its Common Stock;

(ii) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(iii) there shall be any capital reorganization, reclassification of the capital stock of the Company, or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation; or

(iv) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of said cases, the Company shall give written notice, by first-class mail, postage prepaid, addressed to the holder of this Warrant at the address of such holder as shown on the books of the Company, of the date on which (A) the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights, or (B) such reorganization, reclassification consolidation, merger, sale, dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also specify the date as of which the holders of Common Stock of record shall participate in such dividend distribution or subscription rights, or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Such written notice shall be at least 20 days prior to the action in question and not less than 20 days prior to the record date or the date on which the Company's transfer books are closed in respect thereto.

(j) Notwithstanding anything in this Warrant to the contrary, no adjustment will be made to the Exercise Price as a result of the issuance of securities by the Company after twelve months after the date of this Warrant.

11. MISCELLANEOUS.

(a) GOVERNING LAW. The Warrant shall be binding upon any successors or assigns of the Company. The Warrant shall constitute a contract under the laws of Illinois and for all purposes shall be construed in accordance with and governed by the laws of said state, without giving effect to the conflict of laws principles.

(b) RESTRICTIONS. THIS WARRANT AND THE COMMON STOCK TO BE SOLD UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN EXEMPTION THEREFROM.

(c) AMENDMENTS. The Warrant may be amended and the observance of any term of the Warrant may be waived with the written consent of the Company and the Holder.

(d) SECTION HEADINGS. The section headings used herein are for convenience of reference only, are not part of this Warrant and are not to affect construction of or be taken into consideration in interpreting this Warrant.

(e) NOTICES. Any notice required or permitted hereunder shall be deemed effectively given upon personal delivery to the party to be notified upon deposit with the United States Post Office, by certified mail, postage prepaid and addressed to the party to be notified at the address: with respect to the Company, at its principal address in Lincolnshire, Illinois (or such other office or agency of the Company as it may designate by notice in writing to the Holder); and with respect to the Holder, at the address of the Holder appearing on the books of the Company.

* * * *

THIS WARRANT AND THE COMMON STOCK TO BE SOLD UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN EXEMPTION THEREFROM.

IN WITNESS WHEREOF, BioSante Pharmaceuticals, Inc. has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated: _____, 2001

BIOSANTE PHARMACEUTICALS, INC.

By:_____

Title:_____

NOTICE OF EXERCISE

To: BioSante Pharmaceuticals, Inc.

1. The undersigned hereby elects to exercise the right to purchase represented by the attached Warrant for, and to purchase thereunder, _____ shares of common stock, no par value (the "Warrant Shares") of BioSante Pharmaceuticals, Inc. (the "Company") and tenders herewith payment of the purchase price and any transfer taxes payable pursuant to the terms of the Warrant.

2. The Warrant Shares to be received by the undersigned upon exercise of the Warrant are being acquired for its own account, not as a nominee or agent, and not with a view to resale or distribution of any part thereof, and the undersigned has no present intention of selling, granting any participation in, or otherwise distributing the same. The undersigned further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to the Warrant Shares. The undersigned believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Warrant Shares.

3. Please issue a certificate or certificates representing said Warrant Shares in the name set forth below:

_____
[Name]

4. If said number of Warrant Shares are not all the Warrant Shares purchasable under the Warrant, please issue a new Warrant for the balance of such Warrant Shares in the name set forth below:

_____
[Name]

Executed on _____ (date).

_____
[NAME OF HOLDER]

By:_____

Printed Name:_____

Title (if applicable):_____

[OPPENHEIMER LETTERHEAD]

June 29, 2001

Board of Directors
BioSante Pharmaceuticals, Inc.
175 Olde Half Day Road
Suite 247
Lincolnshire, IL 60069

RE: REGISTRATION STATEMENT ON FORM SB-2

Ladies and Gentlemen:

We have acted as counsel to BioSante Pharmaceuticals, Inc., a Delaware corporation, in connection with the registration by BioSante of the offer and resale of 25,437,500 shares of the common stock, $0.0001 par value per share, of BioSante pursuant to BioSante's registration statement on Form SB-2 filed with the Securities and Exchange Commission on the date hereof, on behalf of the certain selling stockholders named therein. The shares consist of outstanding shares (the "Issued Shares") and shares issuable by BioSante upon the exercise of outstanding warrants (the "Warrant Shares") that were issued by BioSante in a private placement.

In acting as counsel for BioSante and arriving at the opinions expressed below, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of such records of BioSante, agreements and other instruments, certificates of officers and representatives of BioSante, certificates of public officials and other documents as we have deemed necessary or appropriate as a basis for the opinions expressed herein. In connection with our examination, we have assumed the genuineness of all signatures, the authenticity of all documents tendered to us as originals, the legal capacity of all natural persons and the conformity to original documents of all documents submitted to us as certified or photostatic copies.

Based on the foregoing, and subject to the qualifications and limitations stated herein, it is our opinion that:

1. BioSante had the corporate authority to issue the Issued Shares and has corporate authority to issue the Warrant Shares in the manner and under the terms set forth in the registration statement.

2. The Issued Shares being registered for resale by the selling stockholders under the registration statement have been duly authorized, validly issued, fully paid and nonassessable. The Warrant Shares being registered for resale by the selling stockholders under the registration statement have been duly authorized, and when issued in accordance with the terms of the warrants, will be validly issued, fully paid and non-assessable.

We express no opinion with respect to laws other than those of the federal law of the United States of America and the Delaware General Corporation Law, and we assume no responsibility as to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the registration statement, to its use as part of the registration statement, and to the use of our name under the caption "Legal Matters" in the prospectus constituting a part of the registration statement.

Very truly yours,

OPPENHEIMER WOLFF & DONNELLY LLP

/s/ OPPENHEIMER WOLFF & DONNELLY LLP

BIOSANTE PHARMACEUTICALS, INC.
AMENDED AND RESTATED
1998 STOCK OPTION PLAN

(As amended through June 13, 2001)

1. PURPOSE OF PLAN.

The purpose of the BioSante Pharmaceuticals, Inc. 1998 Stock Option Plan (the "Plan") is to advance the interests of BioSante Pharmaceuticals, Inc. (the "Company") and its shareholders by enabling the Company and its Subsidiaries to attract and retain persons of ability to perform services for the Company and its Subsidiaries by providing an incentive to such individuals through equity participation in the Company and by rewarding such individuals who contribute to the achievement by the Company of its objectives, as the Board of Directors describes them.

2. DEFINITIONS.

The following terms will have the meanings set forth below, unless the context clearly otherwise requires:

2.1 "CVE" means the Canadian Venture Exchange.

2.2 "CVE REQUIREMENTS" means the by-laws, rules, circulars and policies of the CVE.

2.3 "BOARD" means the Board of Directors of the Company.

2.4 "BROKER EXERCISE NOTICE" means a written notice pursuant to which a Participant, upon exercise of an Option, irrevocably instructs a broker or dealer to sell a sufficient number of shares or loan a sufficient amount of money to pay all or a portion of the exercise price of the Option and/or any related withholding tax obligations and remit such sums to the Company and directs the Company to deliver stock certificates to be issued upon such exercise directly to such broker or dealer.

2.5 "CHANGE IN CONTROL" means an event described in Section 9.1 of the Plan.

2.6 "CODE" means the Internal Revenue Code of 1986, as amended.

2.7 "COMMITTEE" means the group of individuals administering the Plan, as provided in Section 3 of the Plan.

2.8 "COMMON STOCK" means the common stock of the Company, no par value, or the number and kind of shares of stock or other securities into which such Common Stock may be changed in accordance with Section 4.3 of the Plan.

2.9 "DISABILITY" means the disability of the Participant such as would entitle the Participant to receive disability income benefits pursuant to the long-term disability plan of the Company or Subsidiary then covering the Participant or, if no such plan exists or is applicable to

the Participant, the permanent and total disability of the Participant within the meaning of Section 22(e)(3) of the Code.

2.10 "ELIGIBLE RECIPIENTS" means all employees of the Company or any Subsidiary and any non-employee directors, officers, consultants and independent contractors of the Company or any Subsidiary.

2.11 "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

2.12 "FAIR MARKET VALUE" means, with respect to the Common Stock, as of any date (or, if no shares were traded or quoted on such date, as of the next preceding date on which there was such a trade or quote) (a) the mean between the reported high and low sale prices of the Common Stock if the Common Stock is listed, admitted to unlisted trading privileges or reported on any foreign or national securities exchange or on the Nasdaq National Market or an equivalent foreign market on which sale prices are reported; (b) if the Common Stock is not so listed, admitted to unlisted trading privileges or reported, the closing bid price as reported by the Nasdaq SmallCap Market, OTC Bulletin Board or the National Quotation Bureau, Inc. or other comparable service; or (c) if the Common Stock is not so listed or reported, such price as the Committee determines in good faith in the exercise of its reasonable discretion.

2.13 "INCENTIVE STOCK OPTION" means a right to purchase Common Stock granted to an Eligible Recipient pursuant to Section 6 of the Plan that qualifies as an "incentive stock option" within the meaning of Section 422 of the Code.

2.14 "NON-STATUTORY STOCK OPTION" means a right to purchase Common Stock granted to an Eligible Recipient pursuant to Section 6 of the Plan that does not qualify as an Incentive Stock Option.

2.15 "OPTION" means an Incentive Stock Option or a Non-Statutory Stock Option.

2.16 "PARTICIPANT" means an Eligible Recipient who receives one or more Options under the Plan.

2.17 "PREVIOUSLY ACQUIRED SHARES" means shares of Common Stock or any other shares of capital stock of the Company that are already owned by the Participant or, with respect to any Option, that are to be issued upon the exercise of such Option.

2.18 "RETIREMENT" means termination of employment or service pursuant to and in accordance with the regular (or, if approved by the Board for purposes of the Plan, early) retirement/pension plan or practice of the Company or Subsidiary then covering the Participant, provided that if the Participant is not covered by any such plan or practice, the Participant will be deemed to be covered by the Company's plan or practice for purposes of this determination.

2.19 "SECURITIES ACT" means the Securities Act of 1933, as amended.

2.20 "SUBSIDIARY" means any entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant equity interest, as determined by the Committee.

2.21 "TAX DATE" means the date any withholding tax obligation arises under the Code or other applicable tax statute for a Participant with respect to an Option.

3. PLAN ADMINISTRATION.

3.1 THE COMMITTEE. The Plan will be administered by the Board or by a committee of the Board. So long as the Company has a class of its equity securities registered under Section 12 of the Exchange Act, any committee administering the Plan will consist solely of two or more members of the Board who are "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and, if the Board so determines in its sole discretion, who are "outside directors" within the meaning of Section 162(m) of the Code. Such a committee, if established, will act by majority approval of the members (but may also take action with the written consent of all of the members of such committee), and a majority of the members of such a committee will constitute a quorum. As used in the Plan, "Committee" will refer to the Board or to such a committee, if established. To the extent consistent with corporate law, the Committee may delegate to any officers of the Company the duties, power and authority of the Committee under the Plan pursuant to such conditions or limitations as the Committee may establish; provided, however, that only the Committee may exercise such duties, power and authority with respect to Eligible Recipients who are subject to Section 16 of the Exchange Act. The Committee may exercise its duties, power and authority under the Plan in its sole and absolute discretion without the consent of any Participant or other party, unless the Plan specifically provides otherwise. Each determination, interpretation or other action made or taken by the Committee pursuant to the provisions of the Plan will be final, conclusive and binding for all purposes and on all persons, including, without limitation, the Company, the shareholders of the Company, the participants and their respective successors-in-interest. No member of the Committee will be liable for any action or determination made in good faith with respect to the Plan or any Option granted under the Plan.

3.2 AUTHORITY OF THE COMMITTEE.

(a) In accordance with and subject to the provisions of the Plan, the Committee will have the authority to determine all provisions of Options as the Committee may deem necessary or desirable and as consistent with the terms of the Plan, including, without limitation, the following: (i) the Eligible Recipients to be selected as Participants; (ii) the nature and extent of the Options to be made to each Participant (including the number of shares of Common Stock to be subject to each Option, the exercise price and the manner in which Options will become exercisable) and the form of written agreement, if any, evidencing such Option; (iii) the time or times when Options will be granted; (iv) the duration of each Option; and (v) the restrictions and other conditions to which the Options may be subject. In addition, the Committee will have the authority under the Plan in its sole discretion to pay the economic value of any Option in the form of cash, shares of Common Stock, shares of any capital stock of the Company, or any combination of both.

(b) The Committee will have the authority under the Plan to amend or modify the terms of any outstanding Option in any manner, including, without limitation, the authority to modify the number of shares or other terms and conditions of an Option,

extend the term of an Option, accelerate the exercisability or otherwise terminate any restrictions relating to an Option, accept the surrender of any outstanding Option or, to the extent not previously exercised or vested, authorize the grant of new Options in substitution for surrendered Options; provided, however that the amended or modified terms are permitted by the Plan as then in effect and that any Participant adversely affected by such amended or modified terms has consented to such amendment or modification. No amendment or modification to an Option, however, whether pursuant to this Section 3.2 or any other provisions of the Plan, will be deemed to be a re-grant of such Option for purposes of this Plan.

(c) In the event of (i) any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, extraordinary dividend or divestiture (including a spin-off) or any other similar change in corporate structure or shares, (ii) any purchase, acquisition, sale or disposition of a significant amount of assets or a significant business, (iii) any change in accounting principles or practices, or (iv) any other similar change, in each case with respect to the Company or any other entity whose performance is relevant to the grant or vesting of an Option, the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) may, without the consent of any affected Participant, amend or modify the conditions to the exercisability of any outstanding Option that is based in whole or in part on the financial performance of the Company (or any Subsidiary or division thereof) or such other entity so as equitably to reflect such event, with the desired result that the criteria for evaluating such financial performance of the Company or such other entity will be substantially the same (in the sole discretion of the Committee or the board of directors of the surviving corporation) following such event as prior to such event; provided, however, that the amended or modified terms are permitted by the Plan as then in effect.

4. SHARES AVAILABLE FOR ISSUANCE.

4.1 MAXIMUM NUMBER OF SHARES AVAILABLE. Subject to Section 4.4 below and adjustment as provided in Section 4.3 of the Plan, the maximum number of shares of Common Stock that will be available for issuance under the Plan will be 8,500,000 shares of Common Stock, plus any shares of Common Stock which, as of the date the Plan is approved by the shareholders of the Company, are reserved for issuance under the Company's existing Stock Option Plan and which are not thereafter issued or which have been issued but are subsequently forfeited and which would otherwise have been available for further issuance under such plan.

4.2 ACCOUNTING FOR OPTIONS. Shares of Common Stock that are issued under the Plan or that are subject to outstanding Options will be applied to reduce the maximum number of shares of Common Stock remaining available for issuance under the Plan. Any shares of Common Stock that are subject to an Option that lapses, expires, is forfeited or for any reason is terminated unexercised and any shares of Common Stock that are subject to an Option that is settled or paid in cash or any form other than shares of Common Stock will automatically again become available for issuance under the Plan.

4.3 ADJUSTMENTS TO SHARES AND OPTIONS. In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture or extraordinary dividend (including a spin-off) or any other change in the corporate structure or shares of the Company, the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) will make appropriate adjustment (which determination will be conclusive) as to the number and kind of securities or other property (including cash) available for issuance or payment under the Plan and, in order to prevent dilution or enlargement of the rights of Participants, the number and kind of securities or other property (including cash) subject to, and the exercise price of, outstanding Options.

4.4 CVE REQUIREMENTS. So long as the Common Stock of the Company is listed on the CVE and the Company has not been exempted from the CVE Requirements the number of shares of Common Stock that may be reserved for issuance pursuant to the Plan and any other stock option plan, stock purchase plan or for remuneration for any service performed for or on behalf of the Company to any one party shall not exceed five percent of the outstanding shares of Common Stock, on a non-diluted basis;

5. PARTICIPATION.

Participants in the Plan will be those Eligible Recipients who, in the judgment of the Committee, have contributed, are contributing or are expected to contribute to the achievement of objectives as determined by the Board of the Company or its Subsidiaries. Eligible Recipients may be granted from time to time one or more Options as may be determined by the Committee in its sole discretion. Options will be deemed to be granted as of the date specified in the grant resolution of the Committee, which date will be the date of any related agreement with the Participant.

6. OPTIONS.

6.1 GRANT. An Eligible Recipient may be granted one or more Options under the Plan, and such Options will be subject to such terms and conditions, consistent with the other provisions of the Plan, as may be determined by the Committee in its sole discretion. The Committee may designate whether an Option is to be considered an Incentive Stock Option or a Non-Statutory Stock Option. To the extent that any Incentive Stock Option granted under the Plan ceases for any reason to qualify as an "incentive stock option" for purposes of Section 422 of the Code, such Incentive Stock Option will continue to be outstanding for purposes of the Plan but will thereafter be deemed to be a Non-Statutory Stock Option.

6.2 EXERCISE PRICE. The per share price to be paid by a Participant upon exercise of an Option will be determined by the Committee in its discretion at the time of the Option grant; provided, however, that (a) such price will not be less than 100% of the Fair Market Value of one share of Common Stock on the date of grant with respect to an Incentive Stock Option (110% of the Fair Market Value if, at the time the Incentive Stock Option is granted, the Participant owns, directly or indirectly, more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary corporation of the Company), and (b) such price will not be less than 85% of the Fair Market Value of one share of Common Stock on the date of

grant with respect to a Non-Statutory Stock Option. Notwithstanding the foregoing, so long as the Common Stock of the Company is listed on the CVE and the Company has not been exempted from the CVE Requirements in this regard, the exercise price per share of an Option shall not be less than the price per share permitted by the CVE Requirements.

6.3 EXERCISABILITY AND DURATION. An Option will become exercisable at such times and in such installments as may be determined by the Committee in its sole discretion at the time of grant; provided, however, that no Incentive Stock Option may be exercisable after 10 years from its date of grant (five years from its date of grant if, (a) at the time the Incentive Stock Option is granted, the Participant owns, directly or indirectly, more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary corporation of the Company or (b) the Common Stock of the Company is then listed on the CVE and the Company has not been exempted from the CVE Requirements in this regard).

6.4 PAYMENT OF EXERCISE PRICE. The total purchase price of the shares to be purchased upon exercise of an Option must be paid entirely in cash (including check, bank draft or money order); provided, however, that the Committee, in its sole discretion and upon terms and conditions established by the Committee, may allow such payments to be made, in whole or in part, by tender of a Broker Exercise Notice, Previously Acquired Shares, a promissory note (on terms acceptable to the Committee in its sole discretion) or by a combination of such methods.

6.5 MANNER OF EXERCISE. An Option may be exercised by a Participant in whole or in part from time to time, subject to the conditions contained in the Plan and in the agreement evidencing such Option, by delivery in person, by facsimile or electronic transmission or through the mail of written notice of exercise to the Company (Attention: Chief Financial Officer) at its principal executive office in Lincolnshire, Illinois and by paying in full the total exercise price for the shares of Common Stock to be purchased in accordance with Section 6.4 of the Plan.

6.6 AGGREGATE LIMITATION OF STOCK SUBJECT TO INCENTIVE STOCK OPTIONS. To the extent that the aggregate Fair Market Value (determined as of the date an Incentive Stock Option is granted) of the shares of Common Stock with respect to which incentive stock options (within the meaning of Section 422 of the Code) are exercisable for the first time by a Participant during any calendar year (under the Plan and any other incentive stock option plans of the Company or any subsidiary or parent corporation of the Company (within the meaning of the Code)) exceeds $100,000 (or such other amount as may be prescribed by the Code from time to time), such excess Options will be treated as Non-Statutory Stock Options. The determination will be made by taking incentive stock options into account in the order in which they were granted. If such excess only applies to a portion of an Incentive Stock Option, the Committee, in its discretion, will designate which shares will be treated as shares to be acquired upon exercise of an Incentive Stock Option.

7. EFFECT OF TERMINATION OF EMPLOYMENT OR OTHER SERVICE.

7.1 TERMINATION DUE TO DEATH, DISABILITY OR RETIREMENT. Unless otherwise provided by the Committee in its sole discretion in the agreement evidencing an Option:

(a) In the event a Participant's employment or other service with the Company and all Subsidiaries is terminated by reason of death or Disability, all outstanding Options then held by the Participant will remain exercisable, to the extent exercisable as of the date of such termination, for a period of six months after such termination (but in no event after the expiration date of any such Option).

(b) In the event a Participant's employment or other service with the Company and all Subsidiaries is terminated by reason of Retirement, all outstanding Options then held by the Participant will remain exercisable, to the extent exercisable as of the date of such termination, for a period of three months after such termination (but in no event after the expiration date of any such Option).

7.2 TERMINATION FOR REASONS OTHER THAN DEATH, DISABILITY OR RETIREMENT.

(a) Unless otherwise provided by the Committee in its sole discretion in the agreement evidencing an Option, in the event a Participant's employment or other service is terminated with the Company and all Subsidiaries for any reason other than death, Disability or Retirement, or a Participant is in the employ or service of a Subsidiary and the Subsidiary ceases to be a Subsidiary of the Company (unless the Participant continues in the employ or service of the Company or another Subsidiary), all rights of the Participant under the Plan and any agreements evidencing an Option will immediately terminate without notice of any kind, and no Options then held by the Participant will thereafter be exercisable; provided, however, that if such termination is due to any reason other than termination by the Company or any Subsidiary for "cause," all outstanding Options then held by such Participant will remain exercisable, to the extent exercisable as of such termination, for a period of three months after such termination (but in no event after the expiration date of any such Option).

(b) For purposes of this Section 7.2, "cause" (as determined by the Committee) will be as defined in any employment or other agreement or policy applicable to the Participant or, if no such agreement or policy exists, will mean (i) dishonesty, fraud, misrepresentation, embezzlement or deliberate injury or attempted injury, in each case related to the Company or any Subsidiary, (ii) any unlawful or criminal activity of a serious nature, (iii) any intentional and deliberate breach of a duty or duties that, individually or in the aggregate, are material in relation to the Participant's overall duties, or (iv) any material breach of any employment, service, confidentiality or non-compete agreement entered into with the Company or any Subsidiary.

7.3 MODIFICATION OF RIGHTS UPON TERMINATION. Notwithstanding the other provisions of this Section 7, upon a Participant's termination of employment or other service with the Company and all Subsidiaries, the Committee may, in its sole discretion (which may be exercised at any time on or after the date of grant, including following such termination), cause Options (or any part thereof) then held by such Participant to become or continue to become exercisable and/or remain exercisable following such termination of employment or service; provided, however, that no Option may remain exercisable beyond its expiration date.

7.4 EXERCISE OF INCENTIVE STOCK OPTIONS FOLLOWING TERMINATION. Any Incentive Stock Option that remains unexercised more than one year following termination of employment by reason of Disability or more than three months following termination for any reason other than death or Disability will thereafter be deemed to be a Non-Statutory Stock Option.

7.5 DATE OF TERMINATION OF EMPLOYMENT OR OTHER SERVICE. Unless the Committee otherwise determines in its sole discretion, a Participant's employment or other service will, for purposes of the Plan, be deemed to have terminated on the date recorded on the personnel or other records of the Company or the Subsidiary for which the Participant provides employment or other service, as determined by the Committee in its sole discretion based upon such records.

8. PAYMENT OF WITHHOLDING TAXES.

8.1 GENERAL RULES. The Company is entitled to (a) withhold and deduct from future wages of the Participant (or from other amounts that may be due and owing to the Participant from the Company or a Subsidiary), or make other arrangements for the collection of, all legally required amounts necessary to satisfy any and all foreign, federal, state and local withholding and employment-related tax requirements attributable to an Option, including, without limitation, the grant or exercise of an Option or a disqualifying disposition of stock received upon exercise of an Incentive Stock Option, or (b) require the Participant promptly to remit the amount of such withholding to the Company before taking any action, including issuing any shares of Common Stock, with respect to an Option.

8.2 SPECIAL RULES. The Committee may, in its sole discretion and upon terms and conditions established by the Committee, permit or require a Participant to satisfy, in whole or in part, any withholding or employment-related tax obligation described in Section 8.1 of the Plan by electing to tender Previously Acquired Shares, a Broker Exercise Notice or a promissory note (on terms acceptable to the Committee in its sole discretion), or by a combination of such methods.

9. CHANGE IN CONTROL.

9.1 CHANGE IN CONTROL. For purposes of this Section 9, a "Change in Control" of the Company will mean the following:

(a) the sale, lease, exchange or other transfer, directly or indirectly, of substantially all of the assets of the Company (in one transaction or in a series of related transactions) to a person or entity that is not controlled by the Company;

(b) the approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company;

(c) any person becomes after the effective date of the Plan the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of (i) 20% or more, but not 50% or more, of the combined voting power of the Company's outstanding securities ordinarily having the right to vote at elections of directors, unless the transaction resulting in such ownership has been approved in advance by the Continuity Directors (as defined in Section 9.2 below), or (ii) 50% or more of the

combined voting power of the Company's outstanding securities ordinarily having the right to vote at elections of directors (regardless of any approval by the Continuity Directors);

(d) a merger or consolidation to which the Company is a party if the shareholders of the Company immediately prior to effective date of such merger or consolidation have "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act), immediately following the effective date of such merger or consolidation, of securities of the surviving corporation representing (i) more than 50%, but less than 80%, of the combined voting power of the surviving corporation's then outstanding securities ordinarily having the right to vote at elections of directors, unless such merger or consolidation has been approved in advance by the Continuity Directors, or (ii) 50% or less of the combined voting power of the surviving corporation's then outstanding securities ordinarily having the right to vote at elections of directors (regardless of any approval by the Continuity Directors);

(e) the Continuity Directors cease for any reason to constitute at least a majority of the Board; or

(f) any other change in control of the Company of a nature that would be required to be reported pursuant to Section 13 or 15(d) of the Exchange Act, whether or not the Company is then subject to such reporting requirement.

9.2 CONTINUITY DIRECTORS. For purposes of this Section 9, "Continuity Directors" of the Company will mean any individuals who are members of the Board on the effective date of the Plan and any individual who subsequently becomes a member of the Board whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the Continuity Directors (either by specific vote or by approval of the Company's proxy statement in which such individual is named as a nominee for director without objection to such nomination).

9.3 ACCELERATION OF EXERCISABILITY. Without limiting the authority of the Committee under Sections 3.2 and 4.3 of the Plan, if a Change in Control of the Company occurs, then, unless otherwise provided by the Committee in its sole discretion either in the agreement evidencing an Option at the time of grant or at any time after the grant of an Option, all outstanding Options will become immediately exercisable in full and will remain exercisable for the remainder of their terms, regardless of whether the Participant to whom such Options have been granted remains in the employ or service of the Company or any Subsidiary.

10. RIGHTS OF ELIGIBLE RECIPIENTS AND PARTICIPANTS; TRANSFERABILITY.

10.1 EMPLOYMENT OR SERVICE. Nothing in the Plan will interfere with or limit in any way the right of the Company or any Subsidiary to terminate the employment or service of any Eligible Recipient or Participant at any time, nor confer upon any Eligible Recipient or Participant any right to continue in the employ or service of the Company or any Subsidiary.

10.2 RIGHTS AS A SHAREHOLDER. As a holder of Options, a Participant will have no rights as a shareholder unless and until such Options are exercised for, or paid in the form of, shares of

Common Stock and the Participant becomes the holder of record of such shares. Except as otherwise provided in the Plan, no adjustment will be made for dividends or distributions with respect to such Options as to which there is a record date preceding the date the Participant becomes the holder of record of such shares, except as the Committee may determine in its discretion.

10.3 RESTRICTIONS ON TRANSFER. Except pursuant to testamentary will or the laws of descent and distribution or as otherwise expressly permitted by the Plan (unless approved by the Committee in its sole discretion and the CVE, if necessary), no right or interest of any Participant in an Option prior to the exercise of such Option will be assignable or transferable, or subjected to any lien, during the lifetime of the Participant, either voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise. A Participant will, however, be entitled to designate a beneficiary to receive an Option upon such Participant's death, and in the event of a Participant's death, payment of any amounts due under the Plan will be made to, and exercise of Options (to the extent permitted pursuant to Section 7 of the Plan) may be made by, the Participant's legal representatives, heirs and legatees.

10.4 BREACH OF CONFIDENTIALITY OR NON-COMPETE AGREEMENTS. Notwithstanding anything in the Plan to the contrary, in the event that a Participant materially breaches the terms of any confidentiality or non-compete agreement entered into with the Company or any Subsidiary, whether such breach occurs before or after termination of such Participant's employment or other service with the Company or any Subsidiary, the Committee in its sole discretion may immediately terminate all rights of the Participant under the Plan and any agreements evidencing an Option then held by the Participant without notice of any kind.

10.5 NON-EXCLUSIVITY OF THE PLAN. Nothing contained in the Plan is intended to modify or rescind any previously approved compensation plans or programs of the Company or create any limitations on the power or authority of the Board to adopt such additional or other compensation arrangements as the Board may deem necessary or desirable.

11. SECURITIES LAW AND OTHER RESTRICTIONS.

Notwithstanding any other provision of the Plan or any agreements entered into pursuant to the Plan, the Company will not be required to issue any shares of Common Stock under this Plan, and a Participant may not sell, assign, transfer or otherwise dispose of shares of Common Stock issued pursuant to Options granted under the Plan, unless (a) there is in effect with respect to such shares a registration statement under the Securities Act and any applicable state or foreign securities laws or an exemption from such registration under the Securities Act and applicable state or foreign securities laws, and (b) there has been obtained any other consent, approval or permit from any other regulatory body which the Committee, in its sole discretion, deems necessary or advisable. The Company may condition such issuance, sale or transfer upon the receipt of any representations or agreements from the parties involved, and the placement of any legends on certificates representing shares of Common Stock, as may be deemed necessary or advisable by the Company in order to comply with such securities law or other restrictions.

12. PLAN AMENDMENT, MODIFICATION AND TERMINATION.

The Board may suspend or terminate the Plan or any portion thereof at any time, and may amend the Plan from time to time in such respects as the Board may deem advisable in order that Options under the Plan will conform to any change in applicable laws or regulations or in any other respect the Board may deem to be in the best interests of the Company; provided, however, that no amendments to the Plan will be effective without approval of the shareholders of the Company if shareholder approval of the amendment is then required pursuant to Section 422 of the Code or the rules of any stock exchange or Nasdaq or similar regulatory body. No termination, suspension or amendment of the Plan may adversely affect any outstanding Option without the consent of the affected Participant; provided, however, that this sentence will not impair the right of the Committee to take whatever action it deems appropriate under Sections 3.2, 4.3 and 9 of the Plan.

13. EFFECTIVE DATE AND DURATION OF THE PLAN.

The Plan is effective as of December 8, 1998, the date it was adopted by the Board. The Plan will terminate at midnight on December 8, 2008 and may be terminated prior to such time to by Board action, and no Option will be granted after such termination. Options outstanding upon termination of the Plan may continue to be exercised in accordance with their terms.

14. MISCELLANEOUS.

14.1 GOVERNING LAW. The validity, construction, interpretation, administration and effect of the Plan and any rules, regulations and actions relating to the Plan will be governed by and construed exclusively in accordance with the laws of the State of Wyoming, notwithstanding the conflicts of laws principles of any jurisdictions.

14.2 SUCCESSORS AND ASSIGNS. The Plan will be binding upon and inure to the benefit of the successors and permitted assigns of the Company and the Participants.

Exhibit 10.20

BIOSANTE PHARMACEUTICALS, INC.

SUBSCRIPTION AGREEMENT

BioSante Pharmaceuticals, Inc.
175 Olde Half Day Road, Suite 247
Lincolnshire, IL 60069
Attn: Mr. Stephen M. Simes

Ladies and Gentlemen:

1. SUBSCRIPTION. The undersigned is hereby purchasing from BioSante Pharmaceuticals, Inc., a Wyoming corporation, _____ units (must be at least 100,000 units, unless BioSante in its sole discretion otherwise agrees) for a purchase price of $.50 per unit. Each unit consists of (i) one share of BioSante's common stock, no par value, and (ii) a warrant to purchase .25 shares of BioSante's common stock at an exercise price of $.625 per full share, in substantially the form of warrant attached as ANNEX A hereto. This subscription is being made in connection with BioSante's private placement of units to certain "accredited investors" (within the meaning of Rule 501 under Regulation D of the Securities Act of 1933, as amended) and existing accredited investors in BioSante.

2. CLOSING. The undersigned shall pay the purchase price for the units by electronic wire transfer in accordance with the following instructions:

Bank Name: HARRIS BANK, BARRINGTON
ABA #: 071919463 CODE 10
Account #: 7154100
Credit to the account of: BIOSANTE PHARMACEUTICALS, INC.

or by delivery of a bank check or certified check made payable to "BioSante Pharmaceuticals, Inc." All checks should be delivered, together with an executed copy of this subscription agreement, to BioSante as follows:

BioSante Pharmaceuticals, Inc.
175 Olde Half Day Road, Suite 247
Lincolnshire, IL 60069
Attn: Mr. Stephen M. Simes

In the event, BioSante does not receive subscriptions for the minimum placement of $2,000,000, which may include a minimum of $500,000 from investors identified by Sunrise Securities Corp., the Company will return the purchase price to the undersigned, without any interest thereon.

3. REPRESENTATIONS AND WARRANTIES OF BIOSANTE. To induce the undersigned to enter into this subscription agreement and to purchase the units, BioSante hereby represents and warrants to the undersigned the following:

(a) ORGANIZATION STANDING, ETC. BioSante is a corporation duly organized, validly existing and in good standing under the laws of the State of Wyoming and has the requisite corporate power and authority to own or lease its properties and to carry on its business as it is now being conducted. BioSante has the requisite corporate power and authority to issue the units and to perform its obligations under this subscription agreement.

(b) VALID ISSUANCE. The units, when issued and delivered pursuant to terms of this subscription agreement, will be duly and validly authorized, validly issued, fully paid and nonassessable, and free of preemptive rights and no personal liability will attach to the ownership thereof. The shares of BioSante common stock underlying the units and issuable upon exercise of the warrants underlying the units, when issued and delivered pursuant to terms of this subscription agreement and the warrants, will be duly and validly authorized, validly issued, fully paid and nonassessable, and free of preemptive rights and no personal liability will attach to the ownership thereof.

(c) CORPORATE ACTS AND PROCEEDINGS. This subscription agreement and this offering have been duly authorized by all necessary corporate action on behalf of BioSante. This subscription agreement has been duly executed and delivered by authorized officers of BioSante, is a valid and binding agreement on the part of BioSante and is enforceable against BioSante in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other laws affecting the rights of creditors generally or by general equitable principles. All corporate actions necessary to the authorization, creation, issuance and delivery of the units and the conducting of this offering have been taken by BioSante.

(d) COMPLIANCE WITH APPLICABLE LAWS AND OTHER INSTRUMENTS. Neither the execution or delivery of, nor the performance of or compliance with this subscription agreement, nor the issuance of the units, nor the consummation of the transactions contemplated hereby will, with or without the giving of notice or passage of time, result in any material breach of, or constitute a material default under, or result in the imposition of any material lien or encumbrance upon any asset or property of BioSante pursuant to any material agreement or other instrument to which BioSante is a party or by which it or any of its properties, assets or rights is bound or affected, and will not violate BioSante's Articles of Incorporation or Bylaws.

(e) SECURITIES LAWS. Based in part upon the representations of the undersigned in SECTION 5 hereof, no consent, authorization, approval, permit or order of or filing with any governmental or regulatory authority is required under current laws and regulations in connection with the execution and delivery of this subscription agreement or the offer, issuance, sale or delivery of the units other than (i) the filing of a Form D pursuant to Regulation D under the Securities Act of 1933, as amended, (ii) the filing, if required, of any notice with any state whose laws require such filing, (iii) the qualification thereof, if required, under other applicable state laws, which qualification has been or will be effected as a condition of this offering, and (iv) the filing, if required, of any notice or other document with the Canadian Venture Exchange. Under the circumstances contemplated by this subscription agreement, the offer, issuance, sale and delivery of the units will not, under current laws and regulations, require compliance with the prospectus delivery or registration requirements in the Securities Act.

(f) CAPITAL STOCK. As of February 15, 2001, the authorized and issued capital stock of BioSante is correctly set forth in the term sheet attached as ANNEX B hereto. All of the outstanding shares of BioSante capital stock were duly authorized and validly issued and are fully paid and nonassessable. Except as set forth in the term sheet attached as ANNEX B hereto, there are no outstanding subscriptions, options, warrants, calls, contracts, demands, commitments, convertible securities or other agreements or arrangements of any character or nature whatever, other than in connection with this offering, pursuant to which BioSante is obligated to issue any securities of any kind representing an ownership interest in BioSante. Neither the offer nor the issuance or sale of the units constitutes an event under any anti-dilution provisions of any securities issued (or issuable pursuant to outstanding rights, warrants or options) by BioSante or any agreements with respect to the issuance of securities by BioSante, which will either increase the number of securities issuable pursuant to such provisions or decrease the consideration per share to be received by BioSante pursuant to such provisions. No holder of any securities of BioSante is entitled to any preemptive or similar rights to purchase any securities of BioSante in connection with this offering, other than the investors in BioSante's private placement completed in May 1999, which pre-emptive rights have been waived with respect to this offering.

(g) SEC FILINGS. BioSante has furnished the undersigned true and complete copies of BioSante's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1999, Quarterly Reports on Form 10-QSB for the quarters ended March 31, June 30 and September 30, 2000, and a Current Report on Form 8-K dated June 13, 2000 and all subsequent filings, if any, made by BioSante with the SEC. As of their respective filing dates, the SEC filings complied in all material respects with the applicable requirements of the Securities Exchange Act of 1934, as amended. None of the SEC filings as of their respective dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except to the extent amendments thereto were made in compliance with SEC rules and regulations subsequent to the date thereof.

4. TRANSFER RESTRICTIONS.

(a) The undersigned realizes that the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants, are not registered under the Securities Act or any foreign or state securities laws. The undersigned agrees that the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants will not be sold, offered for sale, pledged, hypothecated or otherwise transferred, except in compliance with the Securities Act and applicable foreign and state securities laws. The undersigned understands that the undersigned can only transfer the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants pursuant to registration under the Securities Act or pursuant to an exemption therefrom. The undersigned understands that to transfer the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants may require in certain jurisdictions specific approval by the appropriate governmental agency or commission in such jurisdiction. The undersigned has been advised that, except as set forth in SECTION 6 hereof, BioSante has no

obligation, and does not intend, to cause the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants to be registered under the Securities Act or the securities law of any other jurisdiction or to comply with the requirements for any exemption under the Securities Act, including but not limited to, those provided by Rule 144 and Rule 144A promulgated under the Securities Act, or under the securities law of any other jurisdiction.

(b) To enable BioSante to enforce the transfer restrictions contained in SECTION 4(a) hereof, the undersigned hereby consents to the placing of legends upon, and stop-transfer orders with the transfer agent of the common stock with respect to, the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants.

5. REPRESENTATIONS AND WARRANTIES OF THE UNDERSIGNED. To induce BioSante to accept the undersigned's subscription, the undersigned hereby represents and warrants to BioSante that:

(a) The undersigned, if an individual, has reached the age of majority in the jurisdiction in which the undersigned resides, is a bona fide resident of the jurisdiction contained in the address set forth on the signature page of this subscription agreement, is legally competent to execute this subscription agreement, and does not intend to change residence to another jurisdiction;

(b) The undersigned, if an entity, was not formed solely for purposes of making this investment and is duly authorized to execute this subscription agreement and this subscription agreement, when executed and delivered by the undersigned, will constitute a legal, valid and binding obligation enforceable against the undersigned in accordance with its terms; and the execution, delivery and performance of this subscription agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate or other necessary action on the part of the undersigned;

(c) The units subscribed for hereby are being acquired by the undersigned for investment purposes only, for the account of the undersigned and not with the view to any resale or distribution thereof, and the undersigned is not participating, directly or indirectly, in a distribution of such units and will not take, or cause to be taken, any action that would cause the undersigned to be deemed an "underwriter" of such units as defined in Section 2(11) of the Securities Act;

(d) The undersigned has had access to all materials, books, records, documents and information relating to BioSante which the undersigned has requested, including the SEC filings, and has been provided the opportunity to verify the accuracy of the information contained therein;

(e) The undersigned acknowledges and understands that investment in the units involves a high degree of risk, has read and understood the risk factors contained in Annex C attached hereto and in the SEC filings made by BioSante and provided to the undersigned;

(f) The undersigned acknowledges that the undersigned has been offered an opportunity to ask questions of, and receive answers from, officers of BioSante concerning all material aspects of BioSante and its business and this offering, and that any request for such information has been fully complied with to the extent BioSante possesses such information or can acquire it without unreasonable effort or expense;

(g) The undersigned has such knowledge and experience in financial and business matters that the undersigned is capable of evaluating the merits and risks of an investment in BioSante and can afford a complete loss of the undersigned's investment in BioSante;

(h) The undersigned has, in connection with the undersigned's decision to purchase the units, relied solely upon this subscription agreement and the SEC filings;

(i) The undersigned represents and warrants to and covenants with BioSante that the undersigned has not engaged and will not engage in any sales of the units, including a short sale covered by the units, prior to the effectiveness of a resale registration statement (as defined in SECTION 6), except to the extent that any such short sale is fully covered by shares of BioSante's common stock other than the units, or such sale is otherwise exempt from registration under the Securities Act;

(j) The undersigned recognizes that no governmental agency has passed upon the issuance of the units or made any finding or determination as to the fairness of this offering;

(k) If the undersigned is purchasing the units subscribed for hereby in a representative or fiduciary capacity, the representations and warranties contained herein shall be deemed to have been made on behalf of the person or persons for whom such units are being purchased;

(l) The undersigned has not entered into any agreement to pay commissions to any persons with respect to the purchase or sale of the units, except commissions for which the undersigned will be responsible;

(m) The undersigned acknowledges that BioSante will pay to Sunrise Securities Corp. a commission with respect to the sale of the units by BioSante to the undersigned of (i) 7.0% of the gross sales price of the units sold by BioSante in this offering to investors introduced to BioSante by Sunrise, payable at the option of Sunrise in cash or in units valued at the unit sales prices less the cash commission, and (ii) a five-year warrant to purchase units covering a number of units equal to 7.0% of the total number of units sold by BioSante in this offering to investors introduced to BioSante by Sunrise, inclusive of the commission units, if any, issued to Sunrise at an exercise price of $.625 and the cash commission and five-year warrant will also be payable with respect to (x) all securities subscribed to by bona fide "Accredited Investors" introduced to BioSante by Sunrise who are ready willing and able to close but whose subscriptions are rejected by BioSante other than due to over-subscription, and (y) any purchase of BioSante securities by any investor introduced by Sunrise to BioSante taking place at any time within 12 months, as long as such introduction occurred before the closing of this offering;

(n) The undersigned acknowledges and understands that the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants may not be resold or otherwise transferred except in a transaction registered under the Securities Act or unless an exemption from such registration is available. The undersigned understands that the certificate(s) evidencing the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants will be imprinted with a legend that prohibits the transfer of such shares unless (i) they are registered or such registration is not required, and (ii) if the transfer is pursuant to an exemption from registration other than Rule 144 under the Securities Act and, if BioSante shall so request in writing, an opinion of counsel reasonably satisfactory to BioSante is obtained to the effect that the transaction is so exempt; and

(o) The undersigned is an "accredited investor" within the meaning of Section 501(a) of Regulation D promulgated under the Securities Act. Specifically the undersigned is (check appropriate item(s)):

/ / a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Exchange Act; an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Securities Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) of (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employment Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000, or if a self-directed plan, with investment decisions made solely by persons that are Accredited Investors;

/ / a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

/ / an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring Shares, with total assets in excess of $5,000,000;

/ / a director or executive officer of BioSante;

/ / a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds $1,000,000;

/ / a natural person who had an individual income (not including his or her spouse's income) in excess of $200,000 in 1999 and 2000 or joint income with his or her spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching such income level in 2001;

/ / a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring Shares, whose purchase is directed by a person having such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks entailed in the purchase of units; or

/ / an entity in which all of the equity owners are accredited investors, within the meaning of Rule 501 under Regulation D of the Securities Act. (If this alternative is checked, the undersigned must identify each equity owner and provide statements signed by each demonstrating how each is qualified as an accredited investor.)

6. REGISTRATION OF SHARES UNDER THE SECURITIES ACT.

(a) By its acceptance hereof, BioSante agrees that it shall, at its expense, (i) not later than 90 days after the final closing of this offering file a registration statement to register under the Securities Act the resale by the undersigned of the shares of BioSante common stock underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants, (ii) use its reasonable best efforts to cause the resale registration statement to become effective under the Securities Act as promptly as practicable, (iii) after the resale registration statement is declared effective under the Securities Act, furnish the undersigned with such number of copies of the final prospectus included in the resale registration statement as the undersigned may reasonably request to facilitate the resale of the shares of BioSante common stock underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants, and (iv) use its reasonable best efforts to cause such registration statement to remain effective until the earlier of: (a) the sale of all the shares of BioSante common stock covered by the resale registration statement; or (b) such time as the selling shareholders named in the registration statement become eligible to resell the shares of BioSante common stock underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants pursuant to Rule 144(k) under the Securities Act.

(b) BioSante will prepare and file with the SEC such amendments and Prospectus supplements, including post-effective amendments to the resale registration statement, as BioSante determines may be necessary or appropriate, and use its reasonable best efforts to have such post-effective amendments declared effective as promptly as practicable; cause the prospectus to be supplemented by any prospectus supplement, and as so supplemented, to be filed with the SEC; and promptly notify the undersigned when a prospectus, and any prospectus supplement or post-effective amendment must be filed or has been filed (including

any filing in response to a sale notice) and, with respect to any post-effective amendment, when the same has become effective.

(c) In connection with the resale registration statement, the undersigned shall furnish BioSante such information regarding the distribution of the shares of BioSante common stock covered by the registration statement as BioSante may, from time to time, reasonably request in writing and BioSante may exclude from such registration the shares of BioSante common stock of any investor if such investor unreasonably fails to furnish such information in writing within a reasonable time after receiving such request. The undersigned agrees promptly to furnish to BioSante all information required to be disclosed in the registration statement in order to make the information previously furnished to BioSante by the undersigned not misleading. The undersigned understands, acknowledges and agrees that the undersigned will be entitled to liquidated damages pursuant to SECTION 6(d) hereof unless and until the undersigned shall have provided all such information. Any sale of any shares of BioSante common stock under the registration statement by the undersigned will constitute a representation and warranty by the undersigned that the required information relating to the undersigned and its plan of distribution is as set forth in the prospectus delivered by the undersigned in connection with such disposition, that such prospectus does not as of the time of such sale contain any untrue statement of a material fact relating to the undersigned or its plan of distribution and that such prospectus does not as of the time of such sale omit to state any material fact relating to the undersigned or its plan of distribution necessary to make the statements in such prospectus, in the light of the circumstances under which they were made, not misleading.

(d) BioSante acknowledges that the undersigned and other purchasers of units will suffer damages if BioSante fails to fulfill its obligation to cause the resale registration statement to become effective under the Securities Act in a timely fashion, and that it would not be feasible to ascertain the extent of such damages. Accordingly, in the event that BioSante fails to cause the resale registration statement to be declared effective within 90 days of the filing of the resale registration statement, other than as a result of events beyond BioSante's control, BioSante will issue to the undersigned, as compensation therefor, shares of BioSante common stock equal to 1% of the shares of BioSante common stock underlying the units purchased by the undersigned for each 30 days or part thereof effectiveness is delayed.

(e) At any time BioSante may refuse to permit the undersigned to resell any units pursuant to the resale registration statement; PROVIDED, HOWEVER, that in order to exercise this right, BioSante must deliver a certificate in writing to the undersigned to the effect that a sale pursuant to the resale registration statement in its then-current form could constitute a violation of the federal securities laws or would result in a material adverse effect on BioSante (i.e., pending corporate developments such as negotiation of a material transaction which BioSante in its sole discretion after consultation with legal counsel, determines it would be obligated to disclose in the registration statement, which disclosure BioSante believes would be premature or otherwise inadvisable at such time). In such an event, BioSante will use its reasonable best efforts to amend the resale registration statement if necessary and take all other actions reasonably necessary to allow such sale under the federal securities laws, and will notify the undersigned promptly after it has determined that such sale has become permissible under the federal securities laws. In any calendar year, BioSante may exercise this right no more than two times, for not more than 30 days in each instance. The undersigned hereby covenants and agrees

that it will not sell any shares of BioSante common stock pursuant to the resale registration statement during the periods the resale registration statement is unable to be used by the undersigned as set forth in this SECTION 6(e).

7. MARKET FOR REGISTRABLE COMMON STOCK. BioSante will use commercially reasonable efforts to list its common stock on the American Stock Exchange, Nasdaq Small Market System or other comparable exchange or quotation system, including without limitation effecting a reverse split of its common stock, if necessary.

8. INDEMNIFICATION.

(a) The undersigned understands the meaning and legal consequences of the representations and warranties made by the undersigned in this subscription agreement, and agrees to indemnify and hold harmless BioSante and each of BioSante's directors, officers, shareholders, employees, counsel, agents, successors and assignees from and against any and all loss, damage, liability or expenses (including, without limitation, reasonable and documented attorneys' fees), as and when incurred, due to or arising out of (in such case in whole or in part) any breach of any representation or warranty made by the undersigned set forth herein or in any other agreement or other document furnished by the undersigned to any of the foregoing in connection with this offering, any failure by the undersigned to fulfill any of its covenants or agreements set forth herein, or arising out of the resale or distribution by the undersigned of the units, the shares of BioSante common stock and warrants underlying the units and the shares of BioSante common stock issuable upon exercise of the warrants or any portion thereof in violation of the Securities Act or any applicable foreign or state securities or "blue sky" law.

(b) BioSante understands the meaning and legal consequences of the representations and warranties made by it in this subscription agreement, and agrees to indemnify and hold harmless the undersigned and each of the undersigned's directors, officers, stockholders, employees, counsel, agents, successors and assigns from and against any and all loss, damage, liability or expense (including, without limitation, reasonable and documented attorneys' fees), as and when incurred, due to or arising out of (in each case in whole or in part) any breach of any representation or warranty made by BioSante set forth herein, or any failure by BioSante to fulfill any of its covenants or agreements set forth herein.

(c) To the extent permitted by law, BioSante will indemnify and hold harmless each selling shareholder named in the resale registration statement, the directors, if any, of such holder, the officers, if any, of such holder, and each person, if any, who controls such holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, expenses or liabilities to which any of them may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages, expenses or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violation: (i) any untrue statement or alleged untrue statement of a material fact contained in the resale registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, or (iii) any violation or alleged

violation by BioSante of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law; and BioSante will reimburse the holders and each such controlling person, promptly as such expenses are incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding.

(d) To the extent permitted by law, each holder, severally and not jointly, will indemnify and hold harmless, to the same extent and in the same manner set forth in SECTION 8(c), BioSante, each of its directors and officers who have signed the resale registration statement, and each person, if any, who controls BioSante within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened in respect thereof) arise out of or are based upon any violation, in each case to the extent (and only to the extent) that such violation occurs in reliance upon and in conformity with written information furnished by such holder expressly for use in connection with the resale registration statement; and such holder will reimburse such persons for any legal or other expenses reasonably incurred by any of them in connection with investigating or defending any such loss, claim, damage, liability or action.

(e) With respect to the indemnification set forth in SECTIONS 8(c) or (d) above, to the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under said SECTIONS 8(c) or (d) to the extent permitted by law; PROVIDED that (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in said SECTIONS 8(c) or (d), and (ii) no party guilty of fraudulent misrepresentation (within the meaning of Section 11 of the Securities Act) shall be entitled to contribution from any party who was not guilty of such fraudulent misrepresentation.

9. FURTHER DOCUMENTS. The undersigned agrees that it will execute such other documents as may be necessary or desirable in connection with the transactions contemplated hereby.

10. MODIFICATION. Neither this subscription agreement nor any provisions hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge or termination is sought.

11. NOTICES. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by certified mail, return receipt requested, or by Federal Express, Express Mail or similar overnight delivery or courier service and delivered against receipt to the party to whom it is to be given, (i) if to BioSante, at the address set forth on the first page hereof, (ii) if to the undersigned, at its address set forth on the signature page hereto, or (iii) in either case, to such other address as the party shall have furnished in writing in accordance with the provisions of this SECTION 11. Notice to the estate of any party shall be sufficient if addressed to the party as provided in SECTION 11. Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof,

except for a notice changing a party's address which shall be deemed given at the time of receipt thereof. Any notice given by other means permitted by this SECTION 11 shall be deemed given at the time of receipt thereof.

12. COUNTERPARTS. This subscription agreement may be executed through the execution of separate signature pages or in any number of counterparts, and each such counterpart shall, for all purposes, constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart.

13. ENTIRE AGREEMENT. This subscription agreement contains the entire agreement of the parties with respect to the subject matter hereof and there are no representations, covenants or other agreements except as stated or referred to herein.

14. SEVERABILITY. Each provision of this subscription agreement is intended to be severable from every other provision, and the invalidity or illegality of any portion hereof shall not affect the validity or legality of the remainder hereof.

15. ASSIGNABILITY. This subscription agreement is not transferable or assignable by the undersigned.

16. APPLICABLE LAW. This subscription agreement has been negotiated and consummated in the State of Illinois and shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to conflict of laws.

17. CHOICE OF JURISDICTION. Any action or proceeding arising directly, indirectly or otherwise, in connection with, out of or from this subscription agreement, any breach hereof or any transaction covered hereby shall be resolved in Chicago, Illinois. Accordingly, the parties consent and submit to the jurisdiction of the United States federal and state courts located in Chicago, Illinois.

18. TAXPAYER IDENTIFICATION NUMBER. The undersigned verifies under penalties of perjury that any taxpayer identification number or social security number shown on the signature page hereto is true, correct and complete.

19. PRONOUNS. Any personal pronoun shall be considered to mean the corresponding masculine, feminine or neuter personal pronoun, as the context requires.

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IN WITNESS WHEREOF, the undersigned has executed this subscription agreement this ____ day of _____, 2001.

Number of units subscribed for: _____ units.

INDIVIDUAL SUBSCRIBER:	ENTITY SUBSCRIBER:
- ----------	----------
(Signature of Subscriber)	(Print Name of Subscriber)
	By:
- ----------	----------
(Typed or Printed Name)	
	Name: ----------
	Title: ----------
- ----------	----------
(Residence Address)	(Address)
- ----------	----------
(City, State and Zip Code)	(City, State and Zip Code)
- ----------	----------
(Telephone Number)	(Telephone Number)
- ----------	----------
(Telecopier Number)	(Telecopier Number)
- ----------	----------
(Social Security Number)	(Tax I.D. or Social Security Number)

ACCEPTED:

BIOSANTE PHARMACEUTICALS, INC.

By: ----------

Name: Stephen M. Simes
Title: President and Chief Executive Officer
Dated: _____, 2001

FOR ENTITIES DESIRING THAT CERTIFICATES FOR UNITS BE DELIVERED TO AN ADDRESS OTHER THAN THAT SET FORTH ABOVE, SET FOR THE DELIVERY ADDRESS:

(Address)

(City, State and Zip Code)

ANNEX A

FORM OF WARRANT

Warrant to Purchase Up To
_____ Shares Of Common Stock of
BioSante Pharmaceuticals, Inc.

THIS CERTIFIES that, for value received, _____ ("Investor") or any transferee of Investor (Investor or such transferee being hereinafter referred to as the "Holder"), is entitled, upon the terms and subject to the conditions hereinafter set forth, to purchase from BioSante Pharmaceuticals, Inc., a Wyoming corporation (the "Company"), that number of fully paid and nonassessable shares of common stock, no par value (the "Warrant Shares") of the Company (the "Common Stock") at the purchase price per share as set forth in Section 1 below (the "Exercise Price"). The number of Warrant Shares purchasable and Exercise Price are subject to adjustment as provided in Section 10 hereof.

1. NUMBER OF WARRANT SHARES; EXERCISE PRICE; TERM.

(a) Subject to adjustments as provided herein, the Holder of this Warrant may, at the Holder's option, exercise this Warrant in whole at any time or in part from time to time for _____ (_____) Warrant Shares at an Exercise Price of $0.625 per Warrant Share.

(b) Subject to the terms and conditions set forth herein, this Warrant and all rights and options hereunder shall expire at 5:00 p.m. central standard time on _____, 2006. This Warrant and all options and rights hereunder shall be wholly void to the extent this Warrant is not exercised before it expires.

2. TRANSFERABILITY OF WARRANT. The Warrant and all rights hereunder are not transferable, in whole or in part.

3. EXERCISE OF WARRANT. The Warrant is exercisable by the Holder, in whole or in part, at any time, or from time to time, during the term hereof as described in Section l above, by the surrender of the Warrant and the Notice of Exercise annexed hereto duly completed and executed on behalf of the Holder hereof, at the office of the Company in Lincolnshire, Illinois (or such other office or agency of the Company as it may designate by notice in writing to the Holder hereof at the address of the Holder appearing on the books of the Company), and subject to Section 4 hereof, upon payment of the Exercise Price in cash or check, whereupon the Holder of the Warrant shall be entitled to receive shares of Common Stock of the Company for the number of Warrant Shares so purchased and, if the Warrant is exercised for fewer than all of the Warrant Shares, a new Warrant representing the right to acquire the number of Warrant Shares in respect of which this Warrant shall not have been exercised. Notwithstanding the foregoing, payment of the Exercise Price may also be made by (a) delivering shares of Common Stock already owned by the Holder having a total Fair Market Value (as defined in Section 4) on the date of delivery equal to the aggregate Exercise Price; (b) authorizing the Company to return Warrant Shares which would otherwise be issuable upon exercise of this Warrant having a total Fair Market Value on the date of exercise equal to the aggregate Exercise Price; or (c) any

combination of the foregoing. The Company agrees that, upon exercise of the Warrant in accordance with the terms hereof, the Warrant Shares so purchased shall be deemed to be issued to the Holder as the record owner of such Warrant Shares as of the close of business on the date on which the Warrant shall have been exercised.

Certificates for Warrant Shares purchased hereunder and, on exercise of fewer than all of the Warrant Shares purchasable hereunder, a new Warrant representing the right to acquire Warrant Shares not so purchased shall be delivered to the Holder hereof as promptly as practicable after the date on which the Warrant shall have been exercised.

The Company covenants that all Warrant Shares which may be issued upon the exercise of the Warrant shall, upon exercise of the Warrant and payment of the Exercise Price, be fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein).

4. NO FRACTIONAL WARRANT SHARES OR SCRIP. No fractional Warrant Shares or scrip representing fractional shares shall be issued upon the exercise of the Warrant. In lieu of any fractional Warrant Share to which the Holder would otherwise be entitled, such Holder shall be entitled, at its option, to receive either (a) a cash payment equal to the excess of Fair Market Value (as defined herein) for such fractional Warrant Share above the Exercise Price for such fractional share or (b) a whole share if the Holder tenders the Exercise Price for one whole Warrant Share. For purposes hereof, the term "Fair Market Value" shall mean an amount determined as follows: (A) if the Common Stock is listed on a national or regional securities exchange or admitted to unlisted trading privileges on such exchange or listed for trading on the Nasdaq National Market System or the Nasdaq Small Cap Market (collectively, "Nasdaq"), the Fair Market Value on a particular day shall be the last reported sale price of a share of Common Stock on such exchange or on Nasdaq, on the last business day prior to such day or, if no such sale is made on such business day, the business day before such business day, or (B) if the Common Stock is not listed or admitted to unlisted trading privileges on an exchange or on Nasdaq, the fair market value on a particular day shall be the mean of the last reported bid and asked prices reported by the National Quotation Bureau, Inc., or the National Association of Securities Dealers, Inc. OTC Bulletin Board on the last business day prior to such day, or (C) if the Common Stock is not so listed or admitted to unlisted trading privileges on an exchange or on Nasdaq and bid and asked prices are not so reported, the Fair Market Value on a particular day shall be an amount determined in such reasonable manner as may be prescribed by the board of directors of the Company.

5. CHARGES, TAXES AND EXPENSES. Issuance of certificates for Warrant Shares upon the exercise of the Warrant shall be made without charge to the Holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder of the Warrant or in such name or names as may be directed by the Holder of the Warrant; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder of the Warrant, the Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Notice of Exercise duly completed and executed and stating in whose name the

certificates are to be issued; and provided further, that such assignment shall be subject to applicable laws and regulations.

6. NO RIGHTS AS WARRANT SHAREHOLDERS. The Warrant does not entitle the Holder hereof to any voting rights, dividend rights or other rights as a shareholder of the Company prior to the exercise thereof.

7. EXCHANGE AND REGISTRY OF WARRANT. The Company shall maintain a registry showing the name and address of the Holder of the Warrant. The Warrant may be surrendered for exchange, transfer or exercise, in accordance with the terms hereof, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

8. LOSS, THEFT, DESTRUCTION OR MUTILATION OF WARRANT. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of the Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor and dated as of such cancellation, in lieu of the Warrant.

9. SATURDAYS, SUNDAYS, HOLIDAYS, ETC. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday or a Sunday or a legal holiday.

10. ADJUSTMENTS. The above provisions are, however, subject to the following:

(a) The Exercise Price shall be subject to adjustment from time to time as hereinafter provided. Upon each adjustment of the Exercise Price, the Holder shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant to this Warrant immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

(b) Except for (i) shares of capital stock of the Company issued to employees, directors, advisors and consultants of the Company, vendors and other similar persons to whom the Company owes money, (ii) options and warrants granted to employees, directors, advisors and consultants of the Company, (iii) shares of Common Stock of the Company issuable upon the exercise of options and warrants granted to employees, directors, advisors and consultants, (iv) shares of Common Stock issuable upon the exercise of all currently outstanding warrants and other convertible securities and (v) shares of capital stock issuable upon the conversion of all currently outstanding shares of preferred stock of the Company, if the Company shall issue or sell any shares of Common Stock during the next twelve months for a consideration per share less than $0.50, then, forthwith upon such issue or sale, the Exercise Price shall be reduced to the price (calculated to the nearest cent) determined by dividing (A) an amount equal to the

sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue or sale multiplied by the then existing Exercise Price, and (2) the consideration, if any, received by the Company upon such issue or sale by (B) an amount equal to the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue or sale and (2) the number of shares of Common Stock thus issued or sold.

(c) For the purposes of paragraph (b), the following provisions (i) to (vi), inclusive, shall also be applicable:

(i) In case at any time the Company shall grant (whether directly or by assumption in a merger or otherwise) any rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any obligations, stock or securities convertible into or exchangeable for Common Stock (such convertible or exchangeable stock or securities being herein called "Convertible Securities") whether or not such rights or options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share at which shares of Common Stock are issuable upon the exercise of such rights or options or upon conversion or exchange of such Convertible Securities (determined by dividing (A) the total amount, if any, received or receivable by the Company as consideration for the granting of such rights or options, plus the minimum aggregate amount of additional consideration payable to the Company upon the exercise of such rights or options, plus, in the case of such rights or options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the exercise of such rights or options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such rights or options) shall be less than the Exercise Price in effect immediately prior to the time of the granting of such rights or options, then the total maximum number of shares of Common Stock issuable upon the exercise of rights or options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such rights or options shall (as of the date of granting of such rights or options) be deemed to have been issued for such price per share. Except as provided in paragraph (f) below, no further adjustments of the Exercise Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such rights or options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

(ii) In case the Company shall issue or sell (whether directly or by assumption in a merger or otherwise) any Convertible Securities, whether or not the rights to exchange or convert thereunder are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (determined by dividing (A) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (B) the total

maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Exercise Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall (as of the date of the issue or sale of such Convertible Securities) be deemed to be outstanding and to have been issued for such price per share, provided that (x) except as provided in paragraph (f) below, no further adjustments of the Exercise Price shall be made upon the actual issue of such shares of Common Stock upon conversion or exchange of such Convertible Securities, and (y) if any such issue or sale of such Convertible Securities is made upon exercise of any rights to subscribe for or to purchase or any option to purchase any such Convertible Securities for which adjustments of the Exercise Price have been or are to be made pursuant to other provisions of this paragraph (c), no further adjustment of the Exercise Price shall be made by reason of such issue or sale.

(iii) In case the Company shall declare a dividend or make any other distribution upon any stock of the Company payable in Common Stock or Convertible Securities, or in any rights or options to purchase any Common Stock or Convertible Securities, any Common Stock or Convertible Securities, or any such rights or options, as the case may be, issuable in payment of such dividend or distribution shall be deemed to have been issued or sold without consideration.

(iv) In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any shares of Common Stock or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions, discounts or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase any shares of Common Stock or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined by the Board of Directors of the Company, without deduction of any expenses incurred or any underwriting commissions, discounts or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock or Convertible Securities or any rights or options to purchase shares of Common Stock or Convertible Securities shall be issued in connection with any merger or consolidation in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value as determined by the Board of Directors of the Company of such portion of the assets and business of the non-surviving corporation or corporations as such Board shall have determined to be attributable to such shares of Common Stock, Convertible Securities, rights or options, as the case may be. In the event of any consolidation or merger of the Company in which the Company is not the surviving corporation or in the event of any sale of all or substantially all of the assets of the Company

for stock or other securities of any other corporation, the Company shall be deemed to have issued a number of shares of its Common Stock for stock or securities of the other corporation computed on the basis of the actual exchange ratio on which the transaction was predicated and for a consideration equal to the fair market value on the date of such transaction of such stock or securities of the other corporation, and if any such calculation results in adjustment of the Exercise Price, the determination of the number of shares of Common Stock issuable upon exercise immediately prior to such merger, consolidation or sale, for purposes of paragraph (f) below, shall be made after giving effect to such adjustment of the Exercise Price.

(v) In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in shares of Common Stock or in Convertible Securities, or in any rights or options to purchase any shares of Common Stock or Convertible Securities, or (B) to subscribe for or purchase shares of Common Stock or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such rights of subscription or purchase, as the case may be.

(vi) The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock for the purposes of this paragraph (c).

(d) In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased.

(e) Upon the happening of any of the following events, namely, if the purchase price provided for in any rights or options referred to in clause (i) of paragraph (c), the additional consideration, if any, payable upon the conversion or exchange of Convertible Securities referred to in clause (i) or clause (ii) of paragraph (c), or the rate at which any Convertible Securities referred to in clause (i) or clause (ii) of paragraph (c) are convertible into or exchangeable for Common Stock shall change (other than under or by reason of provisions designed to protect against dilution), the Exercise Price in effect at the time of such event shall forthwith be increased or decreased to the Exercise Price which would have obtained had the adjustments made upon the issuance of such rights, options or Convertible Securities been made upon the basis of (i) the issuance of the number of shares of Common Stock theretofore actually delivered upon the exercise of such options or rights or upon the conversion or exchange of such Convertible Securities, and the total consideration received therefor, and (ii) the issuance at the time of such

change of any such options, rights or Convertible Securities then still outstanding for the consideration, if any, received by the Company therefor and to be received on the basis of such changed price; and on the expiration of any such option or right or the termination of any such right to convert or exchange such Convertible Securities, the Exercise Price then in effect hereunder shall forthwith be increased to the Exercise Price which would have obtained had the adjustments made upon the issuance of such rights or options or Convertible Securities been made upon the basis of the issuance of the shares of Common Stock theretofore actually delivered (and the total consideration received therefor) upon the exercise of such rights or options or upon the conversion or exchange of such Convertible Securities. If the purchase price provided for in any such right or option referred to in clause (i) of paragraph (c) or the rate at which any Convertible Securities referred to in clause (i) or clause (ii) of paragraph (c) are convertible into or exchangeable for Common Stock shall decrease at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of Common Stock upon the exercise of any such right or option or upon conversion or exchange of any such Convertible Securities, the Exercise Price then in effect hereunder shall forthwith be decreased to such Exercise Price as would have obtained had the adjustments made upon the issuance of such right, option or Convertible Securities been made upon the basis of the issuance of (and the total consideration received for) the shares of Common Stock delivered as aforesaid.

(f) If any capital reorganization or reclassification of the capital stock of the Company, or consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for shares of Common Stock (such stock, securities or assets being hereinafter referred to as "substituted property"), then, as a condition of such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby the holder of this Warrant shall thereafter have the right to purchase and receive upon the basis and upon the terms and conditions specified herein and in lieu of the shares of the Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of this Warrant, such substituted property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of this Warrant had such reorganization, reclassification, consolidation, merger or sale not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of the holder of this Warrant to the end that the provisions hereof (including without limitation provisions for adjustments of the Exercise Price and of the number of shares purchasable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be, in relation to any substituted property thereafter purchasable and receivable upon the exercise of this Warrant. The Company shall not effect any such consolidation, merger or sale, unless prior to the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument executed and mailed to the holder of this Warrant at the last address of such holder appearing on the books of the Company, the obligation to deliver to such holder such substituted property as, in

accordance with the foregoing provisions, such holder may be entitled to purchase and receive.

(g) If the Company takes any other action, or if any other event occurs, which does not come within the scope of the provisions of Paragraphs (a) through (f) of this Section 10 but which should result in adjustment in the Exercise Price and/or the number of shares subject to the Warrant in order to fairly protect the purchase rights of the holder of this Warrant, an appropriate adjustment of such Exercise Price shall be made by the Company.

(h) Upon any adjustment of the Exercise Price, then and in each such case, the Company shall give written notice thereof, by first-class mail, postage prepaid, addressed to the holder of this Warrant at the address of such holder as shown on the books of the Company, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(i) In case any time:

(i) the Company shall pay any dividend payable in stock upon its Common Stock or make any distribution (other than regular cash dividends) to the holders of its Common Stock;

(ii) the Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(iii) there shall be any capital reorganization, reclassification of the capital stock of the Company, or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation; or

(iv) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of said cases, the Company shall give written notice, by first-class mail, postage prepaid, addressed to the holder of this Warrant at the address of such holder as shown on the books of the Company, of the date on which (A) the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights, or (B) such reorganization, reclassification consolidation, merger, sale, dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also specify the date as of which the holders of Common Stock of record shall participate in such dividend distribution or subscription rights, or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Such written notice shall be at least 20 days prior to the action in question and not less than 20 days prior to the record date or the date on which the Company's transfer books are closed in respect thereto.

(j) Notwithstanding anything in this Warrant to the contrary, no adjustment will be made to the Exercise Price as a result of the issuance of securities by the Company after twelve months after the date of this Warrant.

11. MISCELLANEOUS.

(a) GOVERNING LAW. The Warrant shall be binding upon any successors or assigns of the Company. The Warrant shall constitute a contract under the laws of Illinois and for all purposes shall be construed in accordance with and governed by the laws of said state, without giving effect to the conflict of laws principles.

(b) RESTRICTIONS. THIS WARRANT AND THE COMMON STOCK TO BE SOLD UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN EXEMPTION THEREFROM.

(c) AMENDMENTS. The Warrant may be amended and the observance of any term of the Warrant may be waived with the written consent of the Company and the Holder.

(d) SECTION HEADINGS. The section headings used herein are for convenience of reference only, are not part of this Warrant and are not to affect construction of or be taken into consideration in interpreting this Warrant.

(e) NOTICES. Any notice required or permitted hereunder shall be deemed effectively given upon personal delivery to the party to be notified upon deposit with the United States Post Office, by certified mail, postage prepaid and addressed to the party to be notified at the address: with respect to the Company, at its principal address in Lincolnshire, Illinois (or such other office or agency of the Company as it may designate by notice in writing to the Holder); and with respect to the Holder, at the address of the Holder appearing on the books of the Company.

* * * *

THIS WARRANT AND THE COMMON STOCK TO BE SOLD UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN EXEMPTION THEREFROM.

IN WITNESS WHEREOF, BioSante Pharmaceuticals, Inc. has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated: _____, 2001

BIOSANTE PHARMACEUTICALS, INC.

By:

Title:

NOTICE OF EXERCISE

To: BioSante Pharmaceuticals, Inc.

1. The undersigned hereby elects to exercise the right to purchase represented by the attached Warrant for, and to purchase thereunder, _____ shares of common stock, no par value (the "Warrant Shares") of BioSante Pharmaceuticals, Inc. (the "Company") and tenders herewith payment of the purchase price and any transfer taxes payable pursuant to the terms of the Warrant.

2. The Warrant Shares to be received by the undersigned upon exercise of the Warrant are being acquired for its own account, not as a nominee or agent, and not with a view to resale or distribution of any part thereof, and the undersigned has no present intention of selling, granting any participation in, or otherwise distributing the same. The undersigned further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to the Warrant Shares. The undersigned believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Warrant Shares.

3. Please issue a certificate or certificates representing said Warrant Shares in the name set forth below:

[Name]

4. If said number of Warrant Shares are not all the Warrant Shares purchasable under the Warrant, please issue a new Warrant for the balance of such Warrant Shares in the name set forth below:

[Name]

Executed on _____ (date).

- ---
[NAME OF HOLDER]

By:

Printed Name:

Title (if applicable):

ANNEX B

BIOSANTE PHARMACEUTICALS, INC.

2001 FINANCING

SUMMARY OF PRINCIPAL TERMS OF OFFERING

The following is a summary of the basic terms and conditions of the private placement of up to 15,000,000 units, each unit consisting of one share of common stock of BioSante Pharmaceuticals, Inc. and a warrant to purchase 0.25 shares of BioSante common stock. This summary is intended as an outline and does not purport to include all of the terms and conditions which will be contained in a definitive securities purchase agreement. This summary is provided for discussion purposes only and is not intended as an offer or commitment to purchase, or an offer or commitment to sell, the securities described herein. The terms are not intended to be binding on any of the parties unless and until definitive documents for the transaction are executed.

ISSUER:	BioSante Pharmaceuticals, Inc. ("BioSante" or the "Company")
INVESTORS:	Certain accredited investors within the meaning of Rule 501 under Regulation D of the Securities Act of 1933 and existing investors in BioSante (the "Investors")
SECURITIES OFFERED:	Up to 15,000,000 units (the "Units"), each unit consisting of one share of BioSante common stock (the "Investor Shares") and a five-year warrant to purchase 0.25 shares of BioSante common stock (the "Investor Warrants"). The Investor Warrants will have an exercise price of $0.625 per full share. The exercise price of the Investor Warrants will be subject to proportional adjustment for stock splits and stock dividends and will be adjusted on a weighted average basis in the event of the sale of BioSante securities within 12 months at a price less than $0.50 per share, other than as a result of the issuance of shares of BioSante common stock to employees, consultants and directors and upon the exercise of stock options and outstanding warrants and other customary exceptions. In no event will the number of shares subject to an Investors Warrant be increased as a result of the anti-dilution protection for issuance of BioSante securities at a price less than $0.50 per share.

PURCHASE PRICE:	$0.50 per Unit, up to an aggregate of $7,500,000
MINIMUM SUBSCRIPTION:	100,000 Units, or $50,000, unless BioSante in its sole discretion agrees to a lesser amount
MINIMUM AGGREGATE	In the event BioSante does not receive subscriptions for the minimum OFFERING AMOUNT: placement of $2,000,000, which may include a minimum of $500,000 from investors identified by Sunrise Securities Corp., BioSante will return the purchase price to the Investors, without any interest thereon.
INFORMATION ABOUT BIOSANTE:	Enclosed with this term sheet is a copy of BioSante's Annual Report on Form 10-KSB for the year ended December 31, 1999, Quarterly Reports on Form 10-QSB for the quarters ended March 31, June 30 and September 30, 2000, a Current Report on Form 8-K dated June 13, 2000 and recent press releases issued by BioSante.
USE OF PROCEEDS:	The proceeds of the Units will be used to fund clinical development, acquire or license technology or products, and for working capital and other general corporate purposes.
PRO FORMA CAPITALIZATION:	The following sets forth the fully diluted capitalization of BioSante currently and pro forma after giving effect to the issuance of the Units:

	Pre-Issuance	10 Million Units Issued Pro-Forma	15 Million Units Issued Pro-Forma
Co mmon Stock*	52,952,943	62,952,943	67,952,943
Class C Stock**	4,687,684	4,687,684	4,687,684
Warrants	11,822,500	14,847,500	16,447,500
Options	6,025,125	6,025,125	6,025,125
Total Equivalents	75,488,252	88,513,252	95,113,252

* Does not include shares of common stock issuable to Paladin pursuant to that certain sub-license agreement dated September 1, 2000.

** Class C shares are convertible to common stock on the basis of one Class C share and $0.25. These shares, similar to common shares, carry one vote per share, but are not entitled to a dividend.

ANTICIPATED CLOSING DATE:	February 28, 2001
TERMINATION DATE:	April 9, 2001, unless extended by the mutual agreement of BioSante and Sunrise Securities Corp.

PRINCIPAL TERMS OF THE SECURITIES PURCHASE AGREEMENT

REPRESENTATIONS AND WARRANTIES OF BIOSANTE:	Customary for transactions of this type, including: o Due organization, good standing, corporate power and authority o Valid issuance of Units o Exchange Act reports do not contain any material misstatements or omissions o BioSante has complied with all blue sky laws in connection with the issuance of the Units o Sale of the Units will not require compliance with the prospectus delivery or registration requirements of the Securities Act
REGISTRATION RIGHTS:	BioSante will covenant to use its reasonable best efforts to: o promptly file after the closing of the offering a registration statement (the "Registration Statement") with the Securities and Exchange Commission, but in no event later than a date 90 days after the final closing of the Offering, to register under the Securities Act the resale of the Shares and the shares of BioSante common stock underlying the Investor Warrants; o use its reasonable best efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as reasonably practicable; o after the Registration Statement is declared effective under the Securities Act, furnish holders with such number of copies of the prospectus included in the Registration Statement as the holders may reasonably request to facilitate the resale of shares; and o use its reasonable best efforts to cause such Registration Statement to remain effective until the earlier of: (a) the sale of all the shares of BioSante common stock covered by the Registration Statement; or (b) such time as the holders become eligible to resell the shares pursuant to Rule 144(k). In the event that BioSante fails to cause the Registration Statement to be declared effective within 90 days of the filing

	of the Registration Statement, BioSante will issue to the Investors shares of BioSante common stock equal to 1% of the Shares for each 30 days or part thereof effectiveness is delayed.
OTHER COVENANTS OF THE COMPANY:	BioSante will covenant that it will use commercially reasonable efforts to list of its common stock on the American Stock Exchange, Nasdaq or other comparable stock exchange or quotation system, and will take such steps necessary to meet the requirements for such listing.
PLACEMENT AGENT:	Sunrise Securities Corp.
AGENT COMMISSION:	BioSante will pay a commission to Sunrise of 7.0% of the gross sales price of the Units sold by BioSante in the offering to investors introduced to BioSante by Sunrise (the "Cash Commission"), which Cash Commission may be paid, at Sunrise's option, in Units valued at the Unit sales price less the Cash Commission. In addition, BioSante will sell to Sunrise (or its designees) a five-year warrant to purchase Units (the "Agent's Warrants") covering a number of Units equal to 7.0% of the total number of Units sold by BioSante in the offering to investors introduced to BioSante by Sunrise, inclusive of the Commission Units, if any, issued to Sunrise. The Cash Commission and Agent's Warrants will also be payable with respect to (i) all securities subscribed to by bona fide accredited investors introduced to BioSante by Sunrise who are ready willing and able to close but whose subscriptions are rejected by BioSante other than due to over-subscription and (ii) any purchase of BioSante securities by any investor introduced by Sunrise to BioSante taking place at any time within 12 months, as long as such introduction occurred before the closing of the offering.
EXPENSES:	BioSante will bear all reasonable and documented out-of-pocket expenses incurred by Sunrise in connection with the offering including fees of Sunrise's counsel, printing, postage, overnight delivery, escrow agent fees and pre-approved travel, up to a maximum of $20,000.
DRAFTING:	The transaction documents will be drafted by counsel for BioSante.

RISK FACTORS

AN INVESTMENT IN BIOSANTE'S UNITS INVOLVES A HIGH DEGREE OF RISK. PLEASE SEE THE RISK FACTORS IN BIOSANTE'S ANNUAL REPORT ON FORM 10-KSB FOR THE YEAR ENDED DECEMBER 31, 1999 AND QUARTERLY REPORTS ON FORM 10-QSB FOR THE QUARTERS ENDED MARCH 31, JUNE 30 AND SEPTEMBER 30, 2000.

YOU SHOULD ALSO CAREFULLY CONSIDER THE FOLLOWING RISKS BEFORE INVESTING IN THE UNITS.

RISKS RELATING TO OUR COMMON STOCK

BECAUSE OUR COMMON STOCK IS TRADED ON THE OVER-THE-COUNTER BULLETIN BOARD AND THE CANADIAN VENTURE EXCHANGE, YOUR ABILITY TO SELL YOUR SHARES IN THE SECONDARY TRADING MARKET MAY BE LIMITED.

Our common stock is currently traded on the Over-the-Counter Bulletin Board and the Canadian Venture Exchange. Consequently, the liquidity of our common stock is impaired, not only in the number of shares that are bought and sold, but also through delays in the timing of transactions, and coverage by security analysts and the news media, if any, of our company. As a result, prices for shares of our common stock may be lower than might otherwise prevail if our common stock was traded on Nasdaq or a national securities exchange (i.e., the American Stock Exchange)

BECAUSE OUR SHARES ARE "PENNY STOCKS," YOU MAY HAVE DIFFICULTY SELLING THEM IN THE SECONDARY TRADING MARKET.

Federal regulations under the Securities Exchange Act of 1934 regulate the trading of so-called "penny stocks," which are generally defined as any security not listed on a national securities exchange or Nasdaq, priced at less than $5.00 per share and offered by an issuer with limited net tangible assets and revenues. Since our common stock currently trades on the OTC Bulletin Board at less than $5.00 per share, our shares are "penny stocks" and may not be traded unless a disclosure schedule explaining the penny stock market and the risks associated therewith is delivered to a potential purchaser prior to any trade.

In addition, because our common stock is not listed on Nasdaq or any national securities exchange and currently trades at less than $5.00 per share, trading in our common stock is subject to Rule 15g-9 under the Exchange Act. Under this rule, broker-dealers must take certain steps prior to selling a "penny stock," which steps include:

- obtaining financial and investment information from the investor;
- obtaining a written suitability questionnaire and purchase agreement signed by the investor; and
- providing the investor a written identification of the shares being offered and the quantity of the shares.

If these penny stock rules are not followed by the broker-dealer, the investor has no obligation to purchase the shares. The application of these comprehensive rules will make it more difficult for broker-dealers to sell our common stock and our shareholders, therefore, may have difficulty in selling their shares in the secondary trading market.

OUR STOCK PRICE MAY BE VOLATILE AND YOUR INVESTMENT IN OUR COMMON STOCK COULD SUFFER A DECLINE IN VALUE.

Our common stock is listed on the Over-the-Counter Bulletin Board in the United States and on the Canadian Venture Exchange in Canada. The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control. These factors include:

- progress of our products through the regulatory process;
- results of preclinical studies and clinical trials;
- announcements of technological innovations or new products by us or our competitors;
- government regulatory action affecting our products or our competitors' products in both the United States and foreign countries;
- developments or disputes concerning patent or proprietary rights;
- general market conditions for emerging growth and pharmaceutical companies;
- economic conditions in the United States or abroad;
- actual or anticipated fluctuations in our operating results;
- broad market fluctuations; and
- changes in financial estimates by securities analysts.

In addition, the value of our common stock may fluctuate because it is listed on both the OTC Bulletin Board and the Canadian Venture Exchange. We do not know what effect, if any, the dual listing will have on the price of our common stock in either market. Listing on both the Canadian Venture Exchange and the OTC Bulletin Board may increase our stock price volatility due to:

- trading in different time zones;
- different ability to buy or sell our stock; and
- different trading volume.

WE MAY INCUR SIGNIFICANT COSTS FROM CLASS ACTION LITIGATION DUE TO OUR EXPECTED STOCK VOLATILITY.

In the past, following periods of large price declines in the public market price of a company's stock, holders of that stock have occasionally instituted securities class action litigation against the company that issued the stock. If any of our shareholders were to bring this type of lawsuit against us, even if the lawsuit is without merit, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management, which would hurt our business. Any adverse determination in litigation could also subject us to significant liabilities.

PROVISIONS IN OUR CORPORATE DOCUMENTS AND WYOMING LAW COULD DISCOURAGE OR PREVENT A TAKEOVER, EVEN IF AN ACQUISITION WOULD BE BENEFICIAL TO OUR SHAREHOLDERS.

Provisions of our articles of incorporation and bylaws, as well as provisions of Wyoming law, could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our shareholders. These provisions include:

- authorizing the issuance of "blank check" preferred that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt; and

- prohibiting cumulative voting in the election of directors, which would otherwise allow less than a majority of shareholders to elect director candidates.

In addition, the laws of the State of Wyoming, our state of incorporation, contain certain provisions that could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of our company. Such provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock. These provisions could also make it more difficult for shareholders to change the management of our company or to effect certain transactions.

OUR DIRECTORS AND EXECUTIVE OFFICERS OWN A SUFFICIENT NUMBER OF SHARES OF OUR COMMON STOCK TO CONTROL OUR COMPANY, WHICH COULD DISCOURAGE OR PREVENT A TAKEOVER, EVEN IF AN ACQUISITION WOULD BE BENEFICIAL TO OUR SHAREHOLDERS.

Our directors and executive officers own or control approximately 50.5% of our outstanding voting power. Accordingly, these shareholders, individually and as a group, may be able to influence the outcome of shareholder votes, involving votes concerning the election of directors, the adoption or amendment of provisions in our articles of incorporation and bylaws and the approval of certain mergers or other similar transactions, such as sales of substantially all of our assets. Such control by existing shareholders could have the effect of delaying, deferring or preventing a change in control of our company. In addition, under a shareholders agreement entered into in connection with our May 1999 private placement, several of our shareholders entered into a voting agreement with respect to the election of directors.

WE DO NOT INTEND TO PAY ANY CASH DIVIDENDS IN THE FORESEEABLE FUTURE AND, THEREFORE, ANY RETURN ON YOUR INVESTMENT IN OUR CAPITAL STOCK MUST COME FROM INCREASES IN THE FAIR MARKET VALUE AND TRADING PRICE OF THE CAPITAL STOCK.

We do not intend to pay any cash dividends in the foreseeable future and, therefore, any return on your investment in our capital stock must come from increases in the fair market value and trading price of the capital stock.

WE WILL LIKELY ISSUE ADDITIONAL EQUITY SECURITIES THAT WILL DILUTE YOUR SHARE OWNERSHIP.

We will likely issue additional equity securities to raise capital and through the exercise of options and warrants that are outstanding or may be outstanding. These additional issuances will dilute your share ownership.

AMENDMENT NO. 1 TO SUBSCRIPTION AGREEMENT

This Amendment No. 1 (this "Amendment") amends the attached Subscription Agreement (the "Subscription Agreement") between the undersigned and BioSante Pharmaceuticals, Inc. ("BioSante"), relating to the offer and sale of up to 15,000,000 units to certain "accredited investors" (within the meaning of Rule 501 under Regulation D of the Securities Act of 1933, as amended) and existing accredited investors in BioSante. Except as otherwise provided herein, all capitalized terms used herein are as defined in the attached Subscription Agreement.

WHEREAS, BioSante has agreed to change the terms of the units being sold under the Subscription Agreement as provided herein, and the undersigned agrees to such changes.

NOW, THEREFORE, in consideration of the forgoing premises and the mutual covenants and agreements contained herein, the parties hereby amend the Subscription Agreement as follows:

1. AMENDMENT. The first sentence of paragraph 1 of the Subscription Agreement is hereby amended in its entirety to state as follows:

1. SUBSCRIPTION. The undersigned is hereby purchasing from BioSante Pharmaceuticals, Inc., a Wyoming corporation, _____ units (must be at least 100,000 units, unless BioSante in its sole discretion otherwise agrees) for a purchase price of $0.40 per unit, or an aggregate or total purchase price of $_____. Each unit consists of (i) one share of BioSante's common stock, no par value, and (ii) a warrant to purchase .50 shares of BioSante's common stock at an exercise price of $0.50 per full share, in substantially the form of warrant attached as ANNEX A hereto.

2. AMENDMENT. The first sentence of paragraph 3(g) of the Subscription Agreement is hereby amended in its entirety to state as follows:

(g) SEC FILINGS. BioSante has furnished the undersigned true and complete copies of the latest draft of BioSante's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2000 (which the undersigned understands and acknowledges will be filed by BioSante with the SEC on or before April 2, 2001), BioSante's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1999, Quarterly Reports on Form 10-QSB for the quarters ended March 31, June 30 and September 30, 2000, and a Current Report on Form 8-K dated June 13, 2000 and all subsequent filings, if any, made by BioSante with the SEC.

3. AMENDMENT. A new paragraph 20 of the Subscription Agreement is hereby added and states in its entirety as follows:

20. The undersigned agrees not to disclose any of the material, non-public information contained in the latest draft of BioSante's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2000 until such time as such Annual Report has been filed with the SEC.

4. CONTINUING EFFECT OF SUBSCRIPTION AGREEMENT. Except as modified hereunder, the Subscription Agreement continues in full force and effect.

BioSante and the undersigned have caused this Amendment No. 1 to be duly executed on their behalf by their respective duly authorized representatives as of the date first written above.

BIOSANTE PHARMACEUTICALS, INC.	SUBSCRIBER
By:	
- ----------	----------
	[Print Name]
Its:	
- ----------	

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Registration Statement of BioSante Pharmaceuticals, Inc. on Form SB-2 of our report dated February 16, 2001, appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Deloitte & Touche LLP

Chicago, Illinois
June 27, 2001

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Registration Statement of BioSante Pharmaceuticals, Inc. (formerly Ben-Abraham Technologies Inc.) on Form SB-2 of our report dated February 19, 1999, appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Deloitte & Touche LLP

Toronto, Ontario
June 27, 2001