**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 8-K

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

Date of Report (Date of earliest event reported): February 24, 2012

# BioZone Pharmaceuticals, Inc.

(Exact Name Of Registrant As Specified In Its Charter)

Nevada
(State or Other Jurisdiction of Incorporation)

| 333-146182 | 20-5978559 |
|---|---|
| (Commission File Number) | (I.R.S. Employer Identification No.) |
| 550 Sylvan Avenue, Suite 101, Englewood Cliffs, NJ | 07632 |
| (Address of Principal Executive Offices) | (Zip Code) |

(201) 608-5101
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

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

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

**Item 3.02. Unregistered Sales of Equity Securities.**

On February 24, 2012, Biozone Pharmaceuticals, Inc. (the "Company") entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with a purchaser (the "Buyer") pursuant to which the Company sold (i) $1,700,000 of its 10% secured convertible promissory note (the "Note") due two years from the date of issuance (the "Maturity Date") and (ii) warrants (the "Warrants") to purchase 8,500,000 shares of the Company's common stock at an exercise price of $0.40 per share for gross proceeds to the Company of $1,700,000. On February 28, 2012 and February 29, 2012, the Company sold an additional $600,000 of its Notes and issued Warrants to purchase an additional 3,000,000 shares of the Company's common stock to additional Buyers for gross proceeds to the Company of $600,000.

The entire principal amount and any accrued and unpaid interest on the Notes shall be due and payable in cash on the Maturity Date. The Notes bear interest at the rate of 10% per annum. The Notes are convertible into shares of the Company's common stock at an initial conversion price of $0.20 per share, subject to adjustment. The Company may prepay any outstanding amount due under the Notes, in whole or in party, prior to the Maturity Date. The Notes are subject to certain "Events of Defaults" which could cause all amounts due and owing thereunder to become immediately due and payable. Among other things, the Company's failure to pay any accrued but unpaid interest when due, the failure to perform any obligation under the Transaction Documents (as defined herein) or if any representation or warranty made by the Company in connection with the Transaction Documents shall prove to have been incorrect in any material respect, shall constitute an Event of Default under the Transaction Documents.

The Warrant is immediately exercisable and expires ten years after the date of issuance. The Warrant has an initial exercise price of $0.40 per share. The Warrant is exercisable in cash or, while a registration statement covering the shares of Common Stock issuable upon exercise of the Warrant, or an exemption from registration, is not available, by way of a "cashless exercise".

The Company is prohibited from effecting a conversion of the Notes or exercise of the Warrants, to the extent that as a result of such conversion or exercise, the Buyer would beneficially own more than 4.99% (subject to waiver) in the aggregate of the issued and outstanding shares of the Company's common stock, calculated immediately after giving effect to the issuance of shares of common stock upon conversion of such Note or exercise of such Warrant, as the case may be.

In connection with the sale of the Notes and the Warrants, the Company and the collateral agent for the Buyers entered into a Pledge and Security Agreement (the "Security Agreement" and, collectively with the Securities Purchase Agreement, the Note and the Warrant, the "Transaction Documents") pursuant to which all of the Company's obligations under the Notes are secured by a first priority perfected security interest in all of the tangible and intangible assets of the Company, including all of its ownership interest in its subsidiaries.

The Company has granted the Buyers "piggy-back" registration rights with respect to the shares of common stock underlying the Notes and the shares of common stock underlying the Warrants, for a period of twelve (12) months from the date of closing.

The Company used proceeds from the sale of the Notes to repay amounts owed under outstanding promissory notes issued by the Company and for general working capital purposes.

The Notes and the Warrants were issued to "accredited investors," as such term is defined in the Securities Act of 1933, as amended (the "Securities Act") and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933 and corresponding provisions of state securities laws.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On February 24, 2012, the Board of Directors of the Company appointed Elliot Maza, its current Chief Executive Officer and Chief Financial Officer, as a director of the Company.

Mr. Maza was appointed as our Interim Chief Executive Officer, Chief Financial Officer and Secretary on May 16, 2011. Mr. Maza was appointed as our Chief Executive Officer on August 2, 2011. From May 2006 until the present time, Mr. Maza has served in several management positions at Intellect Neurosciences, Inc., a biotechnology company focused on the development of therapeutics for Alzheimer's disease. Mr. Maza served as the Executive Vice President of Intellect Neurosciences, Inc. from May 2006 to March 2007, as President from March 2007 until October 2011, and as Chief Financial Officer from May 2006 through the present time. Mr. Maza was also appointed to the board of directors of Intellect Neurosciences, Inc. on June 26, 2007. From December 2003 to May 2006, Mr. Maza served as Chief Financial Officer of Emisphere Technologies, Inc., a biopharmaceutical company specializing in oral drug delivery. He was a partner at Ernst and Young, LLP from March 1999 to December 2003. During the period from May 1989 to March 1999, Mr. Maza served as an Associate and subsequently Vice President in the Fixed Income divisions of Goldman Sachs, Inc. and JP Morgan Securities, Inc. Mr. Maza practiced tax and corporate law at Sullivan and Cromwell in New York from September 1985 to April 1989. Mr. Maza has served on the Board of Directors and as Chairman of the Audit Committee of several biotech and pharmaceutical companies. Mr. Maza received his B.A. degree from Touro College in New York and his J.D. degree from the University of Pennsylvania Law School. He is a licensed C.P.A. and a member of the Bar in the states of New York and New Jersey. Mr. Maza has been chosen to be a director of the Company based on his general industry experience.

There are no arrangements or understandings between Mr. Maza and any other persons pursuant to which Mr. Maza was named a director of the Company. Mr. Maza does not have a family relationship with any of the Company's directors or executive officers or any persons nominated or chosen by the Company to be a director or executive officer.

Other than as set forth herein, Mr. Maza does not have any direct or indirect material interest in any transaction or proposed transaction required to be reported under Section 404(a) of Regulation S-K or Item 5.02(d) of Form 8-K.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

| **Exhibit No.** | **Description** |
|---|---|
| 10.1 | Form of Subscription Agreement |
| 10.2 | Form of Note |
| 10.3 | Form of Warrant |
| 10.4 | Security and Stock Pledge Agreement |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BioZone Pharmaceuticals, Inc.

Date: March 1, 2012

By: /s/ Elliot Maza

Name: Elliot Maza
Title: Chief Executive Officer and Chief Financial Officer

**SECURITIES PURCHASE AGREEMENT**

This Securities Purchase Agreement (this "**Agreement**") is dated as of February __, 2012, between Biozone Pharmaceuticals, Inc., a Nevada corporation (the "**Company**"), and the purchasers signatory hereto (the each a "**Purchaser**" and collectively, the "**Purchasers**").

**WHEREAS**, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "**Securities Act**"), the Company desires to issue and sell to the Purchasers, and the Purchasers desire to purchase from the Company, severally and not jointly (i) 10% convertible promissory notes, in the aggregate principal face amount of $2,300,000 (the "**Purchase Price**") and in the form attached hereto as **Exhibit A** (the "**Notes**"), which Notes shall be convertible into shares (the "**Conversion Shares**") of common stock of the Company, par value $0.001 per share (the "**Common Stock**"), and (ii) warrants, in the form attached hereto as **Exhibit B** (the "**Warrants**" and with the Notes, the "**Securities**") to purchase shares of Common Stock (the "**Warrant Shares**" and with the Conversion Shares, the "**Shares**");

**WHEREAS**, the Notes shall be secured by a first perfected security interest in all of the tangible and intangible assets of the Company and all of its subsidiaries, whether now existing or hereafter acquired or created by the Company (the "**Subsidiaries**"), whether such assets are now owned or hereafter created or acquired by the Company and/or its Subsidiaries (collectively, the "Assets"), all in accordance with the terms of a pledge and security agreement in the form attached hereto as **Exhibit C** (the "**Security Agreement**").

**WHEREAS**, in connection with the transactions contemplated hereby, the Company is also entering into a License Agreement and a Distribution Agreement with OPKO Health, Inc., each dated the date hereof (the "**License Agreement**" and the "**Distribution Agreement**," respectively, and together with this Agreement, the Notes, the Warrants and any and all exhibits and schedules hereto or hereto, the "**Transaction Documents**").

**NOW, THEREFORE, IN CONSIDERATION** of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Purchasers agree as follows:

**1. Purchase and Sale of the Securities.**

(a) Closing. On the Closing Date (as defined below), upon the terms and subject to the conditions set forth herein:

(i) the Company hereby agrees to sell to the Purchasers, and the Purchasers hereby agree to purchase from the Company, (i) the Notes and (ii) the Warrants, in consideration of the Purchase Price, as set forth on each such Purchaser's signature page. For purposes of this Agreement, "**Closing Date**" means the date on which all of the Transaction Documents (as defined herein) have been executed and delivered by the parties thereto, and all conditions precedent to (i) Purchasers' obligations to pay the Purchase Price and (ii) the Company's obligation to deliver the Securities, in each case, have been satisfied or waived.

(ii) The Purchasers shall deliver the Purchase Price, via wire transfer of immediately available funds, to the Company, using the wiring instructions provided by the Company to the Purchasers.

The Company and the Purchasers shall each deliver to the other items set forth in Section 1(b) deliverable at the closing (the "**Closing**"). In addition, at the Closing, the Company shall deliver to OPKO an executed copy of the Distribution Agreement and the License Agreement. Upon waiver or satisfaction of the covenants and conditions set forth in Sections 1(b) and 1(c), the Closing shall occur at such location within the United States as the parties shall mutually agree.

(b) Deliverables.

(i) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

A. this Agreement, duly executed by the Company;

B. a Note, duly executed by the Company, in the Purchase Price set forth on such Purchaser's signature page;

C. a Warrant, duly executed by the Company, to purchase that number of shares equal to (i) the aggregate purchase price of the Note divided by (ii) 0.20 (the "**Warrant Shares**");

D. the Security Agreement, duly executed by the Company and evidence of filing UCC Financing Statements with the State of Nevada in a form reasonably acceptable to Purchasers;

(ii) On or prior to the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the following:

A. this Agreement, duly executed by such Purchaser;

B. the Security Agreement, duly executed by Purchaser;

C. the Purchase Price by wire transfer to the Company; and

(c) Closing Conditions.

(i) The obligations of the Company hereunder in connection with the Closing are subject to the waiver or satisfaction of the following conditions:

A. the accuracy on the Closing Date of the representations and warranties of Purchasers contained herein;

B. all obligations, covenants and agreements of Purchasers required to be performed at or prior to the Closing Date shall have been performed; and

C. the delivery by Purchasers of the items set forth in Section 1(b)(ii) of this Agreement.

(ii) The obligations of Purchasers hereunder in connection with the Closing are subject to the waiver or satisfaction of the following conditions:

A. the accuracy in all material respects on the Closing Date of the representations and warranties of Company contained herein

B. all obligations and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed; and

C. the delivery by the Company of the items set forth in Section 1(b)(i) of this Agreement.

**2.** **Security**. In accordance with the terms and the conditions of the Security Agreement, the Company agrees to secure the repayment of the loan amount under the Notes (the "**Loan Amount**"), all accrued and unpaid interest (as defined below) thereon and all other payments due thereunder, as well as all of the Company's obligations thereunder by creating a UCC secured pledge of the Assets for the benefit of all Purchasers (the "**UCC Pledge**"). From time to time, Purchaser may demand, and the Company shall execute, such additional documents as may be reasonably necessary to maintain the UCC Pledge.

**3.** **Representations and Warranties of the Company**. The Company represents and warrants to each Purchaser as follows:

( a ) Subsidiaries. The Company's Subsidiaries as of the date hereof are set forth in Schedule 3(a). Except as set forth in Schedule 3(a), the Company owns, directly or indirectly, 100% of each Subsidiary and such ownership interest is free and clear of any liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued, fully paid and non-assessable and free of preemptive and similar rights to purchase securities. Neither the Company nor the Subsidiaries are subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of the capital stock of any Subsidiary or any convertible securities, rights, warrants or options of the type described in the preceding sentence. Neither the Company nor any Subsidiary is party to, nor has any knowledge of, any agreement restricting the voting or transfer of any shares of the capital stock of any Subsidiary.

(b) Organization and Qualification. Each of the Company and each Subsidiary is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and has the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted and contemplated to be conducted. Each of the Company and each Subsidiary is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not have or reasonably be expected to result in a material adverse effect on the business, condition (financial or otherwise), operations, prospects or property of the Company or a Subsidiary, taken as a whole ("**Material Adverse Effect**"), and no proceeding has been initiated in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

( c ) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the board of directors or the Company's stockholders in connection therewith, other than in connection with the Required Approvals (as defined herein). Each Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except: (i) as may be limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby to which it is a party do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or the Subsidiary is a party or by which any property or asset of the Company or the Subsidiary is bound or affected, or (iii) subject to the Required Approvals (as defined below), conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

( e ) Filings, Consents and Approvals. Neither the Company nor any Subsidiary is required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than the filing of Form D with the Securities and Exchange Commission (the "**Commission**") and such filings as are required to be made under applicable state securities laws (the "**Required Approvals**").

( f ) Issuance of the Securities. Each of the Note and the Warrant are duly authorized and, when issued and paid for in accordance with the terms of the applicable Transaction Documents, will be duly and validly issued, fully paid and non-assessable, and free and clear of all liens other than restrictions on transfer provided for in the Transaction Documents. The shares of Common Stock issuable upon conversion of the Note have been duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and non-assessable, free and clear of all Liens other than restrictions on transfer provided for in the Transaction Documents. The shares of Common Stock issuable upon exercise of the Warrant have been duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and non-assessable, free and clear of all liens other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized capital stock such number of securities for issuance of upon conversion or exercise of the Note and Warrant, as applicable.

(g) Capitalization; Additional Issuances. All of the issued and outstanding securities of the Company as of the date hereof are as set forth in Schedule 3(g). Except as set forth in Schedule 3(g), as of the date hereof, there are no outstanding agreements or preemptive or similar rights affecting the Common Stock and no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, or agreements or understandings with respect to the sale or issuance of, the Common Stock.

( h ) Litigation. Except as set forth in Schedule 3(h), there are no actions or proceedings pending or, to the knowledge of the Company, threatened by or against Company or any of its Subsidiaries involving more than, individually or in the aggregate, Ten Thousand Dollars ($10,000). There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the UCC Pledge or the issuance of the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company

( i ) Regulatory Permits. Each of the Company and each Subsidiary possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as currently conducted or as contemplated to be conducted, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("**Material Permits**"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(j) SEC Reports; Financial Statements. The Company has filed all reports required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the twelve months preceding the date hereof (or such shorter period as the Company was required by law to file such reports) (the foregoing materials being collectively referred to herein as the "**SEC Reports**" ) on a timely basis or has timely filed a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Reports, when filed, 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 therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with U.S. GAAP, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by U.S. GAAP, and fairly present in all material respects the financial position of the Company as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(k) Private Placement. Assuming the accuracy of Purchaser's representations and warranties set forth herein, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to Purchaser as contemplated hereby.

(l) No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to Purchasers.

(m) Acknowledgment Regarding Purchaser's Purchase of Securities. The Company acknowledges and agrees that each Purchaser is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to such Purchaser's purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(n) Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or any Subsidiary's employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any Subsidiary is a party to a collective bargaining agreement, and the Company and each Subsidiary believe that their relationships with their employees are good. No executive officer, to the knowledge of the Company, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any Subsidiary to any liability with respect to any of the foregoing matters. The Company and each Subsidiary is in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(o) Benefit Plans. Copies of all documentation relating to any Benefit Plans (including all plan documents, written descriptions of plans, actuarial reports and governmental filings and determinations with respect to such Benefit Plans) have been delivered or made available to each Purchaser. None of the Benefit Plans is a "Defined Benefit Plan" that would be subject to Part 3 of Title 1 of the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder ("**ERISA**"), Section 412 of the Internal Revenue Code of 1986, as amended, or Title IV of ERISA. None of the Benefit Plans is a "multiemployer plan" (as such term is defined in Section 3(37) of ERISA) or a "single employer under multiple controlled groups" as described in Section 4063 of ERISA, and neither the Company nor any Affiliate has ever contributed to or had an obligation to contribute, or incurred any liability in respect of a contribution to any multiemployer plan. Each Benefit Plan has been operated in compliance with its terms in all respects, and each Benefit Plan complies, in all respects, with all provisions of applicable Law except as would not have a Material Adverse Effect. "**Benefit Plans**" means any Plan ever maintained, established or to which contributions have at any time been made by the Company or any of its Affiliates existing at the Closing Date or prior thereto, to which the Company contributes or has contributed, or under which any consultant, employee, former consultant, former employee or director or former director of the Company or any beneficiary thereof is covered, has ever been covered, is or has ever been eligible for coverage or has any benefit rights.

( p ) Compliance. Neither the Company nor any Subsidiary: (i) is in violation of any order of any court, arbitrator or governmental body or (ii) is or has been in violation of any statute, rule or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws applicable to its business, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

( q ) Environmental Matters. The Company has complied with and is in compliance with all federal, state, local and foreign statutes (civil and criminal), laws, ordinances, regulations, rules, permits, approvals, judgments, orders and decrees applicable to it or any of its properties, leased real property, assets, operations and businesses relating to environmental protection, and health and safety (collectively "**Environmental Laws**") including, without limitation, Environmental Laws relating to air, surface water and groundwater, land and the generation, storage, use, handling, transportation, treatment, release, threatened release, remediation, exposure to or disposal of Hazardous Wastes, Hazardous Materials and Hazardous Substances (as such terms are defined in any applicable Environmental Law), as well as oil, petroleum, petroleum products, asbestos or any substance containing asbestos, and polychlorinated biphenyls (collectively "**Hazardous Materials**"), (ii) the Company has obtained and fully complied with and is currently in full compliance with all environmental permits and other environmental approvals necessary for the conduct of its business and the operation of its properties, and has reported to the appropriate governmental or regulatory authorities, to the extent required by all Environmental Laws, all past and present sites owned and operated by the Company where Hazardous Materials have been treated, stored, disposed of or otherwise handled, (iii) to the knowledge of the Company, there is not nor has there been any condition, event, circumstance, practice, activity, incident which could reasonably be expected to give rise to any common law liability or liability pursuant to any Environmental Laws or otherwise form the basis of any claim, demand or litigation against the Company; (iv) there are no claims, demand, suits, judicial or administrative actions, governmental investigators or legal proceedings pending or, to the knowledge of the Company, threatened against the Company relating in any way to any Environmental laws, nor has the Company received notice of any violation of, or any claim alleging liability under, any Environmental Laws, (v) there have been no releases or threats of releases (as these terms are defined in Environmental Laws) of any Hazardous Materials at, from, in or on any property previously or currently owned or operated by the Company, except as permitted by Environmental Laws, and (vi) there is no on-site or off-site location to which the Company has transported or disposed of Hazardous Materials or arranged for the transportation of Hazardous Materials which is the subject of any federal, state, local or foreign enforcement action or any other investigation which could reasonably be expected to lead to any claim against the Company for any clean-up cost, remedial work, damage to natural resources, property damage or personal injury, including, but not limited to, any claim under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act or comparable state or local statutes or regulations, except as would not have a Material Adverse Effect.

(r) Title to Assets. The Company and each Subsidiary have good and marketable title in all personal property owned by them that is material to the business of the Company and each Subsidiary, in each case, free and clear of all liens, except for liens that do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and each Subsidiary and liens for the payment of federal, state, foreign or other taxes, the payment of which is neither delinquent nor subject to penalties ("**Permitted Liens**"). Any real property and facilities held under lease by the Company and each Subsidiary are held by them under valid, subsisting and enforceable leases with which the Company and each Subsidiary are in compliance.

( s ) Intellectual Property. The Company and each Subsidiary own all right, title and interest in, or possesses adequate and enforceable rights to use, all patents, patent applications, trademarks, trade names, service marks, copyrights, rights, licenses, franchises, trade secrets, confidential information, processes, formulations, software and source and object codes necessary for the conduct of their businesses (collectively, the "**Intangibles**"). Neither the Company nor any Subsidiary has infringed upon the rights of others with respect to the Intangibles and neither the Company nor any Subsidiary have received notice that they have or may have infringed or are infringing upon the rights of others with respect to the Intangibles, or any notice of conflict with the asserted rights of others with respect to the Intangibles that could, individually or in the aggregate, or could reasonably be expected to have, have a Material Adverse Effect.

( t ) Insurance. The Company and each Subsidiary is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and each Subsidiary are engaged. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

( u ) Transactions With Affiliates and Employees. Except as may be described in Schedule 3(u), none of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company, is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, in each case in excess of $20,000, other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred in the ordinary course of business on behalf of the Company and (iii) other employee benefits, including stock option agreements, under any stock option plan of the Company.

( v ) Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other person with respect to the transactions contemplated by the Transaction Documents. Purchaser shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

( w ) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

( x ) Tax Returns. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and each Subsidiary have filed all necessary federal, state and foreign income and franchise tax returns and has paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been asserted or threatened against the Company or any Subsidiary.

( y ) Foreign Corrupt Practices. None of the Company, any Subsidiary or, to the knowledge of the Company, any agent or other person acting on behalf of the Company or any Subsidiary, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

( z ) No Disagreements with Accountants or Lawyers. There are no disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(aa) Indebtedness. Except as disclosed on schedule 3(aa), neither the Company nor any Subsidiary is in default with respect to, or liable under (x) any liabilities for borrowed money or amounts owed in excess of $25,000 (other than trade accounts payable incurred in the ordinary course of business), or (y) any guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

(bb) Internal Controls. Except as disclosed in Schedule 3(bb), the Company is in compliance with the provisions of the Sarbanes-Oxley Act of 2002 currently applicable to the Company. The Company and each Subsidiary maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including the Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which the Company's most recently filed periodic report under the Exchange Act, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 308 of Regulation S-K) or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with U.S. GAAP and the applicable requirements of the Exchange Act.

(cc) OFAC. None of the Company, any Subsidiary or, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(dd) Full Disclosure. All of the disclosure furnished by or on behalf of the Company to Purchaser regarding the Company, its business and the transactions contemplated hereby is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

**4. Representations and Warranties of Purchaser.** Each Purchaser, severally and not jointly, represents and warrants to the Company, only with respect to itself, as follows:

(a) Purchaser is an "accredited investor" as defined by Rule 501 under the Securities Act. Purchaser is capable of evaluating the merits and risks of its investment in the Securities and has the ability and capacity to protect its interests.

(b) Purchaser understands that the Securities have not been registered. Purchaser understands that the Securities will not be registered under the Securities Act in reliance upon an exemption in reliance on Section 4(2) of the Securities Act.

(c) Purchaser acknowledges that Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of an investment in the Securities and of making an informed investment decision with respect thereto.

(d) Purchaser is purchasing the Securities for investment purposes and not with a view to distribution or resale, nor with the intention of selling, transferring or otherwise disposing of all or any part thereof for any particular price, or at any particular time, or upon the happening of any particular event or circumstance, except selling, transferring, or disposing the Securities in compliance with all applicable provisions of the Securities Act, the rules and regulations promulgated by the Commission thereunder, and applicable state securities laws; and that an investment in the Securities is not a liquid investment.

(e) Purchaser has all requisite legal and other power and authority to execute and deliver this Agreement and to carry out and perform its obligations under the terms of this Agreement. This Agreement constitutes a valid and legally binding obligation of Purchaser, enforceable in accordance with its terms, except: (i) as may be limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(f) There are no actions, suits, proceedings or investigations pending against Purchaser or Purchaser's assets before any court or governmental agency (nor, to Purchaser's knowledge, is there any threat thereof) which would impair in any way Purchaser's ability to enter into and fully perform Purchaser's commitments and obligations under this Agreement or the transactions contemplated hereby.

(g) The execution, delivery and performance of and compliance with this Agreement and the issuance of the Securities to Purchaser will not result in any violation of, or conflict with, or constitute a default under, any of Purchaser's articles of incorporation or by-laws, or equivalent limited liability company, trust or partnership documents, if applicable, or any agreement to which Purchaser is a party or by which it is bound, nor result in the creation of any mortgage, pledge, lien, encumbrance or charge against any of the assets or properties of Purchaser or the Securities purchased by Purchaser.

(h) Purchaser is aware that the Securities will be (unless registered by the Company), when issued, "restricted securities" as that term is defined in Rule 144 of the general rules and regulations under the Securities Act, and may not be offered, sold or transferred except pursuant to an effective registration statement or an exemption from registration under the Securities Act.

(i) Purchaser understands that the Securities shall bear the following legend or one substantially similar thereto, which Purchaser has read and understands:

NEITHER THIS SECURITY NOR ANY SECURITY INTO WHICH IT MAY BE CONVERTED HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY SECURITY INTO WHICH IT MAY BE CONVERTED MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF AT ANY TIME IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM REGISTRATION.

(j) Any sales, transfers, or other dispositions of the Securities by Purchaser, if any, will be made in compliance with the Securities Act and all applicable rules and regulations promulgated thereunder.

(k) Purchaser further represents that the address of Purchaser set forth on the signature page is its principal place of business; that Purchaser is purchasing the Securities for Purchaser's own account and not, in whole or in part, for the account of any other person; and that Purchaser has not formed any entity, and is not an entity formed, for the purpose of purchasing the Securities.

(l) Purchaser represents and warrants that no finder, broker, agent, financial advisor or other intermediary, nor any purchaser representative or any broker-dealer acting as a broker, is entitled to any compensation in connection with the transactions contemplated by this Agreement.

**5. Other Agreements**.

(a) Certain Covenants of the Company. Until such time as the Loan Amount or any accrued fees or interest remain unpaid or outstanding, the Company shall comply and operate in accordance with all of the following covenants and agreements:

(i) Payment of Obligations. The Company will timely pay and discharge all of its material obligations and liabilities, including, without limitation, tax liabilities, except where the same may be contested in good faith by appropriate proceedings.

(ii) Conduct of Business and Maintenance. The Company will continue to engage in business of the same general type as now conducted by it and to preserve, renew and keep in full force and effect, its corporate existence and its assets, rights, privileges and franchises to the extent necessary or desirable in the normal conduct of business or to preserve the Collateral. The Company shall conduct its business in a manner so that it will not become subject to the Investment Company Act of 1940, as amended.

(iii) Compliance with Laws. The Company will comply in all material respects with all applicable laws, ordinances, rules, regulations, decisions, orders and requirements of governmental authorities.

(iv) Use of Proceeds. None of the Loan Amount shall be used for any purpose other than the repayment of certain outstanding notes issued by the Company and for general working capital purposes.

(v) Notice of Legal Matters. The Company shall notify Purchaser promptly after the Company shall obtain knowledge of any written notice of any legal or arbitral proceedings, and of all proceedings by or before any governmental authority, and each material development in respect of such legal or other proceeding affecting the Company, except proceedings which, if adversely determined, would not reasonably be likely to have a Material Adverse Effect.

(vi) Books and Records; Inspection and Audit Rights. The Company will keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Company will permit any representatives designated by Purchaser, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its business, assets, affairs, finances, prospects, and condition with its officers and independent accountants, all at such reasonable times during normal business hours and as often as reasonably requested. Promptly upon Purchaser's written request therefor, the Company shall deliver to Purchaser such documents and other evidence of the existence, good standing, foreign qualification and financial condition of the Company as Purchaser shall request from time to time.

(vii) Change of Control, etc. The Company shall not (i) merge or consolidate with or into any person, (ii) sell, assign, lease, license or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any person, or (iii) issue or sell securities of the Company (whether in one transaction or in a series of transactions) such that the shareholders of the Company as of the date of this Agreement hold or will hold less than a majority of the outstanding (on a fully-diluted basis) equity securities or voting power of the Company ("**Change of Control**").

(viii) Indebtedness and Liens. The Company shall not create or suffer to exist any debt or liens other than (i) debt incurred by the Company in the ordinary course of business, not to exceed $25,000 in the aggregate, (ii) debt which is subordinated in the right of payment to amounts payable to Purchaser pursuant to this Agreement on terms reasonably satisfactory to Purchaser; and (iii) Permitted Liens.

(ix) Investments, Loans, Acquisitions and Hedge Agreements. The Company shall not: (i) purchase or acquire or make any investment in any other person, (ii) purchase or acquire all or substantially all of the assets of any person or any division of any person; (iii) make any loan, advance or extension of credit to, or contribution to the capital of, any other person other than reimbursement of reasonable, bona fide and properly documented business expenses incurred on behalf of the Company; (iv) sell, whether at face value or at a discount, any account receivable of the Company; or (v) make any commitment or acquire any option or enter into any other arrangements for the purpose of making any of the foregoing investments, loans or acquisitions.

(x) Restricted Payments. The Company shall not declare, order, pay or make any dividend or distribution of assets or payment of cash, or both, directly or indirectly to any person.

(xi) Transactions with Affiliates. The Company shall not enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate, except in the ordinary course of and pursuant to the reasonable requirements of the Company's business and upon fair and reasonable terms no less favorable to the Company than it would obtain in a comparable arm's-length transaction with a person not an Affiliate. "**Affiliate**" means, as applied to any person, (a) any other person directly or indirectly controlling, controlled by or under common control with, that person, (b) any other person that owns or controls (i) 10% or more of any class of equity securities of that person or any of its Affiliates or (ii) 10% or more of any class of equity securities (including any equity securities issuable upon the exercise of any option or convertible security) of that person or any of its Affiliates, or (c) any director, partner, officer, manager, agent, employee or relative of such person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by," and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through ownership of voting securities or by contract or otherwise.

( b ) Notice of Other Material Events. Until such time as the Loan Amount or any accrued fees or interest remain unpaid or outstanding, the Company shall provide notice of the following:

(i) The Company shall furnish to each Purchaser prompt (but in no event more than two (2) business days after the relevant occurrence) written notice of the occurrence of any Event of Default or any other event or circumstance that results in, or could reasonably be expected to result in, a Material Adverse Effect.

(ii) The Company shall furnish to Purchaser written notice of the following not less than thirty (30) days prior to the occurrence thereof: (A) any change of the Company's corporate name or of any trade name used to identify it in the conduct of its business or in the ownership of its properties, (B) any change of the state in which the Company is organized or conducts business, (C) any change of the Company's principal place of business, or (D) any change of the Company's identity or corporate structure.

(iii) Each notice delivered under this Section shall be accompanied by a statement of the Company setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

( c ) Further Assurances. At any time or from time to time after the execution hereof, the Company will promptly execute, deliver, verify, acknowledge, record and/or file any and all further documents and instruments (including financing statements and continuation statements), and promptly take any and all such other and further actions, as Purchaser may request in order to evidence or more fully effectuate the transactions and security arrangements contemplated hereby and to otherwise carry out the terms hereof.

(d) Reservation of Shares. The Company shall at all times reserve and keep available out of its authorized and unissued capital stock, solely for the purpose of providing for the exercise of the conversion rights provided for under the Note and Warrant, such number of shares of Common as shall, from time to time, be sufficient for issuance upon conversion of such Note and Warrant in full.

**6. Events of Default**.

(a) Each of the following events, individually, shall constitute an "**Event of Default**":

(i) the Company shall fail to pay any Loan Amount when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(ii) the Company shall fail to pay any accrued but unpaid interest when and as the same shall become due and payable;

(iii) the Company shall fail to perform any obligation or pay any fee or any other amount payable under any of the Transaction Documents, when and as the same shall become due and payable;

(iv) any representation or warranty made by or on behalf of the Company in or in connection with any Transaction Document, or in any report, certificate or other document furnished pursuant to or in connection with any Transaction Document, shall prove to have been incorrect in any material respect when made or deemed made or shall be breached;

(v) the Company shall fail to observe or perform any covenant, condition or agreement contained in any Transaction Document (other than those specified in clause (i), (ii), and (iii) of this Section 6 and such failure shall continue unremedied for a period of ten (10) days after notice thereof from Purchaser to the Company;

(vi) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Company or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for ninety (90) days or an order or decree approving or ordering any of the foregoing shall be entered;

(vii) the Company shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (vi) of this Section 6, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(viii) the Company shall be unable, admit in writing its inability, or fail generally, to pay its debts as they become due;

(ix) one or more final judgments for the payment of money in an aggregate amount in excess of $25,000 shall be rendered against the Company and the same shall remain undischarged for a period of twenty (20) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Company to enforce any such judgment;

(x) any default by the Company under, or the occurrence of any event of default as defined in, any other indebtedness owed by the Company;

(xi) any event causing or resulting in the UCC Pledge not to be a first priority perfected lien on the Assets;

(xii) any event, transaction, action or omission of or involving the Company shall occur which Purchaser reasonably believes will result in a Material Adverse Effect;

(xiii) any of this Agreement or the Note shall cease to be, or shall be asserted by the Company or other obligor thereunder not to be, in full force and effect; or

(iiv) a Change of Control shall occur

( b ) Remedies. Notwithstanding anything to the contrary in any Transaction Document, upon the occurrence of an Event of Default, and in every such event (other than an event with respect to the Company described in clauses (vi), (vii) or (viii) of Section 6, at any time during the continuance of such event, Purchaser may, at its sole election, by notice to the Company, declare the Loan Amount then outstanding to be due and payable in whole (or in part, in which case any Loan Amount not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the outstanding Loan Amount so declared to be due and payable, together with all fees and other payment obligations of the Company accrued but unpaid under the Transaction Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, and in case of any event with respect to the Company described in clauses (vi), (vii) or (viii) of Section 6, the Loan Amount then outstanding, together with all fees and other payment obligations of the Company accrued but unpaid under the Transaction Documents, shall automatically become due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company.

**7. Intentionally Omitted**.

**8. Piggy-Back Registration Rights**.

(a) For a period of twelve (12) months following the Closing Date, if the Company shall decide to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than (i) in connection with the Registration Statement on Form S-1 and any existing or future amendments thereto (File No. 333-176951, as originally filed with the SEC on September 21, 2011 and amended on December 19, 2011 or (ii) on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the stock option or other employee benefit plans, then the Company shall send to each Purchaser a written notice of such determination and, if within fifteen days after the date of such notice, any such Purchaser shall so request in writing, the Company shall include in such registration statement, all or any part of Purchaser's shares of Common Stock underlying the Notes or the Warrants (collectively, the " **Registrable Securities**") such Purchaser requests to be registered; provided, however, that, the Company shall not be required to register any Registrable Securities pursuant to this Section that are eligible for resale without restriction pursuant to Rule 144 promulgated under the Securities Act or that are the subject of a then effective registration statement; provided, further, however,

(i) if the registration statement is an offering to be made on a continuous basis pursuant to Rule 415 and is not on a Form S-3, and the Commission advises the Company that all of the Registrable Securities which such Holders have requested to be registered may not be included under Rule 415(a)(i), then the number of Registrable Securities to be registered for each Purchaser shall be reduced pro-rata among all the Purchasers to an amount to which is permitted by the Commission for resale under Rule 415(a)(i) and each Purchaser shall have the right to designate which of its Registrable Securities shall be omitted from the registration statement; provided, further, however, the Registrable Securities hereunder shall have first priority over shares being registered by any other third parties other than the Company; and

(ii) if the registration so proposed by the Company involves an underwritten offering of the securities so being registered for the account of the Company, to be distributed by or through one or more underwriters of recognized standing, and the managing underwriter of such underwritten offering shall advise the Company in writing that, in its opinion, the distribution of all or a specified portion of the Registrable Securities which the Purchasers have requested the Company to register and otherwise concurrently with the securities being distributed by such underwriters will materially and adversely affect the distribution of such securities by such underwriters (such opinion to state the reasons therefor), then the Company will promptly furnish each such Purchaser of Registrable Securities with a copy of such opinion, and by providing such written notice to each such Purchaser, such Purchaser may be denied the registration of all or a specified portion of such Registrable Securities (in case of such a denial as to a portion of such Registrable Securities, such portion to be allocated pro rata among the Purchasers); provided, however, shares to be registered by the Company for issuance by the Company shall have first priority, each holder of Registrable Securities hereunder shall have second priority, and any other shares being registered on account of other third parties shall have third priority.

**9. Indemnification by the Company**. The Company shall indemnify each of Purchaser and its officers, directors, shareholders, members, partners, employees, agents and Affiliates in respect of, and hold each of them harmless from and against, any and all Losses (as defined below, and whether or not involving any person not a party to this Agreement) suffered, incurred or sustained by any of them or to which any of them becomes subject resulting from, arising out of or relating to (a) any material misrepresentation on the part of the Company, (b) a breach by the Company of any of the representations and warranties contained herein, or (c) any non-fulfillment of or failure to perform any covenant or agreement on the part of the Company contained in this Agreement or in any of the Transaction Documents (including any certificates delivered in connection herewith or therewith). If and to the extent that the indemnification hereunder is finally determined by a court of competent jurisdiction to be unenforceable, the Company shall make the maximum contribution to the payment and satisfaction of the indemnified Losses as shall be permissible under applicable laws. "**Losses"** means any and all damages, fines, fees, taxes, penalties, deficiencies, diminution in value of investment, losses and expenses, including interest, reasonable expenses of investigation, court costs, reasonable fees and expenses of attorneys, accountants and other experts or other expenses of litigation or other proceedings or of any claim, default or assessment (including, without limitation, fees and expenses of attorneys, incurred in connection with (i) the investigation or defense of any claim made by a person not a party hereto and (ii) asserting or disputing any rights under this Agreement against any party hereto or otherwise).

**10. Appointment of Collateral Agent; Indemnification of Collateral Agent**.

( a ) Appointment of Collateral Agent. Each Purchaser hereby appoints, authorizes and empowers OPKO Health, Inc. to act as the collateral agent and as representative, attorney-in-fact and agent, with full power of substitution, to act in the name, place and stead of each of Purchaser, to take all actions necessary or appropriate in its judgment for the accomplishment of the terms of any of the Transaction Documents, and to act on behalf of each Purchaser and to do or refrain from doing all such further acts and things, to make all decisions and determinations, and to execute, deliver and receive all such documents, as it shall deem necessary or appropriate in conjunction with any of the transactions contemplated by the Transaction Documents. This appointment may be terminated, and such termination shall be effective, upon the earlier of OPKO's resignation as collateral agent and the written consent of the holders of a majority-in-interest of the Notes.

(b) Limitation of Liability; Indemnification. In addition to any and all protections and rights that may be granted hereunder to OPKO as collateral agent, to the maximum extent permissible by law, OPKO will incur no liability with respect to any action or inaction taken or failed to be taken in connection with its services as the collateral agent, except its own willful misconduct or gross negligence. In all questions arising under any of the Loan Documents, OPKO may rely on the advice of counsel of its choosing, and OPKO will not be liable to any party to any of the Loan Documents or any other person or party for anything done, omitted or suffered in good faith by it in its capacity as the collateral agent based on such advice. Each of the Purchasers (a) agrees, jointly and severally, to indemnify, defend and save harmless OPKO from and against any and all loss, liability or expense (including the reasonable fees and expenses of outside counsel and experts and their staffs and all expense of document location, duplication and shipment) arising out of or in connection with OPKO's execution and performance of its duties as collateral agent under any of the Loan Documents (a "**Collateral Agent Expense**"), except to the extent that such Collateral Agent Expense is finally adjudicated to have been primarily caused by the gross negligence or willful misconduct of OPKO, in its capacity as collateral agent, and (b) acknowledges and agrees that the foregoing indemnities shall survive OPKO's resignation as the collateral agent or the termination of any of the Transaction Documents. In no event shall OPKO, in its capacity as the collateral agent, be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if OPKO has been advised of the likelihood of such loss or damage and regardless of the form of action.

**9. Miscellaneous**.

(a) The Company agrees not to transfer or assign this Agreement or any of the Company's rights or obligations herein and each Purchaser agrees that the transfer or assignment of the Securities acquired pursuant hereto shall be made only in accordance with all applicable laws.

(b) This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. The Transaction Documents constitute the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended or waived only by a written instrument signed by all parties.

(c) Any notice or other document required or permitted to be given or delivered to the parties hereto shall be in writing and sent: (i) by fax, if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail, with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid), to the following addresses:

(i) If to the Company, at:

Biozone Pharmaceuticals, Inc.
550 Sylvan Avenue
Suite 101
Engelwood Cliffs, NJ 07632

With a copy (which shall not constitute notice) to:

Sichenzia Ross Friedman Ference LLP
61 Broadway, 32 nd Floor
New York, New York 10006
Attention of Harvey Kesner, Esq.
Tel: (212) 930-9700
Fax: (212) 930-9725

(ii) If to a Purchaser, to the address set forth on its signature page hereto.

and:

(d) No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed by all parties hereto. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

(e) This Agreement shall be enforced, governed and construed in all respects in accordance with the laws of the State of Florida as such laws are applied by the Florida courts to contracts solely performed within its borders, except with respect to the conflicts of law provisions thereof.

(f) Any legal suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be instituted exclusively in Miami-Dade County, Florida. The parties hereto hereby: (i) waive any objection which they may now have or hereafter have to the venue of any such suit, action or proceeding, and (ii) irrevocably consent to the jurisdiction of the federal and state courts located in Miami-Dade County, Florida in any such suit, action or proceeding. The parties further agree to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the federal and state courts located in Miami-Dade County, Florida. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

(g) If any provision of this Agreement is held to be invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provisions hereof.

(h) The Company understands and agrees that money damages may not be a sufficient remedy for any breach of this Agreement by the Company, and that Purchaser shall be entitled to equitable relief, including an injunction and specific performance, as a remedy for any such breach, without the necessity of establishing irreparable harm or posting a bond therefor. Such remedies shall not be deemed to be the exclusive remedies for a breach by the Company of this Agreement, but shall be in addition to all other remedies available at law or equity to Purchaser.

(i) All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, singular or plural, as identity of the person or persons may require.

(j) This Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

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SIGNATURE PAGE FOR PURCHASER FOLLOWS]

**Company Signature Page**

**IN WITNESS WHEREOF**, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

BIOZONE PHARMACEUTICALS, INC.

By: _____
Name: Elliot Maza
Title: Chief Executive Officer and Chief Financial Officer

**Purchaser Signature Page**

**IN WITNESS WHEREOF**, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

[PURCHASER]

By:
Name:
Title:

Purchase Price : _____

Address for Notice :

_____
_____
Attention of: _____
Telephone: _____
Facsimile:_____

**Exhibit A**

**Form of Convertible Note**

**Exhibit B**

**Form of Warrant**

**Exhibit C**

**Form of Pledge and Security Agreement**

**Exhibit A**

**THIS NOTE AND THE SHARES OF CAPITAL STOCK ISSUABLE UPON ANY CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED TO ANY PERSON, INCLUDING A PLEDGEE, UNLESS (1) EITHER (A) A REGISTRATION STATEMENT WITH RESPECT THERETO SHALL BE EFFECTIVE UNDER THE SECURITIES ACT, OR (B) THE COMPANY SHALL HAVE RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IS AVAILABLE, AND (2) THERE SHALL HAVE BEEN COMPLIANCE WITH ALL APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS.**

**BIOZONE PHARMACEUTICALS, INC.**

**SECURED CONVERTIBLE PROMISSORY NOTE**

$_____

February __, 2012

**BIOZONE PHARMACEUTICALS, INC**., a Nevada corporation (the "**Company**"), for value received, hereby promises to pay to _____ or its assigns (the "**Holder**"), the principal amount of _____ ($_____) (the "**Principal Amount**"), together with interest (computed on the basis of a 365-day year for the actual number of days elapsed) from the date hereof on the unpaid balance of such Principal Amount from time to time outstanding at the rate of ten percent (10%) per annum ("**Interest**") until paid in full or converted as provided herein.

This Note is issued pursuant to the terms of the Securities Purchase Agreement, by and between the Company and Holder, dated the date hereof (the "**Purchase Agreement**"), which contains, among other things, provisions for acceleration of the maturity hereof upon the happening of an Event of Default (as defined therein). Payment of all amounts and all of the Company's obligations under this Note are secured by a first priority security interest in favor of Holder on the Company's Assets (as defined in the Purchase Agreement) pursuant to the terms of that certain Security and Pledge Agreement, dated the date hereof. Capitalized terms used herein but otherwise not defined shall have the definitions ascribed to them in the Purchase Agreement.

**1. Repayment of the Note**. The Principal Amount outstanding hereunder shall be payable in cash on February __, 2014 (the "**Maturity Date**"). The entire Principal Amount and all accrued and unpaid Interest shall be due and payable on the earlier of (1) the Maturity Date and (2) the occurrence of an Event of Default (as defined below).

**2. Prepayment of the Note**. The Company may prepay any outstanding amounts owing under this Note, in whole or in part, at any time prior to the Maturity Date, subject to conversions by the Holder, in accordance with Section 3 of this Note.

**3. Conversion.**

( a ) Optional Conversion. At any time or from time to time and prior to payment in full of the entire Principal Amount, the Holder shall have the right, at the Holder's option, to convert the Principal Amount and accrued Interest thereon, in whole or in part (the "**Conversion Amount**"), into shares of common stock, par value $0.001 per share (the "**Common Stock**") of the Company. The number of shares of Common Stock to be issued upon a conversion hereunder shall be determined by dividing the Conversion Amount by $0.20.

(b) Conversion Mechanics. In order to convert this Note into Common Stock, the Holder shall give written notice to the Company at its principal corporate office or the notice address provided in this Note (which notice, notwithstanding anything herein to the contrary, may be given via facsimile, email, or other means in the discretion of the Holder) pursuant to the forms attached hereto as **Exhibit A** (the "**Conversion Notice**") of the election to convert the same pursuant to this section (the date on which a Conversion Notice is given, a "**Conversion Date**"). Such Conversion Notice shall state the Conversion Amount and the number of shares of Common Stock to which the Holder is entitled pursuant to the Conversion Notice (the "**Conversion Shares**"). The Company shall immediately, but in no event later than five (5) trading days after receipt of a Conversion Notice (the "**Required Delivery Date**"), deliver the Conversion Shares to the Holder.

(c) No Fractional Shares. No fractional Conversion Shares shall be issued by the Company. In lieu thereof, the shares of Common Stock otherwise issuable shall be rounded up to the nearest whole Conversion Share.

(d) Holder's Conversion Limitations. The Company shall not effect any conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, pursuant to Section 3 or otherwise, to the extent that after giving effect to such issuance after conversion as set forth on the applicable Conversion Notice, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) conversion of the remaining, nonconverted portion of this Note beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 3(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 3(d) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Note is convertible shall be in the sole discretion of the Holder, and the submission of an Conversion Notice shall be deemed to be the Holder's determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Note is convertible, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 3(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Note. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 3(d). Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 3(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

**4. Termination of Rights Under this Note**. This Note shall no longer be deemed to be outstanding, and all rights with respect to this Note shall immediately cease and terminate, upon receipt by the Holder of (i) the Principal Amount outstanding and all accrued and unpaid Interest thereon, on the Maturity Date or, (ii) the conversion of the entire Principal Amount and Interest then due hereunder.

**5. Taxes or other Issuance Charges**. The Company shall pay any and all taxes or other expenses that may be payable in respect of any issuance or delivery of the Conversion Shares.

**6. Event of Default**. Upon the occurrence at any time of any Event of Default, the entire unpaid Principal Amount and all accrued and unpaid Interest thereon shall become immediately due and payable in cash without notice or demand. The Holder shall have then, or at any time thereafter, all of the rights and remedies afforded by the Uniform Commercial Code as from time to time in effect in the State of Nevada or afforded by other applicable law.

**7. Non-Waiver**. The failure of the Holder to enforce or exercise any right or remedy provided in this Note or at law or in equity upon any default or breach shall not be construed as waiving the rights to enforce or exercise such or any other right or remedy at any later date. No exercise of the rights and powers granted in or held pursuant to this Note by the Holder, and no delays or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.

**8. Waiver by the Company**. The Company hereby waives presentment, protest, notice of protest, notice of nonpayment, notice of dishonor and any and all other notices or demands relative to this Note, except as specifically provided herein.

**9. Usury Savings Clause**. The Company and the Holder intend to comply at all times with applicable usury laws. If at any time such laws would render usurious any amounts due under this Note under applicable law, then it is the Company's and Holder's express intention that the Company not be required to pay Interest on this Note at a rate in excess of the maximum lawful rate, that the provisions of this Section 9 shall control over all other provisions of this Note which may be in apparent conflict hereunder, that such excess amount shall be immediately credited to the balance of the Principal Amount of this Note, and the provisions hereof shall immediately be reformed and the amounts thereafter decreased, so as to comply with the then applicable usury law, but so as to permit the recovery of the fullest amount otherwise due under this Note.

**10. Holder Not a Stockholder.** The Holder shall not have, solely on account of such status as a holder of this Note, any rights of a stockholder of the Company, either at law or in equity, or any right to any notice of meetings of stockholders or of any other proceedings of the Company until such time as this Note has been converted, at which time the Holder shall be deemed to be the holder of record of the Conversion Shares, as applicable, notwithstanding that the transfer books of the Company shall then be closed or certificates representing such Conversion Shares shall not then have been actually delivered to the Holder.

**11. Miscellaneous**.

( a ) Governing Law; Venue. This Note shall be governed by and interpreted in accordance with the Uniform Commercial Code as from time to time in effect in the State of Nevada as to matters within the scope thereof, and, with respect to all other matters, shall be governed by and interpreted in accordance with the laws of the State of Florida, without regard for any conflict of laws. The Company irrevocably consents to the exclusive jurisdiction of any Federal or State court of Florida sitting in Miami-Dade County, Florida in connection with any action or proceeding arising out of or relating to this Note, any document or instrument delivered pursuant to, in connection with or simultaneously with this Note, or a breach of this Note or any such document or instrument.

( b ) Successors and Assigns. This Note and the obligations hereunder shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided, however, that neither party may assign any of its rights or obligations hereunder without the prior written consent of the other, except that the Holder may assign all or any portion of its rights hereunder to its Affiliate (as such term is defined in Rule 405 of the Securities Act) without such consent by giving written notice of such assignment to the Company. Assignment of all or any portion of this Note in violation of this Section shall be null and void.

(c) Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in accordance with Section 9(c) of the Purchase Agreement.

(d) Amendment; Waiver. No modification, amendment or waiver of any provision of this Note shall be effective unless in writing and approved by the Company and the Holder.

(e) Invalidity. Any provision of this Note which may be determined by a court of competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invaliding the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(f) Section and Paragraph Headings. The section and paragraph headings contained herein are for convenience only and shall not be construed as part of this Note.

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SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, this Note has been executed and delivered on the date first above written by the duly authorized representative of the Company.

**BIOZONE PHARMACEUTICALS, INC.**

By: _____
Name: _____
Title: _____

**EXHIBIT A**

Date: _____

BIOZONE PHARMACEUTICALS, INC.

_____
_____
Attn:

**CONVERSION NOTICE**

The above-captioned Holder hereby gives notice to Biozone Pharmaceuticals, Inc., a Nevada corporation (the "**Company**"), pursuant to that certain Secured Convertible Promissory Note made by the Company in favor of the Holder dated February __, 2012 in the principal amount of $_____ by the Company (the "**Note**"); that the Holder elects to convert the portion of the Note balance set forth below into fully paid and non-assessable shares of Common Stock of the Company as of the date of conversion specified below.

A. Date of conversion: _____
B. Conversion #: _____
C. Conversion Amount: _____
D. Conversion Price: _____
E. Conversion Shares: _____
F. Remaining Note Balance: _____

***Please transfer the Conversion Shares to the undersigned at:***

Address:

_____
_____
_____

Sincerely,

By: _____
Name: _____

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND, ACCORDINGLY, MAY NOT BE TRANSFERRED UNLESS (I) SUCH SECURITIES HAVE BEEN REGISTERED FOR SALE PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, (II) SUCH SECURITIES MAY BE SOLD PURSUANT TO RULE 144, OR (III) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.**

**BIOZONE PHARMACEUTICALS, INC.**

**Warrant**

Warrant Number: ___
Date of Issuance: February __, 2012 ("**Issuance Date**")

**BIOZONE PHARMACEUTICALS, INC.**, a Nevada corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ____, the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon exercise of this Warrant (including any Warrants issued in exchange, transfer or replacement hereof, this "**Warrant**"), at any time or times on or after the date hereof (the "**Exercisability Date**"), but not after 11:59 p.m., New York time, on the Expiration Date (as defined below) the number of shares, subject to adjustment as provided herein, of fully paid, non-assessable shares of Common Stock (as defined below) set forth below in Section 1(d) (the "**Warrant Securities**"). This Warrant is one of a series of Warrants being issued pursuant to that certain Securities Purchase Agreement, dated the date hereof (the "**SPA Date** "), by and between the Company and the Holder (the "**Securities Purchase Agreement**"). Except as otherwise defined herein, capitalized terms used in this Warrant shall have the meanings set forth in the Securities Purchase Agreement.

**1. EXERCISE OF WARRANT**.

( a ) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder on any day on or after the Exercisability Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant and (ii) (A) payment to the Company by no later than two (2) Trading Days of an amount equal to the applicable Exercise Price in effect on the date of exercise multiplied by the number of Warrant Securities as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash or by wire transfer of immediately available funds or (B) by delivery of the Exercise Notice to the Company specifying that this Warrant is being exercised as a Cashless Exercise (as defined in Section 1(d)). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Securities shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Securities. On or before the first (1 st) Trading Day following the date on which the Company has received an Exercise Notice, the Company shall transmit by facsimile an acknowledgment of confirmation of receipt of such Exercise Notice to the Holder and Island Stock Transfer, Inc. (the Company's "**Transfer Agent**"). On or before the third (3 rd) Trading Day following the date on which the Company has received such Exercise Notice (the "**Share Delivery Date**"), the Company shall, (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of Warrant Securities to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal At Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Securities with respect to which this Warrant has been exercised, irrespective of the date such Warrant Securities are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Securities, as the case may be. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Securities represented by this Warrant submitted for exercise is greater than the number of Warrant Securities being acquired upon an exercise, then the Company shall as soon as practicable and in no event by no later than three (3) Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Securities purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Securities with respect to which this Warrant is exercised. No fractional shares of Common Stock are to be issued upon the exercise of this Warrant, but rather the number of shares of Common Stock to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all transfer taxes which may be payable with respect to the issuance and delivery of Warrant Securities upon exercise of this Warrant.

( b ) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $0.40, subject to adjustment as provided herein. The Warrant Securities means ● shares of Common Stock.

( c ) Company's Failure to Timely Deliver Securities. If within three (3) Trading Days of receipt of the Exercise Notice, the Company shall fail to issue to the Holder a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or credit the Holder's balance account with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant, and if on or after such third Trading Day the Holder purchases (or any third party on behalf of such Investor or for the Investor's account purchases, in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of shares of Common Stock issuable upon such exercise that the Holder anticipated receiving from the Company (a "**Buy-In**"), then the Company shall, within three (3) Trading Days after the Holder's written request and at the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate (and to issue such Warrant Securities) or credit the Holder's balance account with DTC for such Warrant Securities shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such Warrant Securities or credit the Holder's balance account with DTC for the number of such Warrant Securities and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, multiplied by (B) the Closing Bid Price on the Share Delivery Date.

( d ) Cashless Exercise. Notwithstanding anything contained herein to the contrary, if a registration statement covering the Warrant Securities that are the subject of the Exercise Notice (the "**Unavailable Warrant Securities**"), or an exemption from registration, is not available for the resale of such Unavailable Warrant Securities, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "**Net Number**" of shares of Common Stock determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A = the total number of shares with respect to which this Warrant is then being exercised.

B = the arithmetic average of the Closing Sale Prices of the shares of Common Stock for the five (5) consecutive Trading Days ending on the date immediately preceding the date of the Exercise Notice.

C = the Exercise Price then in effect for the applicable Warrant Securities at the time of such exercise.

(e) Rule 144. For purposes of Rule 144(d) promulgated under the Securities Act, as in effect on the date hereof, assuming the Holder is not an affiliate of the Company, it is intended that the Warrant Securities issued in a Cashless Exercise shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Securities shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Securities Purchase Agreement.

(f) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Securities, the Company shall promptly issue to the Holder the number of Warrant Securities that are not disputed.

( g ) Registration of Warrant. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of record of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

(h) Registration of Transfers. The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of Assignment attached hereto duly completed and signed, to the Transfer Agent or to the Company at its address specified herein. Upon any such registration of transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a "**New Warrant**"), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Warrant.

(i) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 1 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Exercise Notice, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 1(i), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 1(i) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of an Exercise Notice shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 1(i), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 1(i). Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(i) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

**2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SECURITIES**. The Exercise Price and the number of Warrant Securities issuable upon exercise of this Warrant, as applicable, shall be adjusted from time to time as follows:

(a) Adjustment upon Subdivision or Combination of Common Stock. If the Company at any time on or after the SPA Date subdivides (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Securities will be proportionately increased. If the Company at any time on or after the SPA Date combines (by any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Securities will be proportionately decreased. Any adjustment under this Section 2(a) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(b) Adjustment of Exercise Price Upon Issuance of New Securities at Less Than the Exercise Price. In the event the Company shall, at any time after the date hereof and on or prior to the earlier of the exercise of this Warrant in full and the one (1) year anniversary of the date hereof, issue New Securities, without Consideration or for a Consideration per share less than the applicable Exercise Price in effect immediately prior to such issue, then the Exercise Price shall be reduced, concurrently with such issue, to the Consideration per share received by the Company for such issue or deemed issue of the New Securities; provided, that, if such issuance or deemed issuance was without Consideration, then the Company shall be deemed to have received an aggregate of $0.001 of Consideration for all such New Securities issued or deemed to be issued; provided further, that, in the event of an Adjustment pursuant to this Section 2(b), the number of Warrant Securities issuable upon exercise of this Warrant shall not change.

(c) Other Events. If any event occurs of the type contemplated by the provisions of this Section 2 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights or phantom stock rights), then the Company's Board of Directors will make an appropriate adjustment in the Exercise Price and the number of Warrant Securities so as to protect the rights of the Holder; provided that no such adjustment pursuant to this Section 2(c) will increase the Exercise Price or decrease the number of Warrant Securities as otherwise determined pursuant to this Section 2.

**3. RIGHTS UPON DISTRIBUTION OF ASSETS**.

(a) If at any time or from time to time the holders of Common Stock of the Company (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive, without payment therefor:

(i) Common Stock or any shares of stock or other securities which are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution (other than a dividend or distribution covered in Section 2(a) above);

(ii) any cash paid or payable otherwise than as a cash dividend; or

(iii) Common Stock or additional stock or other securities or property (including cash) by way of spinoff, split-up, reclassification, combination of shares or similar corporate rearrangement (other than shares of Common Stock pursuant to Section 2(a) above), then and in each such case, the Holder hereof will, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to in clauses (ii) and (iii) above) which such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property.

(b) Upon the occurrence of each adjustment pursuant to this Section 3, the Company at its expense will, at the written request of the Holder, promptly compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted number or type of Warrant Securities or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Holder and to the Company's transfer agent.

**4. FUNDAMENTAL TRANSACTIONS**. The Company shall not enter into or be party to a Fundamental Transaction unless the Successor Entity assumes this Warrant in accordance with the provisions of this Section 4, including agreements to deliver to each holder of Warrants in exchange for such Warrants a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, an adjusted exercise price equal to the value for the shares of Common Stock reflected by the terms of such Fundamental Transaction, and exercisable for a corresponding number of shares of capital stock or other securities equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and satisfactory to the Holder. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "**Corporate Event**"), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon an exercise of this Warrant at any time after the consummation of the Fundamental Transaction but prior to the Expiration Date, in lieu of the shares of the Common Stock (or other securities, cash, assets or other property) purchasable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) which the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had the Warrant been exercised immediately prior to such Fundamental Transaction (including, if the Warrant Securities underlying this Warrant include securities that are convertible or exercisable, had such Warrant Securities been converted or exercised, as applicable, into shares of Common Stock). If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The provisions of this Section 4 shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied without regard to any limitations on the exercise of this Warrant. Notwithstanding the foregoing, in the event of a Fundamental Transaction (i) in which holders of Common Stock receive all cash or substantially all cash or (ii) with a Person whose common stock or equivalent equity security is not quoted or listed on an Eligible Market, and, in either case, at the request of the Holder delivered within 30 days after consummation of the Fundamental Transaction, the Company (or the Successor Entity) shall purchase this Warrant from the Holder by paying to the Holder, within seven Business Days after such request (or, if later, on the effective date of the Fundamental Transaction), cash in an amount equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of such Fundamental Transaction.

**5. NON-CIRCUMVENTION**. The Company hereby covenants and agrees that the Company will not, by amendment of its Articles of Incorporation, Bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith comply with all the provisions of this Warrant and take all actions consistent with effectuating the purposes of this Warrant. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as this Warrant is outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of this Warrant, 100% of the number of shares of Common Stock issuable upon exercise of this Warrant then outstanding (without regard to any limitations on exercise).

**6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER** . Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Securities which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

**7. REISSUANCE OF WARRANTS**.

(a) Transfer of Warrant. Subject to Section 14 of this Warrant, if this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company and deliver the completed and executed Assignment Form, in the form attached hereto as **Exhibit B**, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Securities being transferred by the Holder and, if less then the total number of Warrant Securities then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Securities not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Securities then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Securities then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Securities as is designated by the Holder at the time of such surrender; provided, however, that no Warrants for fractional shares of Common Stock shall be given. Notwithstanding anything to the contrary herein, in no event shall the original Warrant be subdivided into more than three (3) separate Warrants and such new Warrants shall not be further subdivided.

( d ) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Securities then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Securities designated by the Holder which, when added to the number of shares of Common Stock and/or other securities underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Securities then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

**8.** **NOTICES**. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 9(c) of the Securities Purchase Agreement.

**9.** **AMENDMENT AND WAIVER** . Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder.

**10.** **GOVERNING LAW**. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of Florida, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Florida or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Florida.

**11.** **CONSTRUCTION; HEADINGS**. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

**12.** **DISPUTE RESOLUTION**. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Securities, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Securities within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder, which approval shall not be unreasonably withheld, or (b) the disputed arithmetic calculation of the Warrant Securities to the Company's independent, outside accountant. The Company shall cause the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten Business Days from the time it receives the disputed determinations or calculations. The prevailing party in any dispute resolved pursuant to this Section 12 shall be entitled to the full amount of all reasonable expenses, including all costs and fees paid or incurred in good faith, in relation to the resolution of such dispute. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

**13.** **REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF.** The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transactions Documents, as applicable, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder may cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder may be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required. The issuance of Warrant Securities and certificates for such Warrant Securities as contemplated hereby upon the exercise of this Warrant shall be made without charge to the Holder for any issuance tax in respect thereof.

**14.** **TRANSFER**. Subject to compliance with applicable laws, this Warrant may not be offered for sale, sold, transferred or assigned without the consent of the Company, such consent not to be unreasonably withheld, conditioned or delayed.

**15.** **WARRANT AGENT**. The Company shall serve as warrant agent under this Warrant. Upon 30 days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or stockholder services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

**16.** **SEVERABILITY**. If any provision of this Warrant shall be held to be invalid and unenforceable, such invalidity or unenforceability shall not affect any other provision of this Warrant.

**17.** **CERTAIN DEFINITIONS**. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Black Scholes Value**" means the value of this Warrant based on the Black and Scholes Option Pricing Model obtained from the "OV" function on Bloomberg using (i) a price per share of Common Stock equal to the Weighted Average Price of the Common Stock for the Trading Day immediately preceding the date of consummation of the applicable Fundamental Transaction, (ii) a risk-free interest rate corresponding to the U.S. Dollar – LIBOR swap rate for a period equal to the remaining term of this Warrant as of the date of consummation of the applicable Fundamental Transaction, (iii) an expected volatility equal to the greater of 100% or the 30-day realized volume up to and including the Trading Day immediately after the public announcement of the applicable Fundamental Transaction, and (iv) a remaining option time equal to the number of calendar days between the date of the public announcement of the applicable Fundamental Transaction and the expiration of the Exercise Period.

(b) "**Bloomberg**" means Bloomberg Financial Markets.

(c) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(d) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

(e) "**Common Stock**" means (i) the Company's shares of Common Stock, par value $0.001 per share, and (ii) any share capital into which such Common Stock shall have been changed or any share capital resulting from a reclassification of such Common Stock.

(f) "**Consideration**" means, in the case of issuance of New Securities issued (i) for cash, the amount of cash received by the Company; (ii) for property other than cash, the property value computed at the fair market value thereof at the time of such issue, as determined in good faith by the board of directors of the Company; and (iii) together with other shares or securities or other assets of the Company for consideration which covers both, the proportion of such Consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the board of directors of the Company. The Consideration per share received by the Company for New Securities that are Options or Convertible Securities, shall be determined by dividing: (x) the total amount, if any, received or receivable by the Company as Consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional Consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by (y) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

(g) "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

(h) "**Eligible Market**" means the Principal Market, The New York Stock Exchange, Inc., The American Stock Exchange, The NASDAQ Global Market, The NASDAQ Capital Market, the Over the Counter Bulletin Board, the OTCQX or the OTCQB.

(i) "**Expiration Date**" means the date that is ten (10) years following the Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a "**Holiday**"), the next date that is not a Holiday.

(j) "**Fundamental Transaction**" means that the Company shall, directly or indirectly, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Person (but excluding a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company), or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company to another Person, or (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than the 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than the 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business combination), or (v) reorganize, recapitalize or reclassify its Common Stock, or (vi) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding Common Stock; or (vii) the dissolution, liquidation or winding up of the Company, whether voluntary or involuntary.

(k) "**New Securities**" means all shares of Common Stock issued or deemed to be issued by the Company after the SPA Date, other than (i) the following shares of Common Stock and (ii) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities outstanding as of the Closing Date: (a) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 2(a); (b) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Company or any of its Subsidiaries pursuant to a plan, agreement or arrangement approved by the board of directors of the Company; or (c) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case, provided such issuance is pursuant to the terms of such Option or Convertible Security; (d) shares of Common Stock, Options or Convertible Securities issued to employees or directors of, or consultants or advisors to, the Company or any of its Subsidiaries in consideration for services rendered, as approved in each case by the independent members of the Company's board of directors; (e) shares of Common Stock or Convertible Securities .issued as consideration for a transaction or (f) shares of Common Stock, Options or Convertible Securities issued in connection with the Company's strategic relationships or joint ventures.

(l) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(m) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(n) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(o) "**Principal Market**" means the principal securities exchange or securities market on which the Common Stock is then traded.

(p) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(q) "**Trading Day**" means any day on which the Common Stock are traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock are then traded; *provided* that "Trading Day" shall not include any day on which the Common Stock are scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock are suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time).

(r) "**Weighted Average Price** " means, for any security as of any date, the dollar volume-weighted average price for such security on the principal securities exchange or securities market on which the Common Stock is then traded during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by Pink OTC Markets, Inc. (or any similar organization or agency succeeding to its functions of reporting prices). If the Weighted Average Price cannot be calculated for such security on such date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. All such determinations shall be appropriately adjusted for any share dividend, share split or other similar transaction during such period. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 12 with the term "Weighted Average Price" being substituted for the term "Exercise Price." All such determinations shall be appropriately adjusted for any share dividend, share split or other similar transaction during such period.

[Signature Page Follows]

**IN WITNESS WHEREOF,** the Company has caused this Warrant to be duly executed as of the Issuance Date set out above.

**BIOZONE PHARMACEUTICALS, INC.**

By: _____
Name: _____
Title: _____

**EXHIBIT A**

**EXERCISE NOTICE**
**TO BE EXECUTED BY THE REGISTERED HOLDER**
**TO EXERCISE THIS WARRANT**

**BIOZONE PHARMACEUTICALS, INC.**

The undersigned holder hereby exercises the right to purchase _____ shares of Common Stock (the " **Warrant Securities**") of **BIOZONE PHARMACEUTICALS, INC.**, a Nevada corporation (the **"Company"**), evidenced by the attached Warrant (the **"Warrant"**). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a " Cash Exercise " with respect to _____ Warrant Securities; and/or

_____ a " Cashless Exercise " with respect to _____ Warrant Securities.

2. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Securities to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Securities. The Company shall deliver to the holder _____ Warrant Securities in accordance with the terms of the Warrant and, after delivery of such Warrant Securities, _____ Warrant Securities remain subject to the Warrant.

Date: _____ __, _____

Name of Registered Holder

By: _____
Name: _____
Title: _____

**ACKNOWLEDGMENT**

The Company hereby acknowledges this Exercise Notice and hereby directs Island Stock Transfer, Inc. to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated [___ ____], 20[__] from the Company and acknowledged and agreed to by Island Stock Transfer, Inc.

**BIOZONE PHARMACEUTICALS, INC.**

By: _____
Name: _____
Title: _____

**EXHIBIT B**

**ASSIGNMENT FORM**

**BIOZONE PHARMACEUTICALS, INC.**

*(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)*

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Dated: _____
Holder's Signature: _____
Holder's Address: _____
(Please Print)

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatever. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

**PLEDGE AND SECURITY AGREEMENT**

**THIS PLEDGE AND SECURITY** AGREEMENT (this "**Security Agreement**"), dated as of February 24, 2012, is made by and between Biozone Pharmaceuticals, Inc., a Nevada corporation (the "**Grantor**"), and OPKO Health, Inc., as collateral agent (the "**Collateral Agent**") on behalf of and for the benefit of the Purchasers as defined in one or more certain Securities Purchase Agreements with the Grantor, dated as of the date hereof (the "**Purchase Agreement**") and the Purchasers, together with the Collateral Agent, are collectively referred to herein as the "**Secured Parties**").

**WHEREAS,** pursuant to the Purchase Agreement, the Grantor agreed to sell and issue to the Purchasers, and the Purchasers agreed to purchase, secured convertible promissory notes (the "**Notes**") and certain other securities;

**WHEREAS**, it is a condition precedent to the issuance of the Notes and such other securities that the Grantor and the Collateral Agent, for the benefit of the Purchasers, enter into this Security Agreement, pursuant to which the Grantor will grant to the Secured Parties a first priority security interest in all of the assets of the Grantor, including the pledge by the Grantor to the Secured Parties of its interests in the Pledged Equity, in order to secure the obligations of the Grantor under the Notes; and

**WHEREAS**, the Purchasers have appointed OPKO Health, Inc. as Collateral Agent under the terms of the Purchase Agreement.

In consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor, the Collateral Agent and the Purchasers hereby agree as follows:

**SECTION 1. Grant of Security Interest**. As collateral security for the payment and performance when due of the Obligations (defined below), Grantor hereby collaterally assigns, mortgages, and pledges to the Secured Parties, and hereby grants to the Secured Parties a first priority security interest in all of Grantor's right, title and interest in, to and under the Collateral (defined below). Grantor agrees that this Security Agreement shall create a first priority continuing security interest in the Collateral which shall remain in effect until the payment and performance in full of all of the Obligations.

**SECTION 2. Collateral Agent's Rights and Obligations.** Grantor shall remain liable under all accounts, accounts receivable, instruments and documents and general intangibles. The Collateral Agent shall not have any obligation or liability under any accounts, accounts receivable, instruments and documents or general intangibles by reason of this Security Agreement or the exercise of Collateral Agent's rights and remedies hereunder, nor shall the Collateral Agent be required to perform Grantor's obligations pursuant thereto. At any time, the Collateral Agent shall have the right to verify accounts receivable constituting a portion of the Collateral and Grantor agrees to cooperate with the Collateral Agent in arranging for such verification. After the occurrence of an Event of Default (defined below), the Collateral Agent may notify account debtors that the accounts receivable have been assigned to the Collateral Agent and that payments may be made directly to the Collateral Agent or as otherwise directed by the Collateral Agent. At the request of the Collateral Agent at any time after the occurrence of an Event of Default, the Grantor will so notify such account debtors. Notwithstanding any such action, the Collateral Agent shall have no obligation to inquire as to the sufficiency of any payment received by it on account of any of Grantor's accounts receivable or to take any action to collect or enforce the payment of any account receivable.

**SECTION 3. Definitions; Interpretation**.

(a) As used in this Security Agreement, the following terms shall have the following meanings:

"**Collateral**" means all assets, including without limitations, as described on Exhibit A attached hereto, except to the extent any such property (i) is non-assignable by its terms without the consent of the licensor thereof or another party, (ii) the granting of a security interest therein is contrary to applicable law, or (iii) that is now or hereafter subject to a lien within the meaning of subsection (vii) of the definition of "**Permitted Liens**" in this Section 4.

"**Copyrights**" means any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held.

"**Event of Default**" has the meaning set forth in the Purchase Agreement.

"**Intellectual Property**" means all of Grantor's right, title, and interest in and to the following, including such intellectual property owned on the date hereof and set forth on Schedule 1 annexed hereto, except to the extent any security interest hereunder would cause any application for a Trademark to be deemed invalidated, canceled or abandoned due to the grant and/or enforcement of such security interest, including, without limitation, all U.S. trademark applications that are based on an intent-to-use, unless and until such time that the grant and/or enforcement of the security interest will not affect the status or validity of such trademark:

(a) Copyrights, Trademarks and Patents;

(b) and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) and all design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(d) and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(e) licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(f) amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(g) proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

"**Lien**" means any mortgage, deed of trust, pledge, security interest, assignment, deposit arrangement, charge or encumbrance, lien, or other type of preferential arrangement.

"**Obligations**" means all obligations and liabilities of every nature of Grantor now or hereafter existing under or arising out of or in connection with the Notes, the Purchase Agreement, the Pledge and Security Agreement and all other documents, instruments or certificates required to be delivered by Grantor at or prior to the Closing pursuant to the Purchase Agreement (collectively, the "Purchase Documents"); together with all extensions or renewals thereof, whether for principal, interest, fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owned with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Secured Parties as a preference, fraudulent transfer or otherwise, and all obligations of every nature of Grantor now or hereafter existing under this Security Agreement (including, without limitation, interest and other amounts that, but for the filing of a petition in bankruptcy with respect to Grantor, would accrue on such obligations, whether or not a claim is allowed against Grantor for such amounts in the related bankruptcy proceeding).

"**Patents**" means all patents, patent applications and like protections, including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Permitted Liens**" mean: (i) Liens in favor of the Secured Parties in respect of the Obligations hereunder; (ii) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and which are adequately reserved for in accordance with U.S. GAAP; (iii) Liens of materialmen, mechanics, warehousemen, carriers or employees or other like Liens arising in the ordinary course of business and securing obligations either not delinquent or being contested in good faith by appropriate proceedings; (iv) Liens consisting of deposits or pledges to secure the payment of worker's compensation, unemployment insurance or other social security benefits or obligations, or to secure the performance of bids, trade contracts, leases, public or statutory obligations, surety or appeal bonds or other obligations of a like nature incurred in the ordinary course of business; (v) easements, rights of way, servitudes or zoning or building restrictions and other minor encumbrances on real property and irregularities in the title to such property which do not in the aggregate materially impair the use or value of such property or risk the loss or forfeiture of title thereto; (vi) Liens upon or in any equipment now or hereafter acquired or held by the Grantor to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing or refinancing the acquisition of such equipment, provided that the Lien is confined solely to the equipment so acquired and accessions thereon and proceeds thereof; (vii) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (i) and (ii) and (vi) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase other than for accrued interest and premium on the amount of principal being extended, refinanced or renewed.

"**Person**" means an individual, corporation, partnership, joint venture, trust, unincorporated organization, governmental agency or authority, or any other entity of whatever nature.

"**Pledged Equity**" means all shares of stock, partnership interests, limited liability company interests and all other equity interests in a Person, whether such stock or interests are classified as Investment Property or General Intangibles under the UCC now or hereafter owned by Grantor, including all securities convertible into, and rights, warrants, options and other rights to purchase or otherwise acquire, any of the foregoing, including those owned on the date hereof and set forth on Schedule 2 annexed hereto, the certificates or other instruments representing any of the foregoing and any interest of Grantor in the entries on the books of any securities intermediary pertaining thereto and all distributions, dividends and other property received, receivable or otherwise distributed in respect of or exchanged therefor.

"**Purchase Documents**" means this Security Agreement, the Purchase Agreement, and the Note, each as amended, modified, renewed, extended or replaced from time to time.

"**Secured Parties**" means the Collateral Agent and all Purchasers.

"**Trademarks**" means any trademark and service mark rights, whether registered or not, applications to register and registrations of the same and like protections, and the parts of the goodwill of the business connected with the use of and symbolized by such marks.

"**UCC**" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Nevada.

(b) Where applicable and except as otherwise defined herein, terms used in this Security Agreement shall have the meanings assigned to them in the UCC. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Purchase Agreement or if not defined there in the Note.

(c) In this Security Agreement, (i) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (ii) the captions and headings are for convenience of reference only and shall not affect the construction of this Security Agreement; (iii) the words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Security Agreement as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (iv) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation;" and (v) the term "or" shall not be limiting.

**SECTION 4. First Priority Security Interest**.

(a) Subject to Permitted Liens, as security for the payment and performance of the Obligations, the Grantor hereby pledges, assigns and grants to the Secured Parties, a first priority security interest in all of the Grantor's right, title and interest in, to and under all of the Collateral that shall remain in effect until terminated in accordance with Section 19 hereof.

**SECTION 5. Financing Statements, Etc**. Grantor shall file within two (2) business days of the date hereof such financing statement in a form reasonably acceptable to Collateral Agent, as is necessary to perfect and maintain the priority of the security interest of the Secured Parties in the Collateral. The Grantor shall also file from time to time thereafter, all such financing statements, financing statement assignments, continuation financing statements, and UCC filings, in form reasonably satisfactory to the Collateral Agent, and Grantor shall execute and deliver and shall take all other action, as the Collateral Agent may reasonably request, to perfect and continue perfected, maintain the priority of or provide notice of the security interest of the Secured Parties in the Collateral (subject to the terms hereof) and to accomplish the purposes of this Security Agreement. Without limiting the generality of the foregoing, the Grantor ratifies and authorizes the filing by the Collateral Agent of any financing statements filed prior to the date hereof that accomplish the purposes of this Security Agreement.

**SECTION 6. Representations and Warranties**. The Grantor represents and warrants to the Collateral Agent that:

(a) Grantor's full legal name, as it appears in official filings in the State of Nevada, is Biozone Pharmaceuticals, Inc. Grantor is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nevada and has all requisite power and authority to execute, deliver and perform its obligations under this Security Agreement..

(b) The execution, delivery and performance by the Grantor of this Security Agreement has been duly authorized by all necessary corporate action of the Grantor, and this Security Agreement constitutes the legal, valid and binding obligation of the Grantor, enforceable against the Grantor in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws of general application affecting enforcement of creditors' rights generally, as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(c) Except for the filing of appropriate financing statements, no authorization, consent, approval, license, exemption of, or filing or registration with, any governmental authority or agency, or approval or consent of any other Person, is required for the due execution, delivery or performance by the Grantor of this Security Agreement unless the same has already been obtained or is being obtained simultaneously in connection herewith.

(d) This Security Agreement creates a first priority security interest that is enforceable against the Collateral and will create a first priority security interest that is enforceable against the Collateral in which the Grantor hereafter acquires rights at the time the Grantor acquires any such rights.

(e) The Grantor has the right and power to grant the pledge and security interests in the Collateral to the Secured Parties in the Collateral, and the Grantor is the sole and complete owner of the Collateral, free from any Lien other than the liens and security interests in favor of the Secured Parties, and the other Permitted Liens.

(f) Grantor acknowledges and agrees that the Lien that secures the Obligations (A) is separate and distinct from any and all other Liens on the Collateral, (B) is enforceable without regard to whether or not any other Lien shall be or become void, voidable or unenforceable or the indebtedness, obligations or liabilities secured by any such other Lien shall be discharged, whether by payment, performance, avoidance or otherwise, and (C) shall not merge with or be impaired by any other Lien.

(g) A true and complete list of all Intellectual Property owned by Grantor, in whole or in part; is set forth on Schedule 1 attached hereto.

( h ) Schedule 2 attached hereto sets forth all of the Pledged Equity owned by the Grantor, and the percentage ownership in each issuer thereof.

**SECTION 7. Covenants of the Grantor**. Until this Security Agreement has terminated in accordance with Section 19 hereof, the Grantor agrees to do the following:

(a) The Grantor shall give prior written notice to the Collateral Agent (and in any event not later than thirty (30) days prior to any change described below in this subsection) of: (i) any change in the Grantor's name; (ii) any changes in the Grantor's identity or structure in any manner which might make any financing statement filed hereunder incorrect or misleading; or (iii) any change in jurisdiction of organization; provided that the Grantor shall not locate any Collateral outside of the United States nor shall the Grantor change its jurisdiction of organization to a jurisdiction outside of the United States.

(b) The Grantor shall continue to operate its business in the ordinary course in accordance with all applicable law and shall not surrender or lose possession of (other than to the Secured Parties), sell, lease, rent or otherwise dispose of or transfer any of the Collateral or any right or interest therein, except in the ordinary course of business consistent with past practice and except to the extent of equipment that is obsolete or no longer useful to its business.

(c) The Grantor shall keep the Collateral free of all Liens except the liens and security interests in favor of the Secured Parties and the other Permitted Liens.

(d) The Grantor shall protect, defend and maintain the validity and enforceability of its material Intellectual Property; (ii) promptly advise Collateral Agent in writing of material infringements of its Intellectual Property; and (iii) not allow any Intellectual Property material to Grantor's business to be abandoned, forfeited or dedicated to the public without Collateral Agent's written consent.

(e) So long as no Event of Default shall have occurred and be continuing, the Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Equity or any part thereof for any purpose not inconsistent with the terms or purpose of this Security Agreement.

(f) Grantor shall not use or permit Collateral to be used in violation of any applicable law, rule or regulation or in violation of any policy of insurance covering the Collateral.

(g) Grantor shall maintain such insurance with respect to liabilities, losses or damage in respect of the assets and properties of Grantor as may customarily be carried or maintained under similar circumstances by corporations of established reputation engaged in similar businesses in such amounts, with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for corporations similarly situated in the industry.

(h) Grantor shall deliver any and all originals of Collateral consisting of certificates or Instruments to Collateral Agent, accompanied by Grantor's endorsement, where necessary of transfer or assignments in blank, in form and substance satisfactory to Collateral Agent.

(i) Grantor shall pay promptly when due all property and other taxes, assessments and government charges or levies imposed upon, and all claims (including claims for labor, services, materials and supplies) against, the Collateral except to the extent the validity thereof is being contested in good faith.

**SECTION 8. Authorization; Collateral Agent Appointed Attorney-in-Fact.** The Collateral Agent shall have the right, to, in the name of the Grantor, or in the name of the Secured Parties, upon notice to, but without the requirement of assent by the Grantor, and the Grantor hereby constitutes and appoints the Collateral Agent (and any employees or agents designated by the Collateral Agent) as the Grantor's true and lawful attorney-in-fact, with full power and authority to (a) upon and during the continuance of an Event of Default: (i) assert, adjust, sue for, compromise or release any claims under any policies of insurance; and (ii) execute any and all such other documents and instruments, and do any and all acts and things for and on behalf of the Grantor, that such Collateral Agent may deem necessary or advisable to maintain, protect, realize upon and preserve the Collateral and the Secured Parties' security interests therein and to accomplish the purposes of this Security Agreement and (b) to pay or discharge taxes or Liens (other than Liens permitted under this Security Agreement or the Purchase Documents) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by Collateral Agent in its sole discretion, any such payments made by Collateral Agent to become obligations of Grantor to Collateral Agent, due and payable immediately without demand. The foregoing power of attorney is coupled with an interest and is irrevocable so long as the Obligations have not been indefeasibly paid and performed in full and the commitments not terminated. The Grantor hereby ratifies, to the extent permitted by law, all that the Collateral Agent shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 8.

**SECTION 9. Remedies**.

(a) Upon the occurrence and during the continuance of an Event of Default (as defined in the Purchase Agreement), the Collateral Agent as agent for the Secured Parties shall have, in addition to all other rights and remedies granted to the Secured Parties in this Security Agreement, and all other Purchase Documents, all rights and remedies of a Collateral Agent under the UCC and other applicable laws. Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default, the Collateral Agent, upon the election of the holders of the majority-in-interest of the Notes, may sell, resell, lease, use, assign, license, sublicense, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of Grantor's assets, without charge or liability to the Secured Parties therefor) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit, or for future delivery without assumption of any credit risk, all as the Collateral Agent deems advisable; provided, however, that the Grantor shall be credited with the net proceeds of sale only when such proceeds are finally collected by the Secured Parties. The Collateral Agent, upon the election of the majority-in-interest of the Notes, shall have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption the Grantor hereby releases, to the extent permitted by law. The Grantor hereby agrees that the sending of notice by ordinary mail, postage prepaid, to the address of the Grantor set forth herein or subsequent address that the Grantor provides to the Collateral Agent in writing, of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof if such notice is sent five (5) business days prior to the date of such sale or other disposition or the date on or after which such sale or other disposition may occur. Grantor hereby agrees that it will at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties. Upon the occurrence and during the continuance of an Event of Default, Collateral Agent may (i) enter onto the property where any Collateral is located and take possession thereof with or without judicial process, (ii) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent Collateral Agent deems appropriate, (iii) take possession of Grantor's premises or place custodians in exclusive control thereof, remain on such premises and use the same and any of Grantor's equipment for the purpose of completing any work in process, taking any actions described in the preceding clause, and (iv) collecting any Obligation.

(b) The cash proceeds actually received from the sale or other disposition or collection of the Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein shall be applied first, to the payment of the costs and expenses of the Secured Parties in exercising or enforcing its rights hereunder and in collecting or attempting to collect any of the Collateral, and to the payment of all other amounts payable to the Secured Parties pursuant to Section 13 hereof; and second, to the payment of the Obligations. Any surplus thereof that exists after payment and performance in full of the Obligations shall be promptly paid over to the Grantor or otherwise disposed of in accordance with the UCC or other applicable law. The Grantor shall remain liable to the Secured Parties for any deficiency that exists after any sale or other disposition or collection of the Collateral and Grantor shall be liable for the reasonable fees of any attorneys employed by the Secured Parties to collect such deficiency.

(c) Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws, the Secured Parties may be compelled, with respect to any sale of all or any part of the Pledged Equity conducted without prior registration or qualification of such Pledged Equity under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Pledged Equity for their own respective accounts, for investment and not with a view to the distribution or resale thereof. Grantor acknowledges that any such private placement may be at prices and on terms less favorable than those obtainable through a sale without such restrictions (including an offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances, Grantor agrees that any such private placement shall not be deemed, in and of itself, to be commercially unreasonable and that the Secured Parties shall have no obligation to delay the sale of any Pledged Equity for the period of time necessary to permit the issuer thereof to register it for a form of sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If the Secured Parties determine to exercise their right to sell any or all of the Pledged Equity, upon written request, Grantor shall and shall cause each issuer of any Pledged Equity to be sold hereunder from time to time to furnish to the Collateral Agent all such information as the Collateral Agent may request in order to determine the amount of Pledged Equity which may be sold by the Secured Parties in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(d) Upon the occurrence and during the continuation of an Event of Default, (x) upon written notice from Collateral Agent to Grantor, all rights of Grantor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease, and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to exercise such voting and other consensual rights; (y) except as otherwise specified in the Purchase Documents, all rights of Grantor to receive the dividends, other distributions, principal and interest payments which it would otherwise be authorized to receive and retain pursuant hereto shall cease, and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to receive and hold as Collateral such dividends, other distributions, principal and interest payments; and (z) all dividends, principal, interest payments and other distributions which are received by Grantor contrary to the provisions of clause (y) above shall be received in trust for the benefit of the Secured Parties, shall be segregated from other funds of Grantor and shall forthwith be paid over to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsements).

(e) In order to permit Secured Parties to exercise the voting and other consensual rights which they may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which they may be entitled to receive hereunder, (I) Grantor shall promptly execute and deliver (or cause to be executed and delivered) to Collateral Agent all such proxies, dividend payment orders and other instruments as Collateral Agent may from time to time reasonably request, and (II) without limiting the effect of clause (I) above, Grantor hereby grants to Collateral Agent an irrevocable proxy to vote the Pledged Equity and to exercise all other rights, powers, privileges and remedies to which a holder of the Pledged Equity would be entitled (including giving or withholding written consents of holders of equity interests, calling special meetings of holders of equity interests and voting at such meetings), which proxy shall be effective, automatically and without the necessity of any action (including any transfer of any Pledged Equity on the record books of the issuer thereof) by any other Person (including the issuer of the Pledged Equity or any officer or agent thereof), upon the occurrence of an Event of Default and which proxy shall only terminate upon the payment in full of the Obligations, the cure of such Event of Default or waiver thereof as evidenced by a writing executed by Collateral Agent.

(f) Anything contained herein to the contrary notwithstanding, upon the occurrence and during the continuation of an Event of Default, (i) the Secured Parties shall have the right (but not the obligation) to bring suit, in the name of Grantor, the Secured Parties or otherwise, to enforce any Collateral constituting Intellectual Property, in which event Grantor shall, at the request of the Collateral Agent, do any and all lawful acts and execute any and all documents required by the Collateral Agent in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify the Secured Parties as provided in Section 13 hereof, in connection with the exercise of its rights under this Section, and, to the extent that the Collateral Agent shall elect not to bring suit to enforce any Collateral constituting Intellectual Property as provided in this Section, Grantor agrees to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement of any of the Collateral constituting Intellectual Property by others and for that purpose agrees to use its commercially reasonable judgment in maintaining any action, suit or proceeding against any Person so infringing reasonably necessary to prevent such infringement; (ii) upon written demand from the Collateral Agent, Grantor shall execute and deliver to Collateral Agent an assignment or assignments of the Collateral constituting Intellectual Property and such other documents as are necessary or appropriate to carry out the intent and purposes of this Security Agreement; and (iii) Grantor agrees that such an assignment and/or recording shall be applied to reduce the Obligations outstanding only to the extent that the Secured Parties receive cash proceeds in respect of the sale of, or other realization upon, the Collateral constituting Intellectual Property.

(g) In addition to, and not by way of limitation of, the granting of a security interest in the Collateral pursuant hereto, Grantor, effective upon the occurrence and during the continuation of an Event of Default, hereby assigns, transfers and conveys to the Secured Parties the nonexclusive right and license to use all Trademarks, Copyrights, Patents or technical processes owned or used by Grantor that relate to the Collateral, together with any goodwill associated therewith, all to the extent necessary to enable the Secured Parties to realize on the Collateral in accordance with this Security Agreement and to enable any transferee or assignee of the Collateral to enjoy the benefits of the Collateral. This right shall inure to the benefit of all successors, assigns and transferees of the Secured Parties and their successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license shall be granted free of charge, without requirement that any monetary payment whatsoever be made to Grantor.

**SECTION 10. Secured Parties' Rights; Certain Waivers**. The Grantor waives, to the fullest extent permitted by law: (i) any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling of the Collateral or other collateral or security for the Obligations; (ii) any right to require the Secured Parties to: (A) proceed against any Person, (B) exhaust any other collateral or security for any of the Obligations, (C) pursue any remedy in the Secured Parties power or (D) except as provided herein or in the Note, make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral; and (iii) all claims, damages and demands against the Secured Parties arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral.

**SECTION 11. Notices.** All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made: (i) if delivered by hand, when received, (ii) if sent by a nationally recognized courier service, one business day after delivery to such courier service, (iii) if transmitted by facsimile or e-mail, at the time such transmission is confirmed to the sender, (iv) if sent by certified mail, four business days after delivery to the postal system, in each case addressed as follows in the case of the Company and the Collateral Agent or to such other address as may be hereafter notified by the respective parties hereto:

If to Grantor:

Biozone Pharmaceuticals, Inc.
550 Sylvan Avenue
Suite 101
Englewood Cliffs, NJ 07632
(201) 608-5101Attention of Elliott Maza, CEO
Fax: (___) ___-____

With a copy (which shall not constitute notice) to:

Sichenzia Ross Friedman Ference LLP
61 Broadway, 32nd Floor
New York, New York 10006
Attention of Harvey Kesner, Esq.
Tel: (212) 930-9700
Fax: (212) 930-9725

If to the Collateral Agent:

OPKO Health, Inc.
4400 Biscayne Blvd.
Miami, FL 33137
Attention of Steven Rubin, Esq.
Tel: (305) 575-4138
Fax: (305) 575-6444

With a copy (which shall not constitute notice) to:

OPKO Health, Inc.
4400 Biscayne Blvd.
Miami, FL 33137
Attn: Legal Department
Fax: (305) 575-4140

**SECTION 12.** **No Waiver; Cumulative Remedies**. No failure on the part of the Collateral Agent to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Security Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Secured Parties.

**SECTION 13.** **Costs and Expenses; Indemnity**. The Grantor agrees to pay all reasonable costs and expenses of the Secured Parties, in connection with the enforcement of any rights or interests under, this Security Agreement and the sale or collection of, or other realization upon, any of the Collateral, including all reasonable expenses of taking, collecting, holding, sorting, handling, preparing for sale, selling or the like and other such expenses of sales and collections of the Collateral. Grantor agrees to indemnify the Secured Parties from and against any and all claims, losses and liabilities in any way relating to, growing out of or resulting from this Security Agreement and the transactions contemplated hereby (including, without limitation, enforcement of this Security Agreement), except to the extent such claims, losses or liabilities result solely from the Secured Parties' gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. The obligations of Grantor in this Section 13 shall survive the termination of this Security Agreement and the discharge of Grantor's other obligations under this Security Agreement or the Purchase Documents.

**SECTION 14.** **Binding Effect**. This Security Agreement shall be binding upon, inure to the benefit of and be enforceable by the Grantor, the Collateral Agent and the Purchasers and their respective successors and assigns.

**SECTION 15.** **Governing Law**. This Security Agreement shall be governed by and construed under the laws of the State of Florida without regard to its principles of conflict of laws.

**SECTION 16.** **Entire Agreement; Amendment** . This Security Agreement and the Purchase Documents contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by the written agreement of the Grantor and the Collateral Agent.

**SECTION 17.** **Severability**. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**SECTION 18.** **Counterparts.** This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

**SECTION 19.** **Termination**. Upon the payment and performance in full of all Obligations, this Security Agreement shall terminate (except with respect to Section 13 hereof) and the Secured Parties shall promptly, at the cost of the Grantor, execute and deliver to the Grantor such documents and instruments reasonably requested by the Grantor as shall be necessary to evidence termination of all security interests given by the Grantor to the Secured Parties hereunder.

**SECTION 20.** **Collateral Agent May Perform**. If Grantor fails to perform any agreement contained herein, following notice to Grantor, Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of Collateral Agent incurred in connection therewith shall be payable by Grantor.

**SECTION 21.** **Standard of Care**. The powers conferred on Secured Parties hereunder are solely to protect their interest in the Collateral and shall not impose any duty upon them to exercise any such powers. Except for the exercise of reasonable care in custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Parties shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. Secured Parties shall be deemed to have exercised reasonable care in custody and preservation of Collateral in their possession if such Collateral in accorded treatment substantially equal to that which Secured Parties accords its own property.

**SECTION 22.** **Further Assurances.** Grantor agrees that from time to time, at the expense of Grantor, Grantor will promptly execute and deliver all further instruments and documents and take all further action, that may be necessary or desirable, or that Secured Parties may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Secured Parties to exercise and enforce their rights and remedies hereunder with respect to any Collateral.

**IN WITNESS WHEREOF,** the parties hereto have duly executed this Security Agreement, as of the date first above written.

GRANTOR:

**BIOZONE PHARMACEUTICALS, INC.**

By: _____
Name: _____
Title: _____

COLLATERAL AGENT:

By: _____
Name: _____
Title: _____

**EXHIBIT A**

**COLLATERAL DESCRIPTION**

GRANTOR: BIOZONE PHARMACEUTICALS, INC., a Nevada corporation

COLLATERAL AGENT: OPKO HEALTH, INC.

The Collateral consists of all rights, title and interest in and to the following assets of the Grantor:

1. All accounts including, without limitation, all present and future rights of debtor to payment for goods sold or leased or for services rendered, which are not evidenced by instruments or chattel paper, and whether or not earned by performance and all rights to payment arising out of the use of a credit or charge card and all information contained on or for use with any such card and all records and evidences of credit card transactions (the "**Accounts**");

2. All present and future contract rights, general intangibles (including, but not limited to, tax and duty refunds, goodwill, processes, drawings, blueprints, customer lists, licenses, whether as licensor or licensee, choses in action and other claims and existing and future leasehold interests in equipment, real estate and fixtures), chattel paper, documents, instruments, securities and other investment property, letters of credit, letter of credit rights, commercial tort claims, payment intangibles, software, supporting obligations, bankers' acceptances and guaranties;

3. All present and future monies, securities, credit balances, deposits, deposit accounts and other property of debtor now or hereafter held or received by or in transit to the secured parties or their affiliates or at any other depository or other institution from or for the account of debtor, whether for safekeeping, pledge, custody, transmission, collection or otherwise, and all present and future liens, security interests, rights, remedies, title and interest in, to and in respect of accounts and other collateral, including, without limitation, (i) rights and remedies under or relating to guaranties, contracts of suretyship, letters of credit and credit and other insurance related to the collateral, (ii) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or Collateral Agent, (iii) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, accounts or other collateral, including, without limitation, returned, repossessed and reclaimed goods, and (iv) deposits by and property of account debtors or other persons securing the obligations of account debtors;

4. All of Grantor's now owned and hereafter existing or acquired raw materials, work in process, finished goods and all other inventory of whatsoever kind or nature, wherever located ("**Inventory**");

5. All of Grantor's now owned and hereafter acquired equipment, machinery, computers and computer hardware and software (whether owned or licensed), vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located ("**Equipment**");

6. All of Grantor's now owned and hereafter existing or acquired securities, financial assets, securities accounts, securities entitlements and all other investment property of whatsoever kind or nature, wherever located, including, without limitation, securities issued by any subsidiary of debtor ("**Investment Property**");

7. All Intellectual Property, including, without limitation, the Intellectual Property listed on Schedule 1;

8. All securities (including, without limitation, the Pledged Equity);

9. All of Grantor's present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of debtor with respect to the foregoing maintained with or by any other person) ("**Records**"); and

10. All rights, claims and interests in any of the foregoing, and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products and proceeds of the foregoing, in any form, including, without limitation, insurance proceeds and any claims against third parties for loss or damage to or destruction of any or all of the foregoing.

**SCHEDULE 1**

**INTELLECTUAL PROPERTY**
**List of BZL Patents & Patent Applications**

**Notes:**

- Issued patents are listed by both application number and patent number. Cases still pending are listed by application number.
- Column 4 in Tables 1 and 2 lists the country or regional patent office for each patent or application.
- Column 5 in Tables 1 and 2 indicate if the claimed technology is related to QuSomes (Q), Pure-PEG (P) or other areas (O). Some patents and applications fall into more than one category. In some cases, the categorization is ambiguous.

**Table 1: BIOZ patents and applications**

| | **Application** | **Patent info** | **Country** | **Technology** |
|---|---|---|---|---|
| **BIOZ**<br>**0101**<br>**BioZone Laboratories, Inc.**<br>**Brian Keller** | | | | |
| BIOZ-001<br>"Self Forming, Thermodynamically Stable Liposomes and Their Applications" | 09/745,292<br>Dec 20, 2000 | 6,610,322<br>Aug 26, 2003 | US | Q |
| BIOZ-001 EP<br>"Self Forming, Thermodynamically Stable Liposomes and Their Applications" | App 01992326<br>WO0249617 | EP 1343475<br>29 April 09 | IR, GB, FR, DE, CH | Q |
| BIOZ-002<br>"Self Forming, Thermodynamically Stable Liposomes and Their Applications"<br>CON of BIOZ-001 | 10/262,284<br>Sep 30, 2002 | 6,958,160<br>Oct 25, 2005 | US | Q |
| BIOZ-004<br>"Self Forming, Thermodynamically Stable Liposomes and Their Applications"<br>CON of BIOZ-001, BIOZ-002 | 11/178,001<br>Jul 8, 2005 | 7,150,883<br>Dec 19, 2006 | US | Q |
| BIOZ-005P<br>"Nanotechnology for spilled oil encapsulation, remediation, and recovery" | 60/840,789<br>Aug 28, 2006 | | US | Q |

| | | | | |
|---|---|---|---|---|
| BIOZ-006<br>"Self Forming, Thermodynamically Stable Liposomes and Their Applications"<br>CON of BIOZ-001, BIOZ-002, BIOZ-004 | 11/588,068<br>Filed 10/24/2006 | 7,718,190<br>May 18, 2010 | US | Q |
| BIOZ-009<br>"Self Forming, Thermodynamically Stable Liposomes and Their Applications" | 12/661,987<br>filed Mar 27, 2010 | | US | Q |

**Table 2: EQUA patents and applications**

| | | | |
|---|---|---|---|
| (1) **X-conazoles plus Qusomes** | | | |
| EQUA-001 (regular application)<br>"Enhanced Delivery of Antifungal Agents" | 12/006,820<br>Filed Jan. 4, 2008 | US | Q |
| EQUA-001 PCT<br>"Enhanced Delivery of Antifungal Agents" | PCT/US2009/000003<br>Filed Jan 2, 2009 | PCT | Q |
| EQUA-001 JP | 2010-541549 | JP | Q |
| EQUA-001 EP | 09701160.5<br>effective date: Jan 2, 2009 | EPO | Q |
| EQUA-003 (P)<br>"Enhanced Delivery of Antifungal Agents" | 61/128,011<br>Filed May 16, 2008 | US | Q |
| EQUA-012 (R) | 12/454,387<br>filed May 15, 2009 | US | Q |
| **(2) Linkers** | | US | Q, O |
| EQUA-002P<br>"PEG-lipid conjugates for liposomes and drug delivery" | 61/131,674<br>Filed June 11, 2008 | | |
| EQUA-004P<br>"PEG-lipid conjugates for liposomes and drug delivery" | 61/135,515<br>Filed July 21, 2008 | US | Q, O |
| EQUA-015R<br>"PEG-lipid conjugates for liposomes and drug delivery" | 12/456,046<br>filed June 10, 2009 | US | Q, O |

| | | | |
|---|---|---|---|
| **(3) New Chemical Entities (equaconazoles)** | | | |
| EQUA-005P<br>"Novel Triazole Antifungal Agents" | 61/191,339<br>Filed Sept 8, 2008 | US | O |
| EQUA-006 (P)<br>"Novel Triazole Antifungal Agents" | 61/199,821<br>Filed Nov. 20, 2008 | US | O |
| EQUA-007R<br>"Triazole Antifungal Agents" | 12/584,486<br>filed Sept 5, 2009 | US | O |
| EQUA-007 PCT<br>"Triazole Antifungal Agents" | PCT/US2009/005012<br>filed Sept. 5, 2009 | | |
| EQUA-007 CA | | CA | O |
| EQUA-007 CN (China) | Natl. App. # 200980144689.2 | CN | O |
| EQUA-007 EP | EP 09811850.8<br>Kemp ref: N.113302 JHS/nw<br>Pub (patent) no 2343980 | EP | O |
| EQUA-007 IN | 2453/DELNP/2001 | IN | O |
| EQUA-007 JP | 2011-526053 | JP | O |
| EQUA-007 MX | | MX | O |
| **(4) Solubility Enhancers (non-QuSomes)** | | | |
| EQUA-008<br>"PEG-lipid conjugates for increasing the solubility of drug compounds" | Filed Jan 23, 2009<br>61/205,840 | US | Q |
| EQUA-020R<br>"PEG-lipid conjugates for increasing the solubility of drug compounds" | 12/657,611<br>filed Jan 22, 2010 | US | Q |
| EQUA-020 PCT<br>"PEG-lipid conjugates for increasing the solubility of drug compounds" | PCT/US2010/000165<br>filed Jan 22, 2010 | | |
| EQUA-020 BR | | BR | Q |
| EQUA-020 CO | | CO | Q |

| | | | |
|---|---|---|---|
| EQUA-020 EP | 10733728.9 | EP | Q |
| EQUA-020-JP | | JP | Q |
| | | | |
| **(5) Drug-lipid conjugates (amide-linked drugs)** | | | |
| EQUA-009 | 61/210,380 Filed Mar 18, 2009 | US | O |
| EQUA-010P | 61/217,404 filed May 29, 2009 | US | O |
| EQUA-021R | 12/661,465 filed Mar 17, 2010 | US | O |
| | | | |
| **(6) Polymer-lipid protein conjugates** | | | |
| EQUA-011 | 61/212,825 Filed April 16, 2009 | US | O |
| EQUA-023R | 12/799,006 filed April 15, 2010 | US | O |
| | | | |
| **(7) Pure PEG-Lipid Conjugates** | | | |
| EQUA-013 | 61/217,627 Filed June 2, 2009 | US | P, Q |
| EQUA-017P | 61/284,065 filed December 12, 2009 | US | P, Q |
| EQUA-024R | 12/802,197 filed June 1, 2010 | US | P, Q |
| EQUA-024 PCT | PCT/US2010/001590 filed June 1, 2010 | | |
| EQUA-024 AP (ARIPO-Africa) 18 states | | AP | P, Q |
| | | | |
| EQUA-024 AU (Australia) | App No 2010257181 | AU | P, Q |
| EQUA-024 BR | | BR | P, Q |
| EQUA-024 CA (Canada) | | CA | P, Q |
| EQUA-024 CL (Chile) | | CL | P, Q |
| EQUA-024 CN (China) | 201080030371.4 | CN | P, Q |
| EQUA-024 CO (Colombia) | | CO | P, Q |

| | | | |
|---|---|---|---|
| EQUA-024 EG | | EG | P, Q |
| EQUA-024 EA (Eurasia) | | EA | P, Q |
| EQUA-024 EP (34 states) | EP #10783699.1 | EP | P, Q |
| EQUA-024 IN (India) | 10321/DELNP/2011 | IN | P, Q |
| EQUA-024 IS (Israel) | | IS | P, Q |
| EQUA-024 JP | | JP | P, Q |
| Goichi Takahishi | | | |
| Kita-Aoyama Intl Patent Bureau | | | |
| P011455 | | | |
| EQUA-024 MY | PI 2011005803 | MY | P, Q |
| EQUA-024 MX | | MX | P, Q |
| EQUA-024 ZA (South Africa) | 2011/09366 | ZA | **P, Q** |
| EQUA-024 KR (South Korea) | 10-2011-7031713 | KR | P, Q |

**(8) Cyclosporin formulation**

| | | | |
|---|---|---|---|
| EQUA-016P | 61/273,656<br>Filed August 5, 2009 | US | P, Q |
| EQUA-025R | 12/802,200<br>filed June 1, 2010 | US | P, Q |

**(9) Rapamycin**

| | | | |
|---|---|---|---|
| EQUA-018P | 61/276,953<br>Filed Sept 19, 2009 | US | Q |
| EQUA-027R<br>"Method of treatment with Rapamycin" | 12/924,038<br>Filed Sept 18, 2010 | US | Q |
| EQUA-027 PCT<br>"Pharmaceutical compositions of Rapamycin" | PCT/US2010/002547<br>Filed Sept 18, 2010 | PCT | Q |

**(10) Pure PEG-AA-lipid conjugates**

| | | | |
|---|---|---|---|
| EQUA-022P<br>“Amino Acid Linked PEG-Lipid Conjugates” | 61/343,396<br>filed April 28, 2010 | US | P |
| EQUA-026R | 13/066,959<br>Filed April 28, 2011 | US | P |
| EQUA-026 PCT | PCT/US2011/000745<br>Filed April 28, 2011 | PCT | P |

**Table 3: Other**

| Number | Notes | Title | Inventor | Filing date | Issue date |
|---|---|---|---|---|---|
| 6,495,596 | Inflacin; Jeff Smith | Compounds and methods for inhibition of phospholipase A2 and cyclooxygenase-2 | Keller; Brian | June 7, 2001 | December 17, 2002 |
| 6,998,421 | Inflacin; Jeff Smith | Compounds and methods for inhibition of phospholipase A.sub.2 and cyclooxygenase - 2 | Keller; Brian | August 26, 2002 | February 14, 2006 |

**SCHEDULE 2**

**PLEDGED EQUITY**

Biozone Laboratories, Inc. (100%)
Equalan LLC (100%)
Equachem LLC (100%)
Baker Cummins Corp. (100%)
BetaZone Pharmaceuticals, LLC (45% interest)