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

FORM 8-K

CURRENT REPORT

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

Date of report (date of earliest event reported): October 7, 2011

TAMANDARE EXPLORATIONS INC.

(Exact name of registrant as specified in its charter)

Nevada	**333-150419**	**26-1434750**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

509 Madison Avenue, Suite 306, New York, New York 10022
(Address of principal executive offices) (Zip Code)

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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):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 8-K and other reports filed by us from time to time with the Securities and Exchange Commission (collectively the "Filings") contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, our management as well as estimates and assumptions made by our management. When used in the filings the words "anticipate", "believe", "estimate", "expect", "future", "intend", "plan" or the negative of these terms and similar expressions as they relate to us or our management identify forward looking statements. Such statements reflect the current view of our management with respect to future events and are subject to risks, uncertainties, assumptions and other factors (including the risks contained in the section of this report entitled "Risk Factors") as they relate to our industry, our operations and results of operations, and any businesses that we may acquire. Should one or more of the events described in these risk factors materialize, or should our underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the U.S. federal securities laws, we do not intend to update any of the forward-looking statements to conform them to actual results. The following discussion should be read in conjunction with our pro forma financial statements and the related notes that will be filed herein.

Unless otherwise specified or required by context, references to "we," "the Company", "our" and "us" refer collectively to (i) Tamandare Explorations Inc. ("Tamandare"), (ii) Tonix Pharmaceuticals, Inc., a Delaware corporation ("Tonix"), which is wholly-owned by Tamandare, and (iii) Krele LLC, a Delaware limited liability company ("Krele"), which is wholly-owned by Tonix.

Item 1.01 Entry into a Material Definitive Agreement

Background

As more fully described below, on October 7, 2011, we consummated a number of related transactions through which we acquired control of Tonix. Tonix is a specialty pharmaceutical company focusing on developing new pharmaceutical products that are safer and more effective than widely prescribed central nervous system ("CNS") drugs in large and growing markets.

The Share Exchange Transaction

On October 7, 2011 ("Closing Date" and the closing of the share exchange transaction, the "Closing"), Tamandare executed and consummated a share exchange agreement by and among Tonix and the stockholders of 100% of the equity securities of Tonix, including, the holders of 5,207,500 shares of common stock, 1,500,000 shares of Series A Preferred Stock and 2,275,527 shares of Series B Preferred Stock (the "Tonix Shareholders"), on the one hand, and Tamandare and David Moss ("Moss"), the sole officer and director and majority shareholder of Tamandare, on the other hand (the "Share Exchange Agreement" and the transaction, the "Share Exchange").

In the Share Exchange, Tonix's Shareholders exchanged their shares of Tonix for newly issued shares of common stock of Tamandare ("Common Stock"). As a result, upon completion of the Share Exchange, Tonix became Tamandare's wholly-owned subsidiary.

Upon completion of the Share Exchange, the current shareholders of Tonix received in exchange for all of their shares of Tonix's Common Stock, an aggregate of 22,666,667 shares of Tamandare's Common Stock. Moss returned 1,500,000 shares of Common Stock to Tamandare, which were retired, and Tamandare's existing stockholders retained 4,000,000 shares of Common Stock. The 22,666,667 shares issued to Tonix's Shareholders constituted approximately 85% of Tamandare's 26,666,667 issued and outstanding shares of Common Stock post-Closing.

In addition, Moss resigned as an officer of Tamandare, and all of Tonix's current officers became executive officers of Tamandare, and Seth Lederman was appointed as Chairman of Tamandare. In addition, Moss resigned as a director effective ten days after the filing and mailing of the Schedule 14f-1 in connection with the Share Exchange, at which time, Tamandare will appoint Stuart Davidson, Patrick Grace, Donald Landry, Ernest Mario, Charles Mather and John Rhodes as directors.

Our board of directors (the "Board") as well as the directors and the shareholders of Tonix, each approved the Share Exchange Agreement and the transactions contemplated thereunder.

As a result of the Share Exchange, we acquired 100% of the capital stock of Tonix and consequently, control of the business and operations of Tonix and Krele. Prior to the Share Exchange, we were a public reporting company in the development stage that was considered a shell company (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended). From and after the Closing Date of the Share Exchange, our primary operations consist of the business and operations of Tonix and Krele.

In connection with the Closing, on October 7, 2011, we sold to certain investors (the "Purchasers") for aggregate cash proceeds of $1,125,000, secured convertible debentures (the "Debentures") in the principal face amount of $1,125,000 and the exchange of $500,000 in previously issued Notes, as hereinafter defined, of Tonix that were converted into Debentures in the principal face amount of $500,000 (the "Financing"). The description of other material terms and conditions of the Financing are set forth in Item 3.02 below.

Item 2.01 Completion of Acquisition or Disposition of Assets .

As described in detail in Item 1.01 above, on October 7, 2011, we acquired the stock of Tonix pursuant to the Share Exchange Agreement. As a result of the reverse acquisition, our principal business became the business of Tonix, which is a specialty pharmaceutical company focusing on developing new pharmaceutical products that are safer and more effective than widely prescribed CNS drugs in large and growing markets.

DESCRIPTION OF OUR BUSINESS

Corporate Overview

In 1996, Seth Lederman, MD, and Donald Landry, MD, PhD, formed L&L Technologies, LLC, ("L&L"), to develop medications for central nervous system ("CNS") conditions. Dr. Lederman is Chairman and President of Tonix and Dr. Landry is a Director. L&L was a founder of Janus Pharmaceuticals, Inc., later renamed Vela Pharmaceuticals, Inc., ("Vela"), which developed various therapeutics, including a very low dose, or VLD, version of cyclobenzaprine, under an agreement with L&L. Vela decided to focus its resources on other programs and transferred the rights in VLD-cyclobenzaprine and certain other technologies to L&L in March 2006.

We were formed in June 2007 as Krele Pharmaceuticals, Inc. by L&L and Krele Pharmaceuticals, LLC (now known as Plumbline LLC) ("Plumbline"). In connection with founding Tonix, L&L and Plumbline each entered into an intellectual property transfer and assignment agreement with Tonix for the purpose of assigning patents and transferring intellectual property and know-how in exchange for shares of Common Stock of Tonix. In July 2010, we changed our name to Tonix Pharmaceuticals, Inc. In August 2010, Tonix formed a wholly owned subsidiary, Krele LLC ("Krele").

Business Overview

Tonix is a specialty pharmaceutical company focused on developing new pharmaceutical products for CNS conditions that may be safer and more effective than currently available treatments. We use ongoing advances in science and medicine to search for potential therapeutic solutions among already existing prescription pharmaceutical agents that have been successfully used in patients for other conditions. We create new dose formulations for these agents that are optimized for the new therapeutic uses that we target.

Krele's mission is to commercialize products that are generic versions of predicate New Drug Application ("NDA") products or existing marketed products that it may acquire from other pharmaceutical companies. We expect that Tonix's relationship to Krele will be similar to that of several other pharmaceutical companies and their subsidiaries that market generic versions of the parent's branded products at different periods in their product life-cycle. We anticipate that when one of our branded products loses patent protection, Krele may market generic versions of it. In such instances, Krele's product would be an "authorized generic" and would rely on our NDA. Krele may also develop or acquire generic products approved under Abbreviated New Drug Applications ("ANDAs"). For ANDAs, the predicate product is a medicine approved by the U.S. Food and Drug Administration (the "FDA") under an NDA. Tonix may market branded versions, referred to as branded generics, of such products that rely on Krele's ANDAs. Neither Tonix nor Krele currently market any products and have only begun the process of obtaining state licenses. Krele has been issued a state license in New York.

Our lead product candidate, TNX-102, is a new optimized dosage form of cyclobenzaprine. TNX-102 is being developed for the management of fibromyalgia syndrome, or FM. FM is a CNS condition that is characterized by diffuse musculoskeletal pain, increased pain sensitivity, fatigue and disturbed sleep. Cyclobenzaprine is the active pharmaceutical ingredient of two FDA approved and widely prescribed muscle relaxant products: Flexeril®, an immediate-release form, marketed by the McNeil Specialty Pharmaceuticals division of Johnson & Johnson, and Amrix®, a controlled release form marketed by Cephalon. Generic copies of Flexeril (cyclobenzaprine in the immediate-release form) are available and many patients receive a generic when their physician prescribes Flexeril. According to a study conducted by Frost & Sullivan on behalf of Tonix relating to the FM market in the United States ("Frost and Sullivan"), the immediate-release dose form of cyclobenzaprine is widely used off-label to treat FM. We are working to optimize the dose and formulation of TNX-102 to treat FM safely and effectively. We plan to subject TNX-102 to the strict testing required for FDA approval, which we believe will take at least four years and significant clinical studies. If TNX-102 is ultimately approved by the FDA for the management of FM, we believe it will be adopted by physicians and reimbursed by managed care companies.

Our other leading product candidate, TNX-105, which we are also developing, is a new dose form of cyclobenzaprine to treat symptoms of post-traumatic stress disorder, or PTSD. PTSD is a psychiatric disorder that begins in the aftermath of traumatic experiences. Sleep disturbances, including nightmares and insomnia, are core features of PTSD and are included in two of the three main symptom clusters. Patients with PTSD may have any single or combination of symptoms that include re-experiencing, emotional numbing and avoidance, and hyperarousal reactions that persist for more than one month after the traumatic event. PTSD shares several features with FM and some patients are believed to suffer from both PTSD and FM.

Cyclobenzaprine is the active pharmaceutical ingredient in each of our lead product candidates. We are utilizing drug delivery technology to produce new formulations. In addition to cyclobenzaprine, each formulation of TNX-102 and TNX-105 will contain inactive ingredients, called excipients that are well-characterized and have been FDA approved previously in other products. As a result, we anticipate seeking FDA marketing approval of our lead product candidates, TNX-102 and TNX-105, through the New Drug Application, or NDA process under Section 505(b)(2) of the U.S. Federal Food, Drug and Cosmetic Act, or the FFDCA, which we also refer to as Section 505(b)(2). This process permits the FDA to make some safety and effectiveness determinations through review of materials in the public domain or in already approved NDAs. This approach would spare us some of the burden of generating all of these data for ourselves and may allow our lead product candidates to progress through a shorter development pathway than is typical for pharmaceutical products based on novel active ingredients. We have not filed an NDA for either of our lead product candidates.

We also have a pipeline of several other product candidates that we are constantly evaluating. For example, we are developing TNX-201, which is a treatment for certain types of headaches and TNX-301, which is a potential treatment for alcohol dependence and addiction. For commercial reasons, we normally do not disclose the identities of the active ingredients or targeted indications of products in our pipeline until a U.S. patent has been allowed. Consistent with our mission, these product candidates are, or likely will be, reformulations of active ingredients that have been used by patients in other FDA-approved products. We anticipate that some of our other pipeline products will be submitted to the FDA for approval under Section 505(b)(2). In other cases, we expect that the products will be formulated to match earlier predicate products closely enough to rely, in part, on their regulatory review and status. There may be instances where the predicate product is a medicine that was reviewed for safety and effectiveness by the National Academy of Sciences under the Drug Evaluation and Safety Initiative, or DESI, and would be considered by the FDA to be an "unapproved product." For DESI products, it is our intent also to develop NDA versions by modernizing the chemistry, manufacturing and controls and to perform new clinical studies to support an NDA filing under Section 505(b)(2).

Because of our size and being in the development stage, we do not currently devote a significant amount of time or resources towards our other pipeline candidates. We anticipate that sometime in 2012 we will begin developing formulations for TNX-201 and possibly TNX-301, but do not expect to start clinical trials until 2013 at the earliest.

Our Strategy

Our objective is to develop and commercialize our product candidates to treat CNS conditions, including FM and PTSD. The principal components of our strategy to achieve this objective are to:

- pursue development and regulatory approval pathways by reformulating versions of approved drugs for new uses and by using the Section 505(b)(2) pathway for FDA approval;
- adopt a two-pronged patent strategy by seeking methods of use patents for the active ingredients in our products and by seeking protection for the formulation technology employed in our products;
- provide clear value propositions to third-party payers, such as managed care companies or government programs like Medicare, to merit reimbursement for our product candidates; and
- enter into collaborations with other pharmaceutical companies with respect to, among others, our FM and PTSD product candidates and other products that will benefit from development or marketing resources beyond those in our Company.

Pursue development and regulatory approval pathways. We believe our lead product candidates may be approvable under pathways that are potentially shorter than those typically available for drug products based on novel active ingredients. By focusing on developing new formulations of approved drugs for new uses, we believe that we will be able to use the Section 505(b)(2) pathway for FDA approval. This pathway can reduce the time and expense required for our development programs by allowing our use of previously-generated safety and efficacy information regarding the active pharmaceutical ingredients in our lead product candidates to support the filing and approval of our NDA application. Doing so may help reduce the size and scope of our preclinical and clinical trials.

Adopt a two-pronged patent strategy. We are pursuing a two-pronged patent strategy by seeking intellectual property protection for our methods of use for certain known active pharmaceutical ingredients and by seeking patents to protect the formulation technologies we employ. With respect to the methods of use patents, we believe the therapeutic uses we target are new uses for these active ingredients and we have been issued patents directed to certain aspects of our new uses. We are seeking additional patents to cover other new uses. With respect to formulation patents, we believe our products will be protected by patents that describe inventions of technology for making new formulations and possibly also by patents that describe the invention of products that achieve novel and useful blood levels at certain times after administration.

Provide clear value propositions to third-party payors to merit reimbursement for our product candidates. We are designing our clinical development programs to demonstrate compelling competitive advantages to patients and prescribers and also to demonstrate value propositions to third-party payors. We believe TNX-102 might help in the management of FM by reducing pain and other symptoms, such as fatigue. In addition, we believe that bedtime treatment with TNX-102 will have fewer day time side-effects than off-label bedtime treatment with immediate release cyclobenzaprine. For FM, we believe an FDA-approved product would capture some of the off-label use of generic cyclobenzaprine. Because FDA approvals are based on objective data, we believe that third-party payors will provide reimbursement for an FDA approved product, even at a premium price relative to other drugs that are used off-label, such as immediate-release cyclobenzaprine, tizanidine, baclofen, carisoprodol or metaxalone. For example, third-party payors reimburse for using FDA approved Lyrica® and Cymbalta® for fibromyalgia over off-label generic versions of Neurontin® (gabapentin) and generic anti-depressants, respectively.

Enter into collaborations to maximize the value of our technology. We believe certain of our drug development candidates, including TNX-102 and TNX-105, can be marketed more effectively by companies that already have significant drug development and marketing capabilities. We will seek to enter into collaborations with pharmaceutical or biotechnology companies for the commercialization of these product candidates at the times we believe most effective.

Our Lead Product Candidates

Our lead product candidates are TNX-102, for the treatment of FM and TNX-105 for the treatment of PTSD. Both of these consist of cyclobenzaprine in a mixture of inactive ingredients that are called “excipients”, which we believe will improve the absorption rate of cyclobenzaprine in ways that will optimize the product for bedtime treatment.

Cyclobenzaprine

Cyclobenzaprine was first synthesized in 1961 by Merck, and the 10 mg Flexeril® immediate-release dose form was FDA approved in 1977 for the relief of muscle spasm associated with acute, painful musculoskeletal conditions as an adjunct to rest and physical therapy.

Although a number of clinical studies have addressed the potential use and benefit of cyclobenzaprine in treating symptoms of FM, to our knowledge these studies have not motivated a sponsor to pursue FDA approval.

Based on cyclobenzaprine’s safety and efficacy for treating muscle spasm, in the 1990s, Merck conducted studies to support an application to market a 5 mg cyclobenzaprine tablet (low dose) for the over-the-counter, or OTC, market, where patients can purchase medicine without a physician’s prescription. Although Merck’s studies re-affirmed the safety and demonstrated efficacy of 5 mg cyclobenzaprine in several large trials, the OTC division of the FDA rejected the application for use without a prescription, apparently, we believe, because muscle spasm was deemed a condition that required a physician to diagnose and supervise treatment.

Merck divested the Flexeril franchise to Alza Pharmaceuticals, or Alza. Alza subsequently was acquired by Johnson and Johnson and Flexeril is part of their McNeil Specialty Pharmaceuticals division. Based largely on the Merck studies, McNeil won approval of Flexeril 5 mg tablets as a prescription medicine to treat muscle spasm. McNeil promoted Flexeril 5 mg tablets for the three year period of market exclusivity based on The Drug Price Competition and Patent Term Restoration Act of 1984, generally referred to as the Hatch-Waxman Act. Following this exclusivity period, several generics entered the market and took market share from Flexeril. McNeil continues to manufacture Flexeril, but we believe McNeil no longer actively promotes it.

Despite the approved uses of cyclobenzaprine in treating muscle spasm, we believe current marketed formulations of cyclobenzaprine are limited for treating FM by unpredictable absorption. As described in the Flexeril package insert, the amount of cyclobenzaprine absorbed into the bloodstream varies between 33-55% of the dose ingested. The variability in absorption may be due to several factors, including effects of the stomach pH (acidity or base) on the dissolution of the tablets, as well as the context of either an empty stomach or a recent meal. Food in the stomach and small intestine from a recent meal contributes to variability in absorbing other drugs. The uncertainties in absorption rates make it challenging for a physician contemplating a bedtime treatment for FM to ensure the intended therapeutic effect is achieved without risking side effects like next-day drowsiness, which could result if the patient has too much cyclobenzaprine remaining in the bloodstream the next day.

If a product could deliver a predictable absorption rate of cyclobenzaprine, it would mean patients would be less likely to receive too little drug to receive a therapeutic effect. Conversely, patients would be less likely to be over-dosed, which might lead to potential side effects, including next-day drowsiness. An optimal VLD-cyclobenzaprine product could have faster absorption, faster clearance and more predictable effects than the immediate release tablet format. To optimize the properties of TNX-102 for FM and TNX-105 for PTSD, we are developing a novel gelatin capsule (gelcap) that employs a proprietary mixture of lipids with cyclobenzaprine. The proprietary lipid mixture is designed to increase the rate and efficiency of absorption of cyclobenzaprine from the gastrointestinal tract into the bloodstream. This formulation is expected to result in increased dosage precision. However, the science of formulating drugs is not sufficiently advanced to predict the performance of the new gelcaps in the humans. We will only learn if our design has advantageous properties when we test TNX-102 in human subjects.

TNX-102 in Fibromyalgia Syndrome

TNX-102, our most advanced product candidate, is a bedtime pill containing VLD-cyclobenzaprine (2.4 mg). Based on our formulation of TNX-102, we believe it will provide more predictable effects and decreased risk of next-day drowsiness than commercially available immediate-release cyclobenzaprine tablets. We are designing our pill for faster and more efficient absorption relative to currently marketed cyclobenzaprine products.

FM is diagnosed by groups of symptoms that have been defined by committees of the American College of Rheumatology, or ACR, and a committee of experts from the organization Outcome Measures in Rheumatology. In 2007, Pfizer's Lyrica® (pregabalin) became the first medicine approved by the FDA for the management of FM. In 2008, Eli Lilly's Cymbalta® (duloxetine) became the second medicine approved by the FDA for the management of FM. In 2009, Savella® (milnacipran) was the third medicine approved by the FDA for the management of FM. Savella is marketed by Forest Laboratories.

Product Development Path

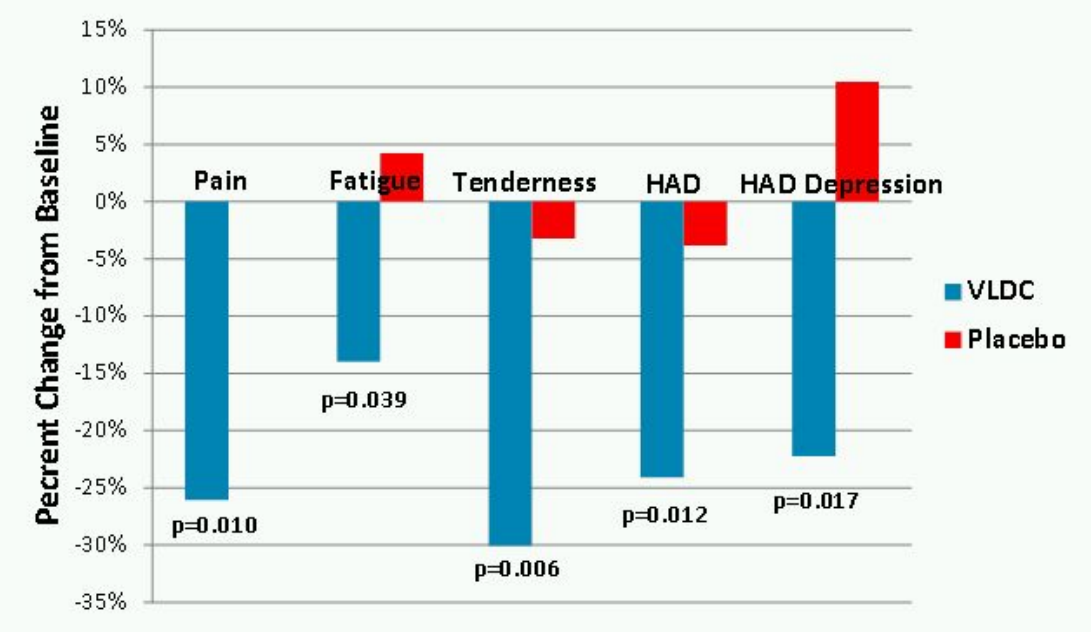
Phase 2a Pilot Data in FM Patients

Our motivation to focus our efforts on developing TNX-102 for FM stems from the results of a clinical study on 36 patients in 2001, the related rights to which we acquired from L&L. Specifically, this study was a randomized, double-blind, placebo-controlled, dose-escalating eight week trial conducted at two study centers. The study subjects met ACR criteria for FM.

Patients received VLD-cyclobenzaprine immediate-release 1 mg capsules or corresponding placebo capsules to ingest after dinner and before bedtime. Initially, patients took one capsule each evening, but over the course of the study, they were allowed to increase the number of tablets taken in increments of one capsule per week. The maximum number of capsules allowed was four per evening, which would be a total dose of 4 mg immediate-release cyclobenzaprine.

Patients treated with VLD-cyclobenzaprine demonstrated significant improvements in pain, fatigue and tenderness at week 8 relative to baseline whereas, placebo-treated patients did not improve (Figure 1). Although this study excluded patients who met formal criteria for major depressive disorder or any anxiety disorder, there is a high degree of co-existing symptoms of depression and anxiety associated with FM. VLD-cyclobenzaprine treatment resulted in significant reductions in total Hospital Anxiety and Depression Scale, or HAD, which measures symptoms of anxiety and depression, and the HAD depression subscale which measures depressive symptoms (Figure 1).

Figure 1.



This study showed treatment with VLD-cyclobenzaprine:

- provided benefit in core symptoms of FM, including pain and fatigue;
- improved mood, by demonstrating a significant decrease in HAD scores; and
- was well tolerated, with no serious adverse events, or SAEs, or discontinuations due to adverse events, or AEs.

Proposed Pharmacokinetic Study

We intend for our next human clinical study to be conducted by a contract research organization, or CRO, under an US Investigational New Drug Application, or IND, and a Canadian Clinical Trial Application. This study will determine the blood levels of cyclobenzaprine in approximately 30 healthy adult volunteers after they ingest either TNX-102, a candidate gelcap formulation containing low-dose cyclobenzaprine or a currently marketed, immediate-release cyclobenzaprine product. Studies that measure the blood levels of drugs over time are called “pharmacokinetic studies”. The TNX-102 formulation will be tested in subjects who are either fasting or recently fed. This study will seek to measure the circulating blood levels of cyclobenzaprine after oral administration of the TNX-102 candidate formulation in a fed or fasting state and determine how they compare to the blood levels resulting from oral administration of the currently marketed product in a fasting state. Each subject will receive each of the trial doses and conditions in a random order, in what is called a crossover study design. The crossover design allows the assessment of the variability of drug blood levels over time in the same people during each phase. We have selected Pharmanet Canada, Inc., or Pharmanet Canada, to conduct this pharmacokinetic study.

Prospective Phase 2b Study

If our pharmacokinetic study is successful, we expect to advance the clinical development of TNX-102 for the management of FM by conducting a larger Phase 2b placebo-controlled study. Utilizing our gelcap formulation, we will seek to replicate and expand upon the efficacy and safety findings of our Phase 2a study by administering the commercial form of TNX-102 or placebo to approximately 300 FM patients for twelve weeks. We expect that our proposed Phase 2b will be one of the two clinical efficacy trials required for FDA approval.

We expect the outcome measures for efficacy in this study will be similar to those utilized by drug products currently approved for use in FM. Specific efficacy outcome measures will include the Brief Pain Inventory, the Patient Global Impression of Change (PGIC) and the Fibromyalgia Impact Questionnaire (FIQ). Additional outcome measures for this trial will be carefully planned to further our exploration of treatment effects in important areas such as sleep, fatigue, mood, sexual function and quality of life. We will seek FDA concurrence on the study design and expect to engage a CRO to conduct this study on our behalf.

Prospective Multi-dose Pharmacokinetic Study

Since cyclobenzaprine will be used chronically, we will study TNX-102 in comparison to immediate-release cyclobenzaprine in multiple day dosing (once daily). Subjects will ingest TNX-102 or immediate-release cyclobenzaprine for four or more days. Peak and trough blood levels of cyclobenzaprine will be measured. The results of this study will provide information regarding blood levels of cyclobenzaprine when taken in a multiple day regimen.

Prospective Study Comparing Side-effects of TNX-102 with Immediate-Release Cyclobenzaprine

We plan to conduct a small study designed to compare the bedtime use of TNX-102 and immediate-release cyclobenzaprine on next morning drowsiness. The goal of this study is to determine the potential benefit of TNX-102 compared with immediate-release cyclobenzaprine on next morning drowsiness.

Prospective Phase 3 Study

If our Phase 2b study is successful, then we expect to conduct a Phase 3 study in support of product registration. At this time, we plan to conduct one large scale, randomized, double-blind, placebo-controlled Phase 3 study in which patients with FM will receive TNX-102 or placebo for six months. It is likely that the outcome measures for efficacy in this study will be similar to those used in the Phase 2b study. Other outcome measures will be carefully considered to best support desired label claims and optimal marketing message for product differentiation. We expect that at least 300 FM patients will be enrolled in this trial.

Safety Exposure Study

To study the safety of our product in chronic use, we expect to conduct an open label study in which approximately 300 FM subjects would receive TNX-102 for up to one year. Together with our other studies, we believe this safety exposure study will support the FDA and international regulatory requirements to provide data for at least 300 subjects treated with TNX-102 for six months and at least 100 subjects treated for 1 year.

Regulatory Strategy

The approvals of Lyrica®, Cymbalta® and Savella® establish a regulatory approval standard for management of FM. However, given the heterogeneity of patients with this disease, it may not prove to be the only pathway or approval requirement. Prior to meeting with the FDA for an End-of-Phase 2 (EOP2) meeting, we plan to strategically assess the regulatory environment and further evaluate our Phase 2 results in order to determine the optimal design of phase 3 clinical program. The phase 3 study design will be discussed with the FDA at the EOP2 meeting to receive regulatory acceptance for a differentiated product for the management of FM.

We hope to register TNX-102 with the FDA through the provisions of Section 505(b)(2). This regulatory pathway may help to accelerate product development and reduce overall business risk. The 505(b)(2)-based product development plan for TNX-102 is designed to leverage the safety data that has been generated by other manufacturers for cyclobenzaprine-containing products and accepted by the FDA in support of their product registration. TNX-102 contains significantly less active cyclobenzaprine than other marketed products. We believe that the safety data package from these products will provide adequate safety margin to support TNX-102 development.

On August 11, 2011, we met with the Division of Anesthesia, Analgesia and Addiction Products within the Center for Drug Evaluation and Research at the FDA to discuss the development of TNX-102, and we anticipate meeting with the FDA at the appropriate times in the future to review the basis of our Section 505(b)(2) clinical development plan and discuss any other clinical and/or nonclinical studies necessary to support an NDA filing. We believe that the clinical trials in our development plan, if successful, will provide efficacy and safety data sufficient to support an NDA filing.

If NDA approval is granted for TNX-102, in addition to the 3-year marketing exclusivity granted, TNX-102 is expected to be covered under patents that extend through at least 2020, during which time it should not be subject to generic substitution. We plan to continue to support the TNX-102 program with new patent applications as we obtain data from the clinical evaluation of our new formulation in healthy human subjects and FM patients.

TNX-105 in Post-traumatic Stress Disorder

TNX-105, our second most advanced product candidate, is another pill formulation of cyclobenzaprine to be taken at bedtime for PTSD, a psychiatric disorder that begins in the aftermath of traumatic experiences.

Parallels Between FM and PTSD

A number of parallels have been noted between FM and PTSD. In addition, symptom overlaps may exist between patients diagnosed with FM or PTSD. In a survey of males with PTSD or major depression (Amital, Fostick et al, Posttraumatic stress disorder, tenderness, and fibromyalgia syndrome: are they different entities? J. Psychosom Res 2006. 61(5):663-9.2006), 49% of PTSD patients met the ACR criteria for FM compared to 5% of major depression patients. Conversely, in a different survey of FM patients (Cohen, Neumann et al., Prevalence of post-traumatic stress disorder in fibromyalgia patients: overlapping syndromes or post-traumatic fibromyalgia syndrome? Semin Arthritis Rheum 2002. 32(1):38-50), 57% of the sample had symptoms associated with PTSD.

Emerging Market Opportunity

The selective serotonin reuptake inhibitors Paxil® (paroxetine) and Zoloft® (sertraline) are FDA approved for PTSD, but are not satisfactory treatments for many patients. Other drugs that show promise for the treatment of PTSD, but are not FDA approved, include antidepressants such as nefazodone, mirtazapine and trazodone; the antihistamine cyprohetadine; certain atypical antipsychotics such as olanzepine and resperidone; and an adrenergic alpha-1 receptor blocker, prazosin. Prazosin may decrease nightmares and insomnia and has been associated with improvements in daytime PTSD symptoms, depression, and quality of life.

Our rationale for studying the effects of cyclobenzaprine in PTSD derives from the following:

- our findings that very low dose cyclobenzaprine improves FM symptoms, a disorder having significant overlap with PTSD; and
- in studies conducted by a third party that we engaged, Caliper Life Sciences, cyclobenzaprine interacted with a receptor on brain cells called the serotonin type 2a receptor. Other compounds that bind this receptor have been shown to have effects in treating PTSD.

Product Development Path

Prospective Phase 2a and 2b Studies

We anticipate that the dose for treatment of PTSD symptoms may be higher than that of TNX-102 for FM. We plan to utilize the data obtained from the pharmacokinetic study of TNX-102 to design a Phase 2a study for TNX-105. We expect that this study will employ the same formulation technology used for FM, but will be dosed with multiple pills to explore a dose range for efficacy and tolerability in PTSD. The estimated treatment period will be six to eight weeks in duration.

As part of our contemplated Phase 2a study, we plan to assess the appropriateness of a number of clinical outcomes for use as primary and secondary measures. The PTSD clinical study measures used for further development work must provide adequate specificity and sensitivity to measure the potential effects of cyclobenzaprine. In our Phase 2a study, we anticipate that we will study TNX-105 in less than 50 subjects with combat-related and/or civilian PTSD. We expect to engage a CRO to conduct this study on our behalf.

After exploring the clinical utility and dose range in a Phase 2a study, we intend to advance the clinical development of TNX-105 for the treatment of PTSD by conducting a larger randomized, double-blind, placebo-controlled study in Phase 2b. The treatment period is estimated to be eight to twelve weeks in duration. We will seek to replicate and expand upon the efficacy and safety findings of the Phase 2a study in a larger population of PTSD patients. In our Phase 2b study, we anticipate that we will study the drug in 100 to 150 subjects with combat-related and civilian PTSD. We expect to engage a CRO to conduct this study on our behalf.

Prospective Phase 3 Study

If our Phase 2b study is successful, we expect to conduct a Phase 3 program in support of an NDA. At this time, our general plan includes two large scale, randomized, double-blind, placebo-controlled Phase 3 studies, and one open-label extension study. We anticipate that the treatment duration for the two large studies will be approximately 12-16 weeks in length. The numbers of patients to be evaluated is unknown at this time. We plan to confer with the FDA concerning the suggested sample sizes in an End-of-Phase 2 program review meeting. Once completing their participation in one of the two large scale studies, we expect our subjects will have the choice of enrolling in an available open-label study whereby we can assess the longer-term benefits of TNX-105 therapy in PTSD.

Regulatory Strategy

The approvals by the FDA of Paxil® (paroxetine) and Zoloft® (sertraline) for treating PTSD establish a regulatory approval pathway for symptom reduction in PTSD. We plan to strategically assess the regulatory environment and further evaluate our Phase 2 results to determine the design of Phase 3 clinical studies. We believe these studies will result in a differentiated product for the treatment of PTSD. We hope to register TNX-105 with the FDA through the provisions of Section 505(b)(2).

We anticipate meeting with the Center for Drug Evaluation and Research at the FDA to discuss TNX-105 at the appropriate time in the future and would review the basis of our Section 505(b)(2) clinical development plan and discuss any other clinical and nonclinical trials necessary to support an NDA filing. We believe that the clinical trials in our development plan, if successful, will satisfy the requirements for sufficient evidence of clinical efficacy and safety to support an NDA.

TNX-105 is expected to be covered under patents that have been submitted to the USPTO. The USPTO has not yet allowed or granted any claims protecting the use of TNX-105.

Drug Delivery Technology

We identified and obtained an option on technology from Lipocine, Inc. that employs mixtures of different types of lipids to envelop cyclobenzaprine molecules in the small intestine and facilitate absorption into the bloodstream. We believe this approach has potential for more consistent absorption and decreased variability in blood levels.

Both of our cyclobenzaprine-based product candidates consist of cyclobenzaprine in capsules that also contain proprietary mixtures of lipids, that are inactive but help the small intestine absorb cyclobenzaprine.TNX-102 and TNX-105 are formulations of cyclobenzaprine and mixtures of lipids that are intended as bedtime treatments for FM and PTSD, respectively. We have concluded a study of the stability and dissolution of several candidate formulations in simulated gastric and small-intestinal fluids. Results from this study showed that certain proprietary lipid mixtures interact with cyclobenzaprine to help solubilize it in simulated gastric and small-intestinal fluids. Based on the study, we have selected a candidate formulation for cyclobenzaprine to be dosed at bedtime. We expect TNX-102 and TNX-105 will employ the same formulation, but TNX-105 will contain a higher dose of cyclobenzaprine in the gelatin capsule. We believe our gelcap formulation will result in the more efficient and more predictable cyclobenzaprine absorption than immediate-release cyclobenzaprine tablets that are commercially available for daytime use to treat muscle spasm. Since we expect our formulations will be more efficiently absorbed, we believe lower doses of cyclobenzaprine in our proprietary formulations with lipids will provide a similar therapeutic benefit to higher doses of immediate-release cyclobenzaprine.

Market Dynamics

We believe the U.S. market for products that treat CNS conditions has several characteristics that make it an attractive market for pharmaceuticals, including that the customer base is driven by physicians who are involved in long-term care of patients with chronic disorders. Patients with CNS disorders sometimes carry disease burdens that require long-term treatment.

We believe the market for FDA-approved FM treatments is underserved and that there is a constant need for new treatment options, since many prescription drugs provide relief only to some of the affected patients or provide relief only for limited periods of time.

Until 2007, there were no FDA-approved drugs to treat FM. A number of effective medicines have been identified by physicians who observe improvements in a patient's condition as an unintended consequence of prescribing a particular medicine for another purpose. These anecdotal observations are sometimes substantiated by exposing additional patients in progressively more systematic studies. As information about a potential benefit is reported in scientific literature, or shared among physicians, an increasing number of physicians may prescribe such medicines to their patients. This practice, which is not sanctioned by the FDA, is referred to as "off-label" prescribing or use. Off-label prescription practices in the U.S. are acceptable under a long-standing principle that grants physicians the ability to use their professional judgment beyond the FDA recommended uses.

Before 2007, a variety of drugs, often in combination, were utilized off-label to treat symptoms associated with FM. The following three classes of drugs were prescribed as the primary treatments for FM: (1) pain killers, also referred to as analgesics, (2) antidepressants and (3) muscle relaxants.

In 2007, Lyrica® (pregabalin) became the first medicine approved by the FDA for the management of FM. Lyrica previously had been approved and marketed to treat pain in other conditions. FM shares a number of symptoms with depression, and a number of FM patients are believed to experience depression as a co-existing condition. In 2008, Cymbalta® (duloxetine) became the second medicine approved by the FDA for the management of FM. Cymbalta previously had been approved and marketed to treat depression. Savella® (milnacipran) was the third medicine approved by the FDA for the management of FM. Savella's active ingredient, milnacipran, is approved in Europe to treat depression.

Since Lyrica and Cymbalta also are marketed for other conditions beyond FM, the sales of these products related specifically to FM can only be estimated. According to Frost & Sullivan, the overall gross sales for FM prescription drugs in 2010 was believed to be about $1.2 billion, which has grown since 2007 at a compounded annual growth rate of 18.4%. This significant increase is a result of more FM patients switching to branded FM prescription drugs that sell for a higher cost than the generic FM prescription drugs previously used. For example, in 2010, Lyrica prescriptions are estimated to have accounted for 248 million doses for FM and to have generated $478 million in sales, while Cymbalta prescriptions are estimated to have accounted for 93 million doses for FM and to have generated $342 million in sales. Launched in January 2009, Savella, which is only approved for the treatment of FM, prescriptions accounted for approximately 43 million doses and generated approximately $68 million in sales in 2010.

Use of the FDA approved medications for FM is growing while the use of off-label treatments is declining. Overall, in terms of the number of doses of FM prescription drugs prescribed, Frost & Sullivan expects the FM market to grow at only a 1.2% compounded annual growth rate from 2007 to 2010. These market dynamics are consistent with the interpretation that Lyrica's growth came at the expense of off-label pain killers and Cymbalta's and Savella's growth came at the expense of off-label anti-depressants.

According to Frost and Sullivan, FM is an emerging market and sales are anticipated to continue growing in future years. Despite the availability of FDA approved products, we believe the current treatment options for FM continue to leave many patients dissatisfied.

The FM market for muscle relaxants lacks an FDA-approved product and continues to be satisfied by off-label medicines such as cyclobenzaprine, tizanidine, baclofen, carisoprodol and metaxalone. These muscle relaxants have generic and branded versions. According to Frost & Sullivan, 48 million doses of the Flexeril brand and its associated immediate-release cyclobenzaprine generic products were prescribed off-label for FM in 2010 and accounted for approximately 35% of the muscle spasm pills prescribed for FM. However, the off-label cyclobenzaprine sales for FM in terms of dollars amount to only approximately $10 million, due to the low price of generic cyclobenzaprine.

Challenges in the Market for CNS Therapies

Developers of pharmaceutical treatments for syndromes and disorders that affect the CNS face special challenges. In many cases, the causes and exacerbating factors of CNS conditions remain unknown. Frequently, key symptoms are known only by patient reports and cannot be objectively validated or measured. Symptoms like pain, fatigue, disturbed sleep or altered mood are characteristics of more than one condition. Often, physicians may not agree that a particular patient is affected by one or another condition or by more than one co-existing conditions.

CNS conditions are typically defined by committees of expert professionals who set criteria based on the presence of several symptoms or groups of symptoms. Sometimes groups of subjective symptoms are insufficient to describe CNS disorders and further refinement of diagnostic categories can be achieved by patient demographics, such as gender, age or concurrent medical processes, such as menopause or adolescence. Many CNS conditions, including syndromes and disorders, have not yet been characterized by laboratory tests, such as blood tests or x-ray imaging. However, laboratory tests are often important to exclude other conditions, such as inflammatory or infectious processes. Consequently, a CNS condition is sometimes called a diagnosis of exclusion because inflammation and infection should typically be ruled out by laboratory tests before applying the criteria of groups of symptoms to diagnose it.

Once a CNS condition is diagnosed, physicians may select from among treatment options based on a patient's symptoms and history. Some medications improve or relieve only one or another symptom in a condition. Consequently, physicians may prescribe several different medications concurrently to treat individual symptoms or groups of symptoms. A desirable quality for CNS medications is the ability to relieve more than one symptom of a CNS condition. Another desirable quality for CNS medications is safety, particularly if a medicine is safe enough to be used with other medicines concurrently or at different times of the day.

Opportunity for New Treatments of FM

We believe the market for the treatment of FM is underserved which we believe fuels a need for new therapeutic options. Due to the market acceptance of FM treatments (such as Lyrica, Cymbalta and Savella), we believe there will be a growing interest in alternative drug treatment options.

We believe that if TNX-102 won FDA approval, it would be an appealing option because it has an entirely different mechanism of action from the currently approved products and we expect TNX-102 will be recommended for use before bedtime. Lyrica is recommended for twice or three-times daily dosing. Cymbalta was found effective at once-daily dosing and is generally restricted to daytime use and not recommended for bedtime use. Cymbalta and Savella act on the CNS in ways that are believed to interfere with sleep.

Competition

Our industry is highly competitive and subject to rapid and significant technological change. Our potential competitors include large pharmaceutical and biotechnology companies, specialty pharmaceutical and generic drug companies, academic institutions, government agencies and research institutions. We believe that key competitive factors that will affect the development and commercial success of our product candidates are efficacy, safety, tolerability, reliability, price and reimbursement level. Many of our potential competitors, including many of the organizations named below, have substantially greater financial, technical and human resources than we do and significantly greater experience in the discovery and development of product candidates, obtaining FDA and other regulatory approvals of products and the commercialization of those products. Accordingly, our competitors may be more successful than we may be in obtaining FDA approval for drugs and achieving widespread market acceptance. Our competitors' drugs may be more effective, or more effectively marketed and sold, than any drug we may commercialize and may render our product candidates obsolete or non-competitive before we can recover the expenses of developing and commercializing any of our product candidates. We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available. Further, the development of new treatment methods for the conditions we are targeting could render our drugs non-competitive or obsolete.

The markets for medicines to treat FM, PTSD and other CNS conditions are well developed and populated with established drugs marketed by large and small pharmaceutical, biotechnology and generic drug companies. Pfizer (Lyrica), Eli Lilly (Cymbalta) and Forest Laboratories/Cyprus Biosciences (Savella) market FDA approved drugs for FM. Pfizer (Zoloft) and GlaxoSmithKline (Paxil) market FDA approved drugs for PTSD.

As of September 15, 2011 several companies are pursuing treatments for FM. Chelsea Therapeutics International, Inc. (CHTP) is developing droxidopa for the treatment of fibromyalgia. Droxidopa is a precursor of the neurotransmitter norephinephrine which suggests it would compete with Cymbalta and Savella which also increase norephinephrine activity. Clinical trials in the U.S. are registered with the FDA and reported on the website, www.ClinicalTrials.gov. A trial of Amrix is recruiting subjects (trial NCT01041495), which may indicate that Cephalon is developing its long-acting formulation of cyclobenzaprine to treat symptoms of FM. Another trial of Ultracet® (tramadol and acetaminophen combination) is listed (trial NCT00766675), which may indicate that Johnson and Johnson is developing Ultracet to treat symptoms of FM.

A number of companies are specifically engaged in developing drugs for PTSD. According to ClinicalTrials.gov, ongoing or recent trials of medicines include: quetiapinein by AstraZeneca (trial NCT00237393) and by Mclean Hospital (trial NCT01066156), levetiracetam by UCB (trial NCT00413296), Δ9-THC by Hadassah Medical Organization (trial NCT00965809), paroxetine hydrochloride hydrate by GlaxoSmithKline (trial NCT00557622), topiramate by Ortho-McNeil Janssen Scientific Affairs (trial NCT00203463), hydrocortisone by Lightfighter Trust (trial NCT01090518), mirtazapine by Research Foundation for Mental Hygiene (trial NCT01178671) and by Department of Veterans Affairs (trial NCT00302107), orvepitant by GlaxoSmithKline (trial NCT01000493), d-cycloserine by Weill Medical College of Cornell University (trial NCT00875342), duloxetine by Yale University (trial NCT00763178), ziprasidone by Pfizer (trial NCT00208208),and aripiprazole by Durham VA Medical Center (trial NCT00489866). Other medications that may be used for the treatment of PTSD include anti-depressants such as: nefazodoneand trazodone; the antihistamine cyprohetadine and certain atypical antipsychotics such as olanzepine and resperidone. Several of these products are supported by companies such as AstraZeneca, GlaxoSmithKline and Pfizer.

A potential competing medication for treating FM symptoms at bedtime had been Rekinla® which was being developed by Jazz Pharmaceuticals, or Jazz. The active ingredient in Rekinla® is sodium oxybate, which results in profound sedation and amnesia. Sodium oxybate is the active ingredient in XYREM®, approved by the FDA for the treatment of excessive daytime sleepiness and cataplexy, the sudden loss of muscle tone, in adult patients with narcolepsy. Rekinla® is administered at bedtime and a second dose is administered by awakening the patient four hours later. Jazz' studies of Reinkla showed that a treatment that affects sleep quality can improve FM symptoms to meet FDA requirements for an effective product. While Jazz obtained compelling evidence supporting the efficacy of its treatment on FM symptoms, the FDA rejected their application to market Rekinla® for treating FM in 2010. Sodium Oxybate is a controlled substance under the auspices of the Drug Enforcement Administration (DEA). In June 2011, Jazz publicly announced their intention to cease development of Rekinla for FM.

Intellectual Property

Proprietary protection for our product candidates, technology and processes are important to our business and we seek patent protection in the U.S. and internationally when we deem appropriate. We also rely on trade secrets, know-how and continuing technological advances to protect various aspects of our core technology. We require our employees, consultants and scientific collaborators to execute confidentiality and invention assignment agreements with us.

We have been granted numerous patent applications in the United States and abroad. We have several patent applications that are in process in the United States and internationally as follows:

Patent/ Application	Number	Name	Jurisdiction
Patent	6,541,523	"Methods For Treating Or Preventing Fibromyalgia Using Very Low Doses Of Cyclobenzaprine"	U.S.A.
Patent	6,395,788	"Methods And Compositions For Treating Or Preventing Sleep Disturbances And Associated Illnesses Using Very Low Doses Of Cyclobenzaprine"	U.S.A.
Patent	6,358,944	"Methods And Compositions For Treating Generalized Anxiety Disorder"	U.S.A.
Application	12/948,828	"Methods And Compositions For Treating Symptoms Associated With Post-Traumatic Stress Disorder Using Cyclobenzaprine"	U.S.A.
Application	61/449,838	"Methods and Compositions for Treating Depression Using Cyclobenzaprine"	U.S.A.
Application	13/157,270	"Method for Improving Fatigue Using Low Dose Cyclobenzaprine"	U.S.A.
Patents	1202722	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Belgium, France, Ireland, Luxembourg, Monaco, Portugal, Switzerland and United Kingdom
Patent	299369	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Austria
Patent	60021266	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Germany
Patent	516749	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	New Zealand
Patent	2245944	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Spain
Patent	1047691	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Hong Kong
Application	PCT/US 10/02979	"Methods And Compositions For Treating Symptoms Associated With Post-Traumatic Stress Disorder Using Cyclobenzaprine"	PCT
Application	12/145,792	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism" (notice of allowance)	U.S.A.
Application	PCT/US 11/01529	"Method for Treating Cocaine Addiction"	PCT
Patent	2002354017	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Australia
Patent	2463987	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Canada
Patent	1441708	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Austria Belgium Switzerland Denmark Luxembourg Monaco Germany France Portugal and United Kingdom
Application	12/151,200	"Method For Treating Neurodegenerative Dysfunction"	U.S.A.
Application	2723688	"Method For Treating Neurodegenerative Dysfunction"	Canada
Application	2299822	"Method For Treating Neurodegenerative Dysfunction"	European Patent Office

In addition, we have filed one trademark application as follows:

Trademark/Application	Number	Name	Jurisdiction
Application	85088881	Tonix Pharmaceuticals	U.S.A.

Our commercial success will depend in part on obtaining and maintaining patent protection and trade secret protection of our current and future product candidates and the methods used to manufacture them, as well as successfully defending these patents against third-party challenges. Our ability to stop third parties from making, using, selling, offering to sell or importing our products depends on the extent to which we have rights under valid and enforceable patents or trade secrets that cover these activities. We cannot assure you that our pending patent applications will result in issued patents.

Research and Development

We have one employee dedicated to research and development. We anticipate that our research and development expenditures will increase several fold as we move TNX-102 and TNX-105 into clinical development and investigate other product candidates for incorporation into our portfolio. We need to raise additional capital to fund our development plans and there is no certainty that we will be successful in continuing to attract new investments. Our research and development operations are located in New York, NY. We expect to use third parties to conduct our preclinical and clinical trials.

Manufacturing

We intend to contract with third parties for the manufacture of our compounds for investigational purposes, for preclinical and clinical testing and for any FDA approved products for commercial sale. All of our compounds are small molecules, generally constructed using industry standard processes and use readily accessible raw materials.

Government Regulation

The FDA and other federal, state, local and foreign regulatory agencies impose substantial requirements upon the clinical development, approval, labeling, manufacture, marketing and distribution of drug products. These agencies regulate, among other things, research and development activities and the testing, approval, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, advertising and promotion of our product candidates. The regulatory approval process is generally lengthy and expensive, with no guarantee of a positive result. Moreover, failure to comply with applicable FDA or other requirements may result in civil or criminal penalties, recall or seizure of products, injunctive relief including partial or total suspension of production, or withdrawal of a product from the market.

The FDA regulates, among other things, the research, manufacture, promotion and distribution of drugs in the United States under the FFDCA and other statutes and implementing regulations. The process required by the FDA before prescription drug product candidates may be marketed in the United States generally involves the following:

- completion of extensive nonclinical laboratory tests, animal studies and formulation studies, all performed in accordance with the FDA's Good Laboratory Practice regulations;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- for some products, performance of adequate and well-controlled human clinical trials in accordance with the FDA's regulations, including Good Clinical Practices, to establish the safety and efficacy of the product candidate for each proposed indication;
- submission to the FDA of an NDA;
- satisfactory completion of an FDA preapproval inspection of the manufacturing facilities at which the product is produced to assess compliance with current Good Manufacturing Practice, or cGMP, regulations; and
- FDA review and approval of the NDA prior to any commercial marketing, sale or shipment of the drug.

The testing and approval process requires substantial time, effort and financial resources, and we cannot be certain that any approvals for our product candidates will be granted on a timely basis, if at all.

Nonclinical tests include laboratory evaluations of product chemistry, formulation and stability, as well as studies to evaluate toxicity in animals and other animal studies. The results of nonclinical tests, together with manufacturing information and analytical data, are submitted as part of an IND to the FDA. Some nonclinical testing may continue even after an IND is submitted. The IND also includes one or more protocols for the initial clinical trial or trials and an investigator's brochure. An IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises concerns or questions relating to the proposed clinical trials as outlined in the IND and places the clinical trial on a clinical hold. In such cases, the IND sponsor and the FDA must resolve any outstanding concerns or questions before any clinical trials can begin. Clinical trial holds also may be imposed at any time before or during studies due to safety concerns or non-compliance with regulatory requirements. An independent institutional review board, or IRB, at each of the clinical centers proposing to conduct the clinical trial must review and approve the plan for any clinical trial before it commences at that center. An IRB considers, among other things, whether the risks to individuals participating in the trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the consent form signed by the trial participants and must monitor the study until completed.

Clinical Trials

Clinical trials involve the administration of the product candidate to human subjects under the supervision of qualified medical investigators according to approved protocols that detail the objectives of the study, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor participant safety. Each protocol is submitted to the FDA as part of the IND.

Human clinical trials are typically conducted in three sequential phases, but the phases may overlap, or be combined.

- Phase 1 clinical trials typically involve the initial introduction of the product candidate into healthy human volunteers. In Phase 1 clinical trials, the product candidate is typically tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and pharmacodynamics.
- Phase 2 clinical trials are conducted in a limited patient population to gather evidence about the efficacy of the product candidate for specific, targeted indications; to determine dosage tolerance and optimal dosage; and to identify possible adverse effects and safety risks.
- Phase 3 clinical trials are undertaken to evaluate clinical efficacy and to test for safety in an expanded patient population at geographically dispersed clinical trial sites. The size of Phase 3 clinical trials depends upon clinical and statistical considerations for the product candidate and disease, but sometimes can include several thousand patients. Phase 3 clinical trials are intended to establish the overall risk-benefit ratio of the product candidate and provide an adequate basis for product labeling.

Clinical testing must satisfy extensive FDA regulations. Reports detailing the results of the clinical trials must be submitted at least annually to the FDA and safety reports must be submitted for serious and unexpected adverse events. Success in early stage clinical trials does not assure success in later stage clinical trials. The FDA, an IRB or we may suspend a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk.

New Drug Applications

Assuming successful completion of the required clinical trials, the results of product development, nonclinical studies and clinical trials are submitted to the FDA as part of an NDA. An NDA also must contain extensive manufacturing information, as well as proposed labeling for the finished product. An NDA applicant must develop information about the chemistry and physical characteristics of the drug and finalize a process for manufacturing the product in accordance with cGMP. The manufacturing process must be capable of consistently producing quality product within specifications approved by the FDA. The manufacturer must develop methods for testing the quality, purity and potency of the final product. In addition, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product does not undergo unacceptable deterioration over its shelf life. Prior to approval, the FDA will conduct an inspection of the manufacturing facilities to assess compliance with cGMP.

The FDA reviews all NDAs submitted before it accepts them for filing. The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information and is subject to review before the FDA accepts it for filing. After an application is filed, the FDA may refer the NDA to an advisory committee for review, evaluation and recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendation of an advisory committee, but it considers them carefully when making decisions. The FDA may deny approval of an NDA if the applicable regulatory criteria are not satisfied. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data. The FDA may issue a complete response letter, which may require additional clinical or other data or impose other conditions that must be met in order to secure final approval of the NDA. If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. In addition, the FDA may require us to conduct Phase 4 testing which involves clinical trials designed to further assess a drug's safety and effectiveness after NDA approval, and may require surveillance programs to monitor the safety of approved products which have been commercialized. Once issued, the FDA may withdraw product approval if ongoing regulatory requirements are not met or if safety or efficacy questions are raised after the product reaches the market.

Section 505(b)(2) NDAs

There are two types of NDAs: the full NDA and the Section 505(b)(2) NDA. When possible, we intend to file Section 505(b)(2) NDAs that might, if accepted by the FDA, save time and expense in the development and testing of our product candidates. A full NDA is submitted under Section 505(b)(1) of the FFDCA, and must contain full reports of investigations conducted by the applicant to demonstrate the safety and effectiveness of the drug. A Section 505(b)(2) NDA may be submitted for a drug for which one or more of the investigations relied upon by the applicant was not conducted by or for the applicant and for which the applicant has no right of reference from the person by or for whom the investigations were conducted. A Section 505(b)(2) NDA may be submitted based in whole or in part on published literature or on the FDA's finding of safety and efficacy of one or more previously approved drugs, which are known as reference drugs. Thus, the filing of a Section 505(b)(2) NDA may result in approval of a drug based on fewer clinical or nonclinical studies than would be required under a full NDA. The number and size of studies that need to be conducted by the sponsor depends on the amount and quality of data pertaining to the reference drug that are publicly available, and on the similarity of and differences between the applicant's drug and the reference drug. In some cases, extensive, time-consuming, and costly clinical and nonclinical studies may still be required for approval of a Section 505(b)(2) NDA.

Because we are developing new formulations of previously approved chemical entities, such as cyclobenzaprine, our drug approval strategy is to submit Section 505(b)(2) NDAs to the FDA. The FDA may not agree that our product candidates are approvable as Section 505(b)(2) NDAs. If the FDA determines that Section 505(b)(2) NDAs are not appropriate and that full NDAs are required for our product candidates, the time and financial resources required to obtain FDA approval for our product candidates could substantially and materially increase, and our products might be less likely to be approved. If the FDA requires full NDAs for our product candidates, or requires more extensive testing and development for some other reason, our ability to compete with alternative products that arrive on the market more quickly than our product candidates would be adversely impacted.

Based on our intent to file under Section 505(b)(2) with respect to our two lead product candidates, we believe it is unlikely the development process for these product candidates will follow the ordinary course of Phase 1, Phase 2 and Phase 3 studies. Our planned human pharmacokinetics study of reformulated cyclobenzaprine pills will represent the first use of TNX-102 in humans and could therefore be described as "Phase 1." However, because the study will compare TNX-102 to existing approved formulations of cyclobenzaprine and will specify the comparable ability to deliver effective levels of cyclobenzaprine to the bloodstream of FM patients, this study will also provide a reference to the therapeutic effects previously observed in our dose-ranging clinical study of immediate-release cyclobenzaprine tablets in FM patients. For these reasons, rather than always identifying clinical trials by Phase, we find it more illustrative to describe in a narrative form the purpose of the studies and the nature and potential significance of the results. Because our double-blind, randomized, placebo-controlled, dose-ranging study on bedtime cyclobenzaprine was performed in Canada, we have not had meetings with the FDA's Center for Drug Evaluation and Research to discuss our approach and plans.

Patent Protections

An applicant submitting a Section 505(b)(2) NDA must certify to the FDA with respect to the patent status of the reference drug upon which the applicant relies in support of approval of its drug. With respect to every patent listed in the FDA's Orange Book, which is the FDA's list of approved drug products, as claiming the reference drug or an approved method of use of the reference drug, the Section 505(b)(2) applicant must certify that: (1) there is no patent information listed by the FDA for the reference drug; (2) the listed patent has expired; (3) the listed patent has not expired, but will expire on a particular date; (4) the listed patent is invalid, unenforceable, or will not be infringed by the manufacture, use, or sale of the product in the Section 505(b)(2) NDA; or (5) if the patent is a use patent, that the applicant does not seek approval for a use claimed by the patent. If the applicant files a certification to the effect of clause (1), (2) or (5), FDA approval of the Section 505(b)(2) NDA may be made effective immediately upon successful FDA review of the application, in the absence of marketing exclusivity delays, which are discussed below. If the applicant files a certification to the effect of clause (3), the Section 505(b)(2) NDA approval may not be made effective until the expiration of the relevant patent and the expiration of any marketing exclusivity delays.

If the Section 505(b)(2) NDA applicant provides a certification to the effect of clause (4), referred to as a paragraph IV certification, the applicant also must send notice of the certification to the patent owner and the holder of the NDA for the reference drug. The filing of a patent infringement lawsuit within 45 days of the receipt of the notification may prevent the FDA from approving the Section 505(b)(2) NDA for 30 months from the date of the receipt of the notification unless the court determines that a longer or shorter period is appropriate because either party to the action failed to reasonably cooperate in expediting the action. However, the FDA may approve the Section 505(b)(2) NDA before the 30 months have expired if a court decides that the patent is invalid, unenforceable, or not infringed, or if a court enters a settlement order or consent decree stating the patent is invalid or not infringed.

Notwithstanding the approval of many products by the FDA pursuant to Section 505(b)(2), over the last few years certain brand-name pharmaceutical companies and others have objected to the FDA's interpretation of Section 505(b)(2). If the FDA's interpretation of Section 505(b)(2) is successfully challenged in court, the FDA may be required to change its interpretation of Section 505(b)(2) which could delay or even prevent the FDA from approving any Section 505(b)(2) NDA that we submit. The pharmaceutical industry is highly competitive, and it is not uncommon for a manufacturer of an approved product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of the new product. Moreover, even if the FDA ultimately denies such a petition, the FDA may substantially delay approval while it considers and responds to the petition.

Marketing Exclusivity

Market exclusivity provisions under the FFDCA can delay the submission or the approval of Section 505(b)(2) NDAs, thereby delaying a Section 505(b)(2) product from entering the market. The FFDCA provides five-year marketing exclusivity to the first applicant to gain approval of an NDA for a new chemical entity, or NCE, meaning that the FDA has not previously approved any other drug containing the same active moiety. This exclusivity prohibits the submission of a Section 505(b)(2) NDA for any drug product containing the active ingredient during the five-year exclusivity period. However, submission of a Section 505(b)(2) NDA that certifies that a listed patent is invalid, unenforceable, or will not be infringed, as discussed above, is permitted after four years, but if a patent infringement lawsuit is brought within 45 days after such certification, FDA approval of the Section 505(b)(2) NDA may automatically be stayed until 7 1/2 years after the NCE approval date. The FFDCA also provides three years of marketing exclusivity for the approval of new and supplemental NDAs for product changes, including, among other things, new indications, dosage forms, routes of administration or strengths of an existing drug, or for a new use, if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by FDA to be essential to the approval of the application. Five-year and three-year exclusivity will not delay the submission or approval of another full NDA; however, as discussed above, an applicant submitting a full NDA under Section 505(b)(1) would be required to conduct or obtain a right of reference to all of the preclinical and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Other types of exclusivity in the United States include orphan drug exclusivity and pediatric exclusivity. The FDA may grant orphan drug designation to a drug intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making available in the United States a drug for this type of disease or condition will be recovered from sales in the United States for that drug. Seven-year orphan drug exclusivity is available to a product that has orphan drug designation and that receives the first FDA approval for the indication for which the drug has such designation. Orphan drug exclusivity prevents approval of another application for the same drug for the same orphan indication, for a period of seven years, regardless of whether the application is a full NDA or a Section 505(b)(2) NDA, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity. Pediatric exclusivity, if granted, provides an additional six months to an existing exclusivity or statutory delay in approval resulting from a patent certification. This six-month exclusivity, which runs from the end of other exclusivity protection or patent delay, may be granted based on the voluntary completion of a pediatric study in accordance with an FDA-issued "Written Request" for such a study.

Section 505(b)(2) NDAs are similar to full NDAs filed under Section 505(b)(1) in that they are entitled to any of these forms of exclusivity if they meet the qualifying criteria. They also are entitled to the patent protections described above, based on patents that are listed in the FDA's Orange Book in the same manner as patents claiming drugs and uses approved for NDAs submitted as full NDAs.

Other Regulatory Requirements

Maintaining substantial compliance with appropriate federal, state and local statutes and regulations requires the expenditure of substantial time and financial resources. Drug manufacturers are required to register their establishments with the FDA and certain state agencies, and after approval, the FDA and these state agencies conduct periodic unannounced inspections to ensure continued compliance with ongoing regulatory requirements, including cGMPs. In addition, after approval, some types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further FDA review and approval. The FDA may require post-approval testing and surveillance programs to monitor safety and the effectiveness of approved products that have been commercialized. Any drug products manufactured or distributed by us pursuant to FDA approvals are subject to continuing regulation by the FDA, including:

- record-keeping requirements;
- reporting of adverse experiences with the drug;
- providing the FDA with updated safety and efficacy information;
- reporting on advertisements and promotional labeling;
- drug sampling and distribution requirements; and
- complying with electronic record and signature requirements.

In addition, the FDA strictly regulates labeling, advertising, promotion and other types of information on products that are placed on the market. There are numerous regulations and policies that govern various means for disseminating information to health-care professionals as well as consumers, including to industry sponsored scientific and educational activities, information provided to the media and information provided over the Internet. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label.

The FDA has very broad enforcement authority and the failure to comply with applicable regulatory requirements can result in administrative or judicial sanctions being imposed on us or on the manufacturers and distributors of our approved products, including warning letters, refusals of government contracts, clinical holds, civil penalties, injunctions, restitution, and disgorgement of profits, recall or seizure of products, total or partial suspension of production or distribution, withdrawal of approvals, refusal to approve pending applications, and criminal prosecution resulting in fines and incarceration. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. In addition, even after regulatory approval is obtained, later discovery of previously unknown problems with a product may result in restrictions on the product or even complete withdrawal of the product from the market.

Food and Drug Administration Amendments Act of 2007

In September 2007, the Food and Drug Administration Amendments Act of 2007, or FDAAA, became law. This legislation grants significant new powers to the FDA, many of which are aimed at improving drug safety and assuring the safety of drug products after approval. In particular, the new law authorizes the FDA to, among other things, require post-approval studies and clinical trials, mandate changes to drug labeling to reflect new safety information, and require risk evaluation and mitigation strategies for certain drugs, including certain currently approved drugs. In addition, the new law significantly expands the federal government's clinical trial registry and results databank and creates new restrictions on the advertising and promotion of drug products. Under the FDAAA, companies that violate these and other provisions of the new law are subject to substantial civil monetary penalties.

The FDA has not yet implemented many of the provisions of the FDAAA, so we cannot predict the impact of the new legislation on the pharmaceutical industry or our business. However, the requirements and changes imposed by the FDAAA may make it more difficult, and more costly, to obtain and maintain approval for new pharmaceutical products, or to produce, market and distribute existing products. In addition, the FDA's regulations, policies and guidance are often revised or reinterpreted by the agency or the courts in ways that may significantly affect our business and our products. It is impossible to predict whether additional legislative changes will be enacted, or FDA regulations, guidance or interpretations changed, or what the impact of such changes, if any, may be.

Employees

As of September 27, 2011 Tonix had three full time-employees, its Chief Operating Officer, Chief Financial and Administrative Officer and its Vice President of Strategy. In addition, Tonix relies on consultants instead of employees for critical activities, including Seth Lederman who serves as its President pursuant to a consulting agreement with Lederman & Co., and Donald Landry pursuant to a consulting agreement with L&L Technologies, LLC. None of our employees are represented by a labor union, and we believe that our relations with our employees are good. See "Management" for biographical information on our management team and directors.

PROPERTIES

We maintain our principal office at 509 Madison Avenue, Suite 306, New York, New York 10022. Our telephone number at that office is (212) 980-9155 and our fax number is (212) 923-5700. Our current office space consists of approximately 2,355 square feet. The lease expires in September 2015. The base rent is as follows:

Lease Period	Amount Per Annum
October 1, 2010 – September 30, 2011	$120,105.00
October 1, 2011 – September 30, 2012	$123.496.20
October 1, 2012 – September 30, 2013	$126,989.14
October 1, 2013 – September 30, 2014	$130,586.86
October 1, 2014 – September 30, 2015	$134,292.52

We believe that our existing facilities are suitable and adequate to meet our current business requirements. We maintain websites at www.tonixpharma.com and www.krele.com and the information contained on those websites is not deemed to be a part of this current report.

LEGAL PROCEEDINGS

We are not currently party to any legal proceedings.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below with all of the other information included in this prospectus before deciding to invest in shares of our common stock. If any of the following risks actually occur, they may materially harm our business and our financial condition and results of operations. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

RISKS RELATED TO OUR BUSINESS

We have a history of operating losses and expect to incur losses for the foreseeable future. We may never generate revenues or, if we are able to generate revenues, achieve profitability.

We are focused on product development, and we have not generated any revenues to date. We have incurred losses in each year of our operations, and we expect to continue to incur operating losses for the foreseeable future. These operating losses have adversely affected and are likely to continue to adversely affect our working capital, total assets and shareholders' equity.

The Company and its prospects should be examined in light of the risks and difficulties frequently encountered by new and early stage companies in new and rapidly evolving markets. These risks include, among other things, the speed at which we can scale up operations, our complete dependence upon development of products that currently have no market acceptance, our ability to establish and expand our brand name, our ability to expand our operations to meet the commercial demand of our clients, our development of and reliance on strategic and customer relationships and our ability to minimize fraud and other security risks.

The process of developing our products requires significant clinical, development and laboratory testing and clinical trials. In addition, commercialization of our product candidates will require that we obtain necessary regulatory approvals and establish sales, marketing and manufacturing capabilities, either through internal hiring or through contractual relationships with others. We expect to incur substantial losses for the foreseeable future as a result of anticipated increases in our research and development costs, including costs associated with conducting preclinical testing and clinical trials, and regulatory compliance activities.

Our ability to generate revenues and achieve profitability will depend on numerous factors, including success in:

- developing and testing product candidates;
- receiving regulatory approvals;
- commercializing our products; and
- establishing a favorable competitive position.

Many of these factors will depend on circumstances beyond our control. We cannot assure you that we will ever have a product approved by the FDA, that we will bring any product to market or, if we are successful in doing so, that we will ever become profitable.

We expect to incur substantial additional operating expenses over the next several years as our research, development, pre-clinical testing, and clinical trial activities increase. The amount of future losses and when, if ever, we will achieve profitability are uncertain. We have no products that have generated any commercial revenue, do not expect to generate revenues from the commercial sale of products in the near future, and might never generate revenues from the sale of products. Our ability to generate revenue and achieve profitability will depend on, among other things, successful completion of the development of our product candidates; obtaining necessary regulatory approvals from the FDA; establishing manufacturing, sales, and marketing arrangements with third parties; and raising sufficient funds to finance our activities. We might not succeed at any of these undertakings. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

We received a report from our independent registered public accounting firm with an explanatory paragraph for the year ended December 31, 2010 with respect to our ability to continue as a going concern. The existence of such a report may adversely affect our stock price and our ability to raise capital. There is no assurance that we will not receive a similar emphasis of matter paragraph for our year ended December 31, 2011.

In their report dated July 25, 2011, our independent registered public accounting firm expressed substantial doubt about our ability to continue as a going concern as we have incurred losses since inception of development stage, have a negative cash flow from operations and have working capital and stockholders' deficiencies. Our ability to continue as a going concern is subject to our ability to generate a profit and/or obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, increasing sales or obtaining loans and grants from various financial institutions where possible. Our continued net operating losses increase the difficulty in meeting such goals and there can be no assurances that such methods will prove successful.

We have no approved products on the market and have generated no product revenues to date.

To date, we have no approved product on the market and have generated no product revenues. Until, and unless, we receive approval from the FDA and other regulatory authorities for our product candidates, we cannot sell our products and will not have product revenues. Therefore, for the foreseeable future, we will have to fund all of our operations and capital expenditures from the net proceeds of the Offering, cash on hand, licensing fees and grants and additional financings, to the extent such financings can be obtained.

We need additional capital. If additional capital is not available or is available at unattractive terms, we may be forced to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or curtail our operations.

In order to develop and bring our product candidates to market, we must commit substantial resources to costly and time-consuming research, preclinical and clinical trials and marketing activities. We anticipate that our existing cash and cash equivalents, including the net proceeds of the Financing, and interest earned on such proceeds, will enable us to maintain our current operations for at least the next six months. We anticipate that we will need an additional $3 million to continue our operations for the next 12 months. We anticipate using our cash and cash equivalents to fund further research and development with respect to our lead product candidates. We may, however, need to raise additional funding sooner if our business or operations change in a manner that consumes available resources more rapidly than we anticipate. Our requirements for additional capital will depend on many factors, including:

- successful commercialization of our product candidates;
- the time and costs involved in obtaining regulatory approval for our product candidates;
- costs associated with protecting our intellectual property rights;
- development of marketing and sales capabilities;
- payments received under future collaborative agreements, if any; and
- market acceptance of our products.

To the extent we raise additional capital through the sale of equity securities, the issuance of those securities could result in dilution to our shareholders. In addition, if we obtain debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, thus limiting funds available for our business activities. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or curtail our operations. In addition, we may be required to obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to technologies, product candidates or products that we would otherwise seek to develop or commercialize ourselves or license rights to technologies, product candidates or products on terms that are less favorable to us than might otherwise be available.

The Company will require substantial additional funds to support its research and development activities, and the anticipated costs of preclinical studies and clinical trials, regulatory approvals and eventual commercialization. Such additional sources of financing may not be available on favorable terms, if at all. If we do not succeed in raising additional funds on acceptable terms, we may be unable to initiate clinical trials or obtain approval of any product candidates from the FDA and other regulatory authorities. In addition, we could be forced to discontinue product development, forego sales and marketing efforts and forego attractive business opportunities. Any additional sources of financing will likely involve the issuance of our equity securities, which will have a dilutive effect on our stockholders.

There is no assurance that we will be successful in raising the additional funds needed to fund our business plan. If we are not able to raise sufficient capital in the near future, our continued operations will be in jeopardy and we may be forced to cease operations and sell or otherwise transfer all or substantially all of our remaining assets.

We face intense competition in the markets targeted by our lead product candidates. Many of our competitors have substantially greater resources than we do, and we expect that all of our product candidates under development will face intense competition from existing or future drugs.

We expect that all of our product candidates under development, if approved, will face intense competition from existing and future drugs marketed by large companies. These competitors may successfully market products that compete with our products, successfully identify drug candidates or develop products earlier than we do, or develop products that are more effective, have fewer side effects or cost less than our products.

Additionally, if a competitor receives FDA approval before we do for a drug that is similar to one of our product candidates, FDA approval for our product candidate may be precluded or delayed due to periods of non-patent exclusivity and/or the listing with the FDA by the competitor of patents covering its newly-approved drug product. Periods of non-patent exclusivity for new versions of existing drugs such as our current product candidates can extend up to three and one-half years. See “Business—Government Regulation.”

These competitive factors could require us to conduct substantial new research and development activities to establish new product targets, which would be costly and time consuming. These activities would adversely affect our ability to commercialize products and achieve revenue and profits.

Competition and technological change may make our product candidates and technologies less attractive or obsolete.

We compete with established pharmaceutical and biotechnology companies that are pursuing other forms of treatment for the same indications we are pursuing and that have greater financial and other resources. Other companies may succeed in developing products earlier than us, obtaining FDA approval for products more rapidly, or developing products that are more effective than our product candidates. Research and development by others may render our technology or product candidates obsolete or noncompetitive, or result in treatments or cures superior to any therapy we develop. We face competition from companies that internally develop competing technology or acquire competing technology from universities and other research institutions. As these companies develop their technologies, they may develop competitive positions that may prevent, make futile, or limit our product commercialization efforts, which would result in a decrease in the revenue we would be able to derive from the sale of any products.

There can be no assurance that any of our product candidates will be accepted by the marketplace as readily as these or other competing treatments. Furthermore, if our competitors' products are approved before ours, it could be more difficult for us to obtain approval from the FDA. Even if our products are successfully developed and approved for use by all governing regulatory bodies, there can be no assurance that physicians and patients will accept our product(s) as a treatment of choice.

Furthermore, the pharmaceutical research industry is diverse, complex, and rapidly changing. By its nature, the business risks associated therewith are numerous and significant. The effects of competition, intellectual property disputes, market acceptance, and FDA regulations preclude us from forecasting revenues or income with certainty or even confidence.

If we fail to protect our intellectual property rights, our ability to pursue the development of our technologies and products would be negatively affected.

Our success will depend in part on our ability to obtain patents and maintain adequate protection of our technologies and products. If we do not adequately protect our intellectual property, competitors may be able to use our technologies to produce and market drugs in direct competition with us and erode our competitive advantage. Some foreign countries lack rules and methods for defending intellectual property rights and do not protect proprietary rights to the same extent as the United States. Many companies have had difficulty protecting their proprietary rights in these foreign countries. We may not be able to prevent misappropriation of our proprietary rights.

We have received, and are currently seeking, patent protection for numerous compounds and methods of treating diseases. However, the patent process is subject to numerous risks and uncertainties, and there can be no assurance that we will be successful in protecting our products by obtaining and defending patents. These risks and uncertainties include the following: patents that may be issued or licensed may be challenged, invalidated, or circumvented, or otherwise may not provide any competitive advantage; our competitors, many of which have substantially greater resources than us and many of which have made significant investments in competing technologies, may seek, or may already have obtained, patents that will limit, interfere with, or eliminate our ability to make, use, and sell our potential products either in the United States or in international markets; there may be significant pressure on the United States government and other international governmental bodies to limit the scope of patent protection both inside and outside the United States for treatments that prove successful as a matter of public policy regarding worldwide health concerns; countries other than the United States may have less restrictive patent laws than those upheld by United States courts, allowing foreign competitors the ability to exploit these laws to create, develop, and market competing products.

Moreover, any patents issued to us may not provide us with meaningful protection, or others may challenge, circumvent or narrow our patents. Third parties may also independently develop products similar to our products, duplicate our unpatented products or design around any patents on products we develop. Additionally, extensive time is required for development, testing and regulatory review of a potential product. While extensions of patent term due to regulatory delays may be available, it is possible that, before any of our product candidates can be commercialized, any related patent, even with an extension, may expire or remain in force for only a short period following commercialization, thereby reducing any advantages of the patent.

In addition, the United States Patent and Trademark Office (the "PTO") and patent offices in other jurisdictions have often required that patent applications concerning pharmaceutical and/or biotechnology-related inventions be limited or narrowed substantially to cover only the specific innovations exemplified in the patent application, thereby limiting the scope of protection against competitive challenges. Thus, even if we or our licensors are able to obtain patents, the patents may be substantially narrower than anticipated.

Our success depends on patent applications that are licensed exclusively to us and other patents to which we may obtain assignment or licenses. We may not be aware, however, of all patents, published applications or published literature that may affect our business either by blocking our ability to commercialize our product candidates, by preventing the patentability of our product candidates to us or our licensors, or by covering the same or similar technologies that may invalidate our patents, limit the scope of our future patent claims or adversely affect our ability to market our product candidates.

In addition to patents, we rely on a combination of trade secrets, confidentiality, nondisclosure and other contractual provisions, and security measures to protect our confidential and proprietary information. These measures may not adequately protect our trade secrets or other proprietary information. If they do not adequately protect our rights, third parties could use our technology, and we could lose any competitive advantage we may have. In addition, others may independently develop similar proprietary information or techniques or otherwise gain access to our trade secrets, which could impair any competitive advantage we may have.

Patent protection and other intellectual property protection is crucial to the success of our business and prospects, and there is a substantial risk that such protections will prove inadequate.

We may be involved in lawsuits to protect or enforce our patents, which could be expensive and time consuming.

The pharmaceutical industry has been characterized by extensive litigation regarding patents and other intellectual property rights, and companies have employed intellectual property litigation to gain a competitive advantage. We may become subject to infringement claims or litigation arising out of patents and pending applications of our competitors, or additional interference proceedings declared by the PTO to determine the priority of inventions. The defense and prosecution of intellectual property suits, PTO proceedings, and related legal and administrative proceedings are costly and time-consuming to pursue, and their outcome is uncertain. Litigation may be necessary to enforce our issued patents, to protect our trade secrets and know-how, or to determine the enforceability, scope, and validity of the proprietary rights of others. An adverse determination in litigation or interference proceedings to which we may become a party could subject us to significant liabilities, require us to obtain licenses from third parties, or restrict or prevent us from selling our products in certain markets. Although patent and intellectual property disputes might be settled through licensing or similar arrangements, the costs associated with such arrangements may be substantial and could include our paying large fixed payments and ongoing royalties. Furthermore, the necessary licenses may not be available on satisfactory terms or at all.

Competitors may infringe our patents, and we may file infringement claims to counter infringement or unauthorized use. This can be expensive, particularly for a company of our size, and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover its technology. An adverse determination of any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly.

Also, a third party may assert that our patents are invalid and/or unenforceable. There are no unresolved communications, allegations, complaints or threats of litigation related to the possibility that our patents are invalid or unenforceable. Any litigation or claims against us, whether or not merited, may result in substantial costs, place a significant strain on our financial resources, divert the attention of management and harm our reputation. An adverse decision in litigation could result in inadequate protection for our product candidates and/or reduce the value of any license agreements we have with third parties.

Interference proceedings brought before the U.S. Patent and Trademark Office may be necessary to determine priority of invention with respect to our patents or patent applications. During an interference proceeding, it may be determined that we do not have priority of invention for one or more aspects in our patents or patent applications and could result in the invalidation in part or whole of a patent or could put a patent application at risk of not issuing. Even if successful, an interference proceeding may result in substantial costs and distraction to our management.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or interference proceedings, there is a risk that some of our confidential information could be compromised by disclosure. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If investors perceive these results to be negative, the price of our common stock could be adversely affected.

If we infringe the rights of third parties we could be prevented from selling products, forced to pay damages, and defend against litigation.

If our products, methods, processes and other technologies infringe the proprietary rights of other parties, we could incur substantial costs and we may have to: obtain licenses, which may not be available on commercially reasonable terms, if at all; abandon an infringing product candidate; redesign our products or processes to avoid infringement; stop using the subject matter claimed in the patents held by others; pay damages; and/or defend litigation or administrative proceedings which may be costly whether we win or lose, and which could result in a substantial diversion of our financial and management resources.

If preclinical testing or clinical trials for our product candidates are unsuccessful or delayed, we will be unable to meet our anticipated development and commercialization timelines.

We rely and expect to continue to rely on third parties, including clinical research organizations and outside consultants, to conduct, supervise or monitor some or all aspects of preclinical testing or clinical trials involving our product candidates. We have less control over the timing and other aspects of these preclinical testing or clinical trials than if we performed the monitoring and supervision entirely on our own. Third parties may not perform their responsibilities for our preclinical testing or clinical trials on our anticipated schedule or, for clinical trials, consistent with a clinical trial protocol. Delays in preclinical and clinical testing could significantly increase our product development costs and delay product commercialization. In addition, many of the factors that may cause, or lead to, a delay in the clinical trials may also ultimately lead to denial of regulatory approval of a product candidate.

The commencement of clinical trials can be delayed for a variety of reasons, including delays in:

- demonstrating sufficient safety and efficacy to obtain regulatory approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective contract research organizations and trial sites;
- manufacturing sufficient quantities of a product candidate; and
- obtaining institutional review board approval to conduct a clinical trial at a prospective site.

Once a clinical trial has begun, it may be delayed, suspended or terminated by us or the FDA or other regulatory authorities due to a number of factors, including:

- ongoing discussions with the FDA or other regulatory authorities regarding the scope or design of our clinical trials;
- failure to conduct clinical trials in accordance with regulatory requirements;
- lower than anticipated recruitment or retention rate of patients in clinical trials;
- inspection of the clinical trial operations or trial sites by the FDA or other regulatory authorities resulting in the imposition of a clinical hold;
- lack of adequate funding to continue clinical trials; or
- negative results of clinical trials.

If clinical trials are unsuccessful, and we are not able to obtain regulatory approvals for our product candidates under development, we will not be able to commercialize these products, and therefore may not be able to generate sufficient revenues to support our business.

If we are unable to file for approval under Section 505(b)(2) of the Federal Food, Drug and Cosmetic Act or if we are required to generate additional data related to safety and efficacy in order to obtain approval under Section 505(b)(2), we may be unable to meet our anticipated development and commercialization timelines.

Our current plans for filing NDAs for our product candidates include efforts to minimize the data we will be required to generate in order to obtain marketing approval for our product candidates and therefore possibly obtain a shortened review period for the applications. We have not yet discussed or agreed with the FDA as to the nature or extent of any studies we may be required to conduct in order to achieve approval for any of our product candidates. The timeline for filing and review of our NDAs is based on our plan to submit those NDAs under Section 505(b)(2) of the Federal Food, Drug and Cosmetic Act, wherein we will rely in part on data in the public domain or elsewhere. We have not yet filed an NDA under Section 505(b)(2) for any of our lead product candidates. Depending on the data that may be required by the FDA for approval, some of the data may be related to products already approved by the FDA. If the data relied upon is related to products already approved by the FDA and covered by third-party patents we would be required to certify that we do not infringe the listed patents or that such patents are invalid or unenforceable. As a result of the certification, the third-party would have 45 days from notification of our certification to initiate an action against us. In the event that an action is brought in response to such a certification, the approval of our NDA could be subject to a stay of up to 30 months or more while we defend against such a suit. Approval of our product candidates under Section 505(b)(2) may therefore be delayed until patent exclusivity expires or until we successfully challenge the applicability of those patents to our product candidates. Alternatively, we may elect to generate sufficient additional clinical data so that we no longer rely on data which triggers a potential stay of the approval of our product candidates. Even if no exclusivity periods apply to our applications under Section 505(b)(2), the FDA has broad discretion to require us to generate additional data on the safety and efficacy of our product candidates to supplement third-party data on which we may be permitted to rely. In either event, we could be required, before obtaining marketing approval for any of our product candidates, to conduct substantial new research and development activities beyond those we currently plan to engage in order to obtain approval of our product candidates. Such additional new research and development activities would be costly and time consuming.

We may not be able to obtain shortened review of our applications, and the FDA may not agree that our products qualify for marketing approval. If we are required to generate additional data to support approval, we may be unable to meet our anticipated development and commercialization timelines, may be unable to generate the additional data at a reasonable cost, or at all, and may be unable to obtain marketing approval of our product candidates.

Our executive officers and other key personnel are critical to our business, and our future success depends on our ability to retain them.

Our success depends to a significant extent upon the continued services of Dr. Seth Lederman, our President. Dr. Lederman has overseen Tonix since inception and provides leadership for our growth and operations strategy as well as being an inventor on many of our patents. Loss of the services of Dr. Lederman would have a material adverse effect on our growth, revenues, and prospective business. We have key-man insurance on the life of Dr. Lederman. We are also highly dependent on the other principal members of our management and scientific team. We are not aware of any present intention of any of our key personnel to leave our company or to retire. However, we have no employment agreement with our President and while we have employment agreements with certain of our employees, all of our employees may terminate their employment at any time. The loss of any of our key personnel, or the inability to attract and retain qualified personnel, may significantly delay or prevent the achievement of our research, development or business objectives and could materially adversely affect our business, financial condition and results of operations.

Any employment agreement we enter into will not ensure the retention of the employee who is a party to the agreement. In addition, we have only limited ability to prevent former employees from competing with us. Furthermore, our future success will also depend in part on the continued service of our key scientific and management personnel and our ability to identify, hire, and retain additional personnel. We experience intense competition for qualified personnel and may be unable to attract and retain the personnel necessary for the development of our business. Moreover, our work force is located in the "Pharmaceutical Corridor" that spans New York, New Jersey and Pennsylvania, where competition for personnel with the scientific and technical skills that we seek is extremely high and is likely to remain high. Because of this competition, our compensation costs may increase significantly.

If we are unable to hire additional qualified personnel, our ability to grow our business may be harmed.

Over time we will need to hire additional qualified personnel with expertise in clinical testing, clinical research and testing, government regulation, formulation and manufacturing, financial matters and sales and marketing. We compete for qualified individuals with numerous biopharmaceutical companies, universities and other research institutions. Competition for such individuals is intense, and we cannot be certain that our search for such personnel will be successful. Attracting and retaining qualified personnel will be critical to our success.

We rely on third parties to manufacture the compounds used in our trials, and we intend to rely on them for the manufacture of any approved products for commercial sale. If these third parties do not manufacture our product candidates in sufficient quantities and at an acceptable cost, clinical development and commercialization of our product candidates could be delayed, prevented or impaired.

We have no manufacturing facilities, and we have no experience in the clinical or commercial-scale manufacture of drugs or in designing drug manufacturing processes. We intend to rely on third parties to manufacture some or all of our product candidates in clinical trials and our products that reach commercialization. Completion of our clinical trials and commercialization of our product candidates requires manufacturing of a sufficient supply of our product candidates. We are currently in discussions with outside sources to manufacture our development compounds. If, for any reason, we become unable to rely on our current sources for the manufacture of our product candidates, either for clinical trials or, at some future date, for commercial quantities, then we would need to identify and contract with additional or replacement third-party manufacturers to manufacture compounds for pre-clinical, clinical, and commercial purposes. We may not be successful in identifying such additional or replacement third-party manufacturers, or in negotiating acceptable terms with any that we do identify.

We believe that there are a variety of manufacturers that we may be able to retain to produce these products. However, once we retain a manufacturing source, if our manufacturers do not perform in a satisfactory manner, we may not be able to develop or commercialize potential products as planned. Certain specialized manufacturers are expected to provide us with modified and unmodified pharmaceutical compounds, including finished products, for use in our preclinical and clinical studies. Some of these materials are available from only one supplier or vendor. Any interruption in or termination of service by such sole source suppliers could result in a delay or interruption in manufacturing until we locate an alternative source of supply. Any delay or interruption in manufacturing operations (or failure to locate a suitable replacement for such suppliers) could materially adversely affect our business, prospects, or results of operations. We do not have any short-term or long-term manufacturing agreements with any of these manufacturers. If we fail to contract for manufacturing on acceptable terms or if third-party manufacturers do not perform as we expect, our development programs could be materially adversely affected. This may result in delays in filing for and receiving FDA approval for one or more of our products. Any such delays could cause our prospects to suffer significantly.

Failure by our third-party manufacturers to comply with the regulatory guidelines set forth by the FDA with respect to our product candidates could delay or prevent the completion of clinical trials, the approval of any product candidates or the commercialization of our products.

Such third-party manufacturers must be inspected by FDA for cGMP compliance before they can produce commercial product. We may be in competition with other companies for access to these manufacturers' facilities and may be subject to delays in manufacture if the manufacturers give other clients higher priority than they give to us. If we are unable to secure and maintain third-party manufacturing capacity, the development and sales of our products and our financial performance may be materially affected.

Manufacturers are obligated to operate in accordance with FDA-mandated requirements. A failure of any of our third-party manufacturers to establish and follow cGMP requirements and to document their adherence to such practices may lead to significant delays in the availability of material for clinical trials, may delay or prevent filing or approval of marketing applications for our products, and may cause delays or interruptions in the availability of our products for commercial distribution following FDA approval. This could result in higher costs to us or deprive us of potential product revenues.

Complying with cGMP and non-U.S. regulatory requirements will require that we expend time, money, and effort in production, recordkeeping, and quality control to assure that the product meets applicable specifications and other requirements. We, or our contracted manufacturing facility, must also pass a pre-approval inspection prior to FDA approval. Failure to pass a pre-approval inspection may significantly delay FDA approval of our products. If we fail to comply with these requirements, we would be subject to possible regulatory action and may be limited in the jurisdictions in which we are permitted to sell our products. As a result, our business, financial condition, and results of operations may be materially harmed.

Drug manufacturers are subject to ongoing periodic unannounced inspections by the FDA, the DEA and corresponding state and foreign agencies to ensure strict compliance with cGMP requirements and other requirements under Federal drug laws, other government regulations and corresponding foreign standards. If we or our third-party manufacturers fail to comply with applicable regulations, sanctions could be imposed on us, including fines, injunctions, civil penalties, failure by the government to grant marketing approval of drugs, delays, suspension or withdrawal of approvals, seizures or recalls of product, operating restrictions and criminal prosecutions.

Corporate and academic collaborators may take actions to delay, prevent, or undermine the success of our products.

Our operating and financial strategy for the development, clinical testing, manufacture, and commercialization of drug candidates is heavily dependent on our entering into collaborations with corporations, academic institutions, licensors, licensees, and other parties. Our current strategy assumes that we will successfully establish these collaborations, or similar relationships; however, there can be no assurance that we will be successful establishing such collaborations. Some of our existing collaborations are, and future collaborations may be, terminable at the sole discretion of the collaborator. Replacement collaborators might not be available on attractive terms, or at all. The activities of any collaborator will not be within our control and may not be within our power to influence. There can be no assurance that any collaborator will perform its obligations to our satisfaction or at all, that we will derive any revenue or profits from such collaborations, or that any collaborator will not compete with us. If any collaboration is not pursued, we may require substantially greater capital to undertake development and marketing of our proposed products and may not be able to develop and market such products effectively, if at all. In addition, a lack of development and marketing collaborations may lead to significant delays in introducing proposed products into certain markets and/or reduced sales of proposed products in such markets.

Data provided by collaborators and others upon which we rely that has not been independently verified could turn out to be false, misleading, or incomplete.

We rely on third-party vendors, scientists, and collaborators to provide us with significant data and other information related to our projects, clinical trials, and our business. If such third parties provide inaccurate, misleading, or incomplete data, our business, prospects, and results of operations could be materially adversely affected.

Our product candidates are novel and still in development.

We are a pharmaceutical company focused on the development of drug product candidates, all of which are still in development. Our drug development methods may not lead to commercially viable drugs for any of several reasons. For example, we may fail to identify appropriate targets or compounds, our drug candidates may fail to be safe and effective in clinical trials, or we may have inadequate financial or other resources to pursue development efforts for our drug candidates. Our drug candidates will require significant additional development, clinical trials, regulatory clearances and additional investment by us or our collaborators before they can be commercialized.

Successful development of our products is uncertain.

Our development of current and future product candidates is subject to the risks of failure and delay inherent in the development of new pharmaceutical products, including: delays in product development, clinical testing, or manufacturing; unplanned expenditures in product development, clinical testing, or manufacturing; failure to receive regulatory approvals; emergence of superior or equivalent products; inability to manufacture on its own, or through any others, product candidates on a commercial scale; and failure to achieve market acceptance.

Because of these risks, our research and development efforts may not result in any commercially viable products. If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained or any approved products are not commercially successfully, our business, financial condition, and results of operations may be materially harmed.

Clinical trials required for our product candidates are expensive and time-consuming, and their outcome is uncertain.

In order to obtain FDA approval to market a new drug product, we must demonstrate proof of safety and effectiveness in humans. To meet these requirements, we must conduct "adequate and well controlled" clinical trials. Conducting clinical trials is a lengthy, time-consuming, and expensive process. The length of time may vary substantially according to the type, complexity, novelty, and intended use of the product candidate, and often can be several years or more per trial. Delays associated with products for which we are directly conducting clinical trials may cause us to incur additional operating expenses. The commencement and rate of completion of clinical trials may be delayed by many factors, including, for example: inability to manufacture sufficient quantities of qualified materials under the FDA's Current Good Manufacturing Practices requirements, commonly known as cGMP, for use in clinical trials; slower than expected rates of patient recruitment; failure to recruit a sufficient number of patients; modification of clinical trial protocols; changes in regulatory requirements for clinical trials; the lack of effectiveness during clinical trials; the emergence of unforeseen safety issues; delays, suspension, or termination of the clinical trials due to the institutional review board responsible for overseeing the study at a particular study site; and government or regulatory delays or "clinical holds" requiring suspension or termination of the trials.

The results from early clinical trials are not necessarily predictive of results obtained in later clinical trials. Accordingly, even if we obtain positive results from early clinical trials, we may not achieve the same success in future clinical trials. Clinical trials may not demonstrate statistically significant safety and effectiveness to obtain the requisite regulatory approvals for product candidates.

Our clinical trials may be conducted in patients with CNS conditions, and in some cases, our product is expected to be used in combination with approved therapies that themselves have significant adverse event profiles. During the course of treatment, these patients could suffer adverse medical events or die for reasons that may or may not be related to our products. We cannot ensure that safety issues will not arise with respect to our products in clinical development.

The failure of clinical trials to demonstrate safety and effectiveness for the desired indications could harm the development of that product candidate and other product candidates. This failure could cause us to abandon a product candidate and could delay development of other product candidates. Any delay in, or termination of, our clinical trials would delay the filing of our NDAs with the FDA and, ultimately, our ability to commercialize our product candidates and generate product revenues. Any change in, or termination of, our clinical trials could materially harm our business, financial condition, and results of operation.

We are subject to extensive and costly government regulation.

Product candidates employing our technology are subject to extensive and rigorous domestic government regulation including regulation by the FDA, the Centers for Medicare and Medicaid Services, other divisions of the United States Department of Health and Human Services, the United States Department of Justice, state and local governments, and their respective foreign equivalents. The FDA regulates the research, development, preclinical and clinical testing, manufacture, safety, effectiveness, record-keeping, reporting, labeling, storage, approval, advertising, promotion, sale, distribution, import, and export of biopharmaceutical products. The FDA regulates small molecule chemical entities as drugs, subject to a New Drug Application, or NDA, under the Federal Food, Drug, and Cosmetic Act. If products employing our technologies are marketed abroad, they will also be subject to extensive regulation by foreign governments, whether or not they have obtained FDA approval for a given product and its uses. Such foreign regulation may be equally or more demanding than corresponding United States regulation.

Government regulation substantially increases the cost and risk of researching, developing, manufacturing, and selling our products. The regulatory review and approval process, which includes preclinical testing and clinical trials of each product candidate, is lengthy, expensive, and uncertain. We or our collaborators must obtain and maintain regulatory authorization to conduct clinical trials. We or our collaborators must obtain regulatory approval for each product we intend to market, and the manufacturing facilities used for the products must be inspected and meet legal requirements. Securing regulatory approval requires the submission of extensive preclinical and clinical data and other supporting information for each proposed therapeutic indication in order to establish the product's safety and efficacy, and in the case of biologics also potency and purity, for each intended use. The development and approval process takes many years, requires substantial resources, and may never lead to the approval of a product.

Even if we are able to obtain regulatory approval for a particular product, the approval may limit the indicated medical uses for the product, may otherwise limit our ability to promote, sell, and distribute the product, may require that we conduct costly post-marketing surveillance, and/or may require that we conduct ongoing post-marketing studies. Material changes to an approved product, such as, for example, manufacturing changes or revised labeling, may require further regulatory review and approval. Once obtained, any approvals may be withdrawn, including, for example, if there is a later discovery of previously unknown problems with the product, such as a previously unknown safety issue.

If we, our collaborators, or our contract manufacturers fail to comply with applicable regulatory requirements at any stage during the regulatory process, such noncompliance could result in, among other things delays in the approval of applications or supplements to approved applications; refusal of a regulatory authority, including the FDA, to review pending market approval applications or supplements to approved applications; warning letters; fines; import and/or export restrictions; product recalls or seizures; injunctions; total or partial suspension of production; civil penalties; withdrawals of previously approved marketing applications or licenses; recommendations by the FDA or other regulatory authorities against governmental contracts; and/or criminal prosecutions.

We do not have, and may never obtain, the regulatory approvals we need to market our product candidates.

Following completion of clinical trials, the results are evaluated and, depending on the outcome, submitted to the FDA in the form of an NDA in order to obtain FDA approval of the product and authorization to commence commercial marketing. In responding to an NDA, the FDA may require additional testing or information, may require that the product labeling be modified, may impose post-approval study or reporting requirements or other restrictions on product distribution, or may deny the application. The FDA has established performance goals for review of NDAs - six months for priority applications and ten months for standard applications. However, the FDA is not required to complete its review within these time periods. The timing of final FDA review and action varies greatly, but can take years in some case and may involve the input of an FDA advisory committee of outside experts. Product sales in the United States may commence only when an NDA is approved.

To date, we have not applied for or received the regulatory approvals required for the commercial sale of any of our products in the United States or in any foreign jurisdiction. None of our product candidates has been determined to be safe and effective, and we have not submitted an NDA to the FDA or an equivalent application to any foreign regulatory authorities for any of our product candidates.

It is possible that none of our product candidates will be approved for marketing. Failure to obtain regulatory approvals, or delays in obtaining regulatory approvals, may adversely affect the successful commercialization of any drugs or biologics that we or our partners develop, may impose additional costs on us or our collaborators, may diminish any competitive advantages that we or our partners may attain, and/or may adversely affect our receipt of revenues or royalties.

Even if approved, our products will be subject to extensive post-approval regulation.

Once a product is approved, numerous post-approval requirements apply. Among other things, the holder of an approved NDA is subject to periodic and other FDA monitoring and reporting obligations, including obligations to monitor and report adverse events and instances of the failure of a product to meet the specifications in the NDA. Application holders must submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling, or manufacturing process. Application holders must also submit advertising and other promotional material to the FDA and report on ongoing clinical trials.

Depending on the circumstances, failure to meet these post-approval requirements can result in criminal prosecution, fines, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, or refusal to allow us to enter into supply contracts, including government contracts. In addition, even if we comply with FDA and other requirements, new information regarding the safety or effectiveness of a product could lead the FDA to modify or withdraw product approval.

Even if we obtain regulatory approval to market our product candidates, our product candidates may not be accepted by the market.

Even if the FDA approves one or more of our product candidates, physicians and patients may not accept it or use it. Even if physicians and patients would like to use our products, our products may not gain market acceptance among healthcare payors such as managed care formularies, insurance companies or government programs such as Medicare or Medicaid. Acceptance and use of our products will depend upon a number of factors including: perceptions by members of the health care community, including physicians, about the safety and effectiveness of our drug or device product; cost-effectiveness of our product relative to competing products; availability of reimbursement for our product from government or other healthcare payers; and effectiveness of marketing and distribution efforts by us and our licensees and distributors, if any.

The degree of market acceptance of any pharmaceutical product that we develop will depend on a number of factors, including:

- cost-effectiveness;
- the safety and effectiveness of our products, including any potential side effects, as compared to alternative products or treatment methods;
- the timing of market entry as compared to competitive products;
- the rate of adoption of our products by doctors and nurses;
- product labeling or product insert required by the FDA for each of our products;
- reimbursement policies of government and third-party payors;
- effectiveness of our sales, marketing and distribution capabilities and the effectiveness of such capabilities of our collaborative partners, if any; and
- unfavorable publicity concerning our products or any similar products.

Our product candidates, if successfully developed, will compete with a number of products manufactured and marketed by major pharmaceutical companies, biotechnology companies and manufacturers of generic drugs. Our products may also compete with new products currently under development by others. Physicians, patients, third-party payors and the medical community may not accept and utilize any of our product candidates. If our products do not achieve market acceptance, we will not be able to generate significant revenues or become profitable.

Because we expect sales of our current product candidates, if approved, to generate substantially all of our product revenues for the foreseeable future, the failure of these products to find market acceptance would harm our business and could require us to seek additional financing.

If we fail to establish marketing, sales and distribution capabilities, or fail to enter into arrangements with third parties, we will not be able to create a market for our product candidates.

Our strategy with our lead product candidates is to control, directly or through contracted third parties, all or most aspects of the product development process, including marketing, sales and distribution. Currently, we do not have any sales, marketing or distribution capabilities. In order to generate sales of any product candidates that receive regulatory approval, we must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or make arrangements with third parties to perform these services for us. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of our management and key personnel and defer our product development efforts. To the extent that we enter into marketing and sales arrangements with other companies, our revenues will depend on the efforts of others. These efforts may not be successful. If we fail to develop sales, marketing and distribution channels, or enter into arrangements with third parties, we will experience delays in product sales and incur increased costs.

Sales of pharmaceutical products largely depend on the reimbursement of patients' medical expenses by government health care programs and private health insurers. Without the financial support of the government or third-party payors, the market for our products will be limited. These third-party payors are increasingly challenging the price and examining the cost effectiveness of medical products and services. Recent proposals to change the health care system in the United States have included measures that would limit or eliminate payments for medical products and services or subject the pricing of medical treatment products to government control. Significant uncertainty exists as to the reimbursement status of newly approved health care products. Third-party payors may not reimburse sales of our products or enable our collaborators to sell them at profitable prices.

Our business strategy might involve out-licensing product candidates to or collaborating with larger firms with experience in marketing and selling pharmaceutical products. There can be no assurance that we will be able to successfully establish marketing, sales, or distribution relationships; that such relationships, if established, will be successful; or that we will be successful in gaining market acceptance for our products. To the extent that we enter into any marketing, sales, or distribution arrangements with third parties, our product revenues will be lower than if we marketed and sold our products directly, and any revenues we receive will depend upon the efforts of such third-parties. If we are unable to establish such third-party sales and marketing relationships, or choose not to do so, we will have to establish and rely on our own in-house capabilities.

We, as a company, have no experience in marketing or selling pharmaceutical products and currently have no sales, marketing, or distribution infrastructure. To market any of our products directly, we would need to develop a marketing, sales, and distribution force that both has technical expertise and the ability to support a distribution capability. The establishment of a marketing, sales, and distribution capability would significantly increase our costs, possibly requiring substantial additional capital. In addition, there is intense competition for proficient sales and marketing personnel, and we may not be able to attract individuals who have the qualifications necessary to market, sell, and distribute our products. There can be no assurance that we will be able to establish internal marketing, sales, or distribution capabilities. If we are unable to, or choose not to establish these capabilities, or if the capabilities we establish are not sufficient to meet our needs, we will be required to establish collaborative marketing, sales, or distribution relationships with third parties.

In the event that we are successful in bringing any products to market, our revenues may be adversely affected if we fail to obtain acceptable prices or adequate reimbursement for our products from third-party payors.

Our ability to commercialize pharmaceutical products successfully may depend in part on the availability of reimbursement for our products from:

- government and health administration authorities;
- private health insurers; and
- other third party payors, including Medicare.

We cannot predict the availability of reimbursement for newly-approved health care products. Third-party payors, including Medicare, are challenging the prices charged for medical products and services. Government and other third-party payors increasingly are limiting both coverage and the level of reimbursement for new drugs. Third-party insurance coverage may not be available to patients for any of our products.

The continuing efforts of government and third-party payors to contain or reduce the costs of health care may limit our commercial opportunity. If government and other third-party payors do not provide adequate coverage and reimbursement for any prescription product we bring to market, doctors may not prescribe them or patients may ask to have their physicians prescribe competing drugs with more favorable reimbursement. In some foreign markets, pricing and profitability of prescription pharmaceuticals are subject to government control. In the United States, we expect that there will continue to be federal and state proposals for similar controls. In addition, we expect that increasing emphasis on managed care in the United States will continue to put pressure on the pricing of pharmaceutical products. Cost control initiatives could decrease the price that we receive for any products in the future. Further, cost control initiatives could impair our ability to commercialize our products and our ability to earn revenues from this commercialization.

We face the risk of product liability claims and may not be able to obtain insurance.

Our business exposes us to the risk of product liability claims that are inherent in the development of drugs. If the use of one or more of our or our collaborators' drugs harms people, we may be subject to costly and damaging product liability claims brought against us by clinical trial participants, consumers, health care providers, pharmaceutical companies or others selling our products. Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of pharmaceutical products we develop, alone or with collaborators. We currently do not carry clinical trial insurance or product liability insurance. We intend to obtain such insurance in the future. We cannot predict all of the possible harms or side effects that may result and, therefore, the amount of insurance coverage we hold now or in the future may not be adequate to cover all liabilities we might incur. We intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for our drug candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. If we are unable to obtain insurance at an acceptable cost or otherwise protect against potential product liability claims, we will be exposed to significant liabilities, which may materially and adversely affect our business and financial position. If we are sued for any injury allegedly caused by our or our collaborators' products, our liability could exceed our total assets and our ability to pay the liability. A product liability claim or series of claims brought against us would decrease our cash and could cause our stock price to fall.

We use hazardous chemicals in our business. Potential claims relating to improper handling, storage or disposal of these chemicals could be time consuming and costly.

Our research and development processes and/or those of our third party contractors may involve the controlled use of hazardous materials and chemicals. These hazardous chemicals are reagents and solvents typically found in a chemistry laboratory. Our operations also produce hazardous waste products. Federal, state and local laws and regulations govern the use, manufacture, storage, handling and disposal of hazardous materials. While we attempt to comply with all environmental laws and regulations, including those relating to the outsourcing of the disposal of all hazardous chemicals and waste products, we cannot eliminate the risk of contamination from or discharge of hazardous materials and any resultant injury. In the event of such an accident, we could be held liable for any resulting damages and any liability could materially adversely affect our business, financial condition and results of operations.

Compliance with environmental laws and regulations may be expensive. Current or future environmental regulations may impair our research, development or production efforts. We might have to pay civil damages in the event of an improper or unauthorized release of, or exposure of individuals to, hazardous materials. We are not insured against these environmental risks.

If we enter into collaborations with third parties, they might also work with hazardous materials in connection with our collaborations. We may agree to indemnify our collaborators in some circumstances against damages and other liabilities arising out of development activities or products produced in connection with these collaborations.

In addition, the federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of hazardous or radioactive materials and waste products may require us to incur substantial compliance costs that could materially adversely affect our business, financial condition and results of operations.

If we retain collaborative partners and our partners do not satisfy their obligations, we will be unable to develop our partnered product candidates.

In the event we enter into any collaborative agreements, we may not have day-to-day control over the activities of our collaborative partners with respect to any of these product candidates. Any collaborative partner may not fulfill its obligations under these agreements. If a collaborative partner fails to fulfill its obligations under an agreement with us, we may be unable to assume the development of the products covered by that agreement or enter into alternative arrangements with a third party. In addition, we may encounter delays in the commercialization of the product candidate that is the subject of the agreement. Accordingly, our ability to receive any revenue from the product candidates covered by these agreements will be dependent on the efforts of our collaborative partner. We could also become involved in disputes with a collaborative partner, which could lead to delays in or termination of our development and commercialization programs and time-consuming and expensive litigation or arbitration. In addition, any such dispute could diminish our collaborators' commitment to us and reduce the resources they devote to developing and commercializing our products. Conflicts or disputes with our collaborators, and competition from them, could harm our relationships with our other collaborators, restrict our ability to enter future collaboration agreements and delay the research, development or commercialization of our product candidates. If any collaborative partner terminates or breaches its agreement, or otherwise fails to complete its obligations in a timely manner, our chances of successfully developing or commercializing these product candidates would be materially and adversely affected. We may not be able to enter into collaborative agreements with partners on terms favorable to us, or at all. Our inability to enter into collaborative arrangements with collaborative partners, or our failure to maintain such arrangements, would limit the number of product candidates that we could develop and ultimately, decrease our sources of any future revenues.

RISKS RELATED TO OUR STOCK

There has been a limited trading market for our Common Stock and no market.

It is anticipated that there will be a limited trading market for the Common Stock on the Over-the-Counter Bulletin Board. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital by selling shares of capital stock and may impair our ability to acquire other companies or technologies by using Common Stock as consideration.

You may have difficulty trading and obtaining quotations for our Common Stock.

The Common Stock may not be actively traded, and the bid and asked prices for our Common Stock on the Over-the-Counter Bulletin Board may fluctuate widely. As a result, investors may find it difficult to dispose of, or to obtain accurate quotations of the price of, our securities. This severely limits the liquidity of the Common Stock, and would likely reduce the market price of our Common Stock and hamper our ability to raise additional capital.

The market price for our common stock may be volatile, and your investment in our common stock could decline in value.

The stock market in general has experienced extreme price and volume fluctuations. The market prices of the securities of biotechnology and specialty pharmaceutical companies, particularly companies like ours without product revenues and earnings, have been highly volatile and may continue to be highly volatile in the future. This volatility has often been unrelated to the operating performance of particular companies. The following factors, in addition to other risk factors described in this section, may have a significant impact on the market price of our common stock:

- announcements of technological innovations or new products by us or our competitors;
- announcement of FDA approval or disapproval of our products or other product-related actions;
- developments involving our discovery efforts and clinical trials;
- developments or disputes concerning patents or proprietary rights, including announcements of infringement, interference or other litigation against us or our potential licensees;
- developments involving our efforts to commercialize our products, including developments impacting the timing of commercialization;
- announcements concerning our competitors, or the biotechnology, pharmaceutical or drug delivery industry in general;
- public concerns as to the safety or efficacy of our products or our competitors' products;
- changes in government regulation of the pharmaceutical or medical industry;
- changes in the reimbursement policies of third party insurance companies or government agencies;
- actual or anticipated fluctuations in our operating results;
- changes in financial estimates or recommendations by securities analysts;
- developments involving corporate collaborators, if any;
- changes in accounting principles; and
- the loss of any of our key scientific or management personnel.

In the past, securities class action litigation has often been brought against companies that experience volatility in the market price of their securities. Whether or not meritorious, litigation brought against us could result in substantial costs and a diversion of management's attention and resources, which could adversely affect our business, operating results and financial condition.

Investor relations activities, nominal "float" and supply and demand factors may affect the price of our stock.

The Company expects to utilize various techniques such as non-deal road shows and investor relations campaigns in order to create investor awareness for the Company. These campaigns may include personal, video and telephone conferences with investors and prospective investors in which our business practices are described. The Company may provide compensation to investor relations firms and pay for newsletters, websites, mailings and email campaigns that are produced by third-parties based upon publicly-available information concerning the Company. The Company will not be responsible for the content of analyst reports and other writings and communications by investor relations firms not authored by the Company or from publicly available information. The Company does not intend to review or approve the content of such analysts' reports or other materials based upon analysts' own research or methods. Investor relations firms should generally disclose when they are compensated for their efforts, but whether such disclosure is made or complete is not under our control. In addition, investors in the Company may be willing, from time to time, to encourage investor awareness through similar activities. Investor awareness activities may also be suspended or discontinued which may impact the trading market our common stock.

The SEC and FINRA enforce various statutes and regulations intended to prevent manipulative or deceptive devices in connection with the purchase or sale of any security and carefully scrutinize trading patterns and company news and other communications for false or misleading information, particularly in cases where the hallmarks of "pump and dump" activities may exist, such as rapid share price increases or decreases. We, and our shareholders may be subjected to enhanced regulatory scrutiny due to the small number of holders who initially will own the registered shares of our common stock publicly available for resale, and the limited trading markets in which such shares may be offered or sold which have often been associated with improper activities concerning penny-stocks, such as the OTC Bulletin Board or the OTCQB Marketplace (Pink OTC) or pink sheets. Until such time as our restricted shares are registered or available for resale under Rule 144, there will continue to be a small percentage of shares held by a small number of investors, many of whom acquired such shares in privately negotiated purchase and sale transactions, that will constitute the entire available trading market. The Supreme Court has stated that manipulative action is a term of art connoting intentional or willful conduct designed to deceive or defraud investors by controlling or artificially affecting the price of securities. Often times, manipulation is associated by regulators with forces that upset the supply and demand factors that would normally determine trading prices. Since a small percentage of the outstanding common stock of the Company will initially be available for trading, held by a small number of individuals or entities, the supply of our common stock for sale will be extremely limited for an indeterminate amount of time, which could result in higher bids, asks or sales prices than would otherwise exist. Securities regulators have often cited thinly-traded markets, small numbers of holders, and awareness campaigns as components of their claims of price manipulation and other violations of law when combined with manipulative trading, such as wash sales, matched orders or other manipulative trading timed to coincide with false or touting press releases. There can be no assurance that the Company's or third-parties' activities, or the small number of potential sellers or small percentage of stock in the "float," or determinations by purchasers or holders as to when or under what circumstances or at what prices they may be willing to buy or sell stock will not artificially impact (or would be claimed by regulators to have affected) the normal supply and demand factors that determine the price of the stock.

We do not anticipate paying dividends on our common stock.

We have never declared or paid cash dividends on our common stock and do not expect to do so in the foreseeable future. The declaration of dividends is subject to the discretion of our board of directors and will depend on various factors, including our operating results, financial condition, future prospects and any other factors deemed relevant by our board of directors. You should not rely on an investment in our company if you require dividend income from your investment in our company. The success of your investment will likely depend entirely upon any future appreciation of the market price of our common stock, which is uncertain and unpredictable. There is no guarantee that our common stock will appreciate in value.

We expect that our quarterly results of operations will fluctuate, and this fluctuation could cause our stock price to decline.

Our quarterly operating results are likely to fluctuate in the future. These fluctuations could cause our stock price to decline. The nature of our business involves variable factors, such as the timing of the research, development and regulatory pathways of our product candidates, which could cause our operating results to fluctuate.

Due to the possibility of fluctuations in our revenues and expenses, we believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance.

If we or our existing shareholders sell a substantial number of shares of our common stock in the public market, our stock price may decline.

If we or our existing shareholders sell a large number of shares of our common stock, or the public market perceives that we or our existing shareholders might sell shares of common stock, particularly with respect to our affiliates, directors, executive officers or other insiders, the market price of our common stock could decline significantly.

In the future, we may issue additional shares to our employees, directors or consultants, in connection with corporate alliances or acquisitions, or to raise capital. Due to these factors, sales of a substantial number of shares of our common stock in the public market could occur at any time.

Our officers, directors and principal shareholders own a controlling interest in our voting stock and Investors will not have any voice in our management.

Following completion of the Share Exchange, our officers, directors and principal shareholders, in the aggregate, beneficially own or control the votes of approximately 60% of our outstanding Common Stock. As a result, these stockholders, acting together, will have the ability to control substantially all matters submitted to our stockholders for approval, including:

- election of our board of directors;
- removal of any of our directors;
- amendment of our certificate of incorporation or bylaws; and
- adoption of measures that could delay or prevent a change in control or impede a merger, takeover or other business combination involving us.

As a result of their ownership and positions, our directors, executive officers and principal shareholders collectively are able to influence all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, sales of significant amounts of shares held by our directors, executive officers or principal shareholders, or the prospect of these sales, could adversely affect the market price of our Common Stock. Management's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

Our common stock is not currently traded at high volume, and you may be unable to sell at or near ask prices or at all if you need to sell or liquidate a substantial number of shares at one time.

Our common stock is currently traded, but with very low, if any, volume, based on quotations on the "Over-the-Counter Bulletin Board", meaning that the number of persons interested in purchasing our common stock at or near bid prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a small company which is still relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that trading levels will be sustained.

Shareholders should be aware that, according to Commission Release No. 34-29093, the market for "penny stocks" has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the future volatility of our share price.

Efforts to comply with recently enacted changes in securities laws and regulations will increase our costs and require additional management resources, and we still may fail to comply.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, the SEC adopted rules requiring public companies to include a report of management on their internal controls over financial reporting in their annual reports on Form 10-K. In addition, in the event we are no longer a smaller reporting company, the independent registered public accounting firm auditing our financial statements would be required to attest to the effectiveness of our internal controls over financial reporting. Such attestation requirement by our independent registered public accounting firm would not be applicable to us until the report for the year ended December 31, 2012 at the earliest, if at all. If we are unable to conclude that we have effective internal controls over financial reporting or if our independent registered public accounting firm is required to, but is unable to provide us with a report as to the effectiveness of our internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our securities.

Our common stock is subject to the "penny stock" rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The Securities and Exchange Commission ("SEC") has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

FINRA sales practice requirements may also limit a shareholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information in this Current Report contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. You should read statements that contain these words carefully because they:

- *discuss our future expectations;*
- *contain projections of our future results of operations or of our financial condition; and*
- *state other "forward-looking" information.*

We believe it is important to communicate our expectations. However, there may be events in the future that we are not able to accurately predict or over which we have no control. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors," "Business" and elsewhere in this Current Report.

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Tonix for the years ended December 31, 2010 and 2009, and the six months ended June 30, 2011 and 2010. This MD&A should be read in conjunction with Tonix's audited financial statements for the years ended December 31, 2010 and 2009 and the unaudited interim financial statements for the six months ended June 30, 2011 and 2010 contained elsewhere herein.

Business Overview

We are a specialty pharmaceutical company focusing on developing new pharmaceuticals products that are safer and more effective than widely prescribed CNS drugs in large and growing markets. The ongoing advances in science and medicine provide a number of opportunities to apply known active pharmaceutical ingredients to new uses. We use the unfolding understanding of disease and medicine when we search for potential therapeutic solutions among prescription pharmaceutical agents that have been used safely in patients for other conditions. We seek to create new dose options and that are tailored to the new therapeutic uses for these agents.

Many CNS drugs have been identified by physicians who prescribe drugs for some purpose, but observe unexpected improvements in their patients' CNS conditions. One of Tonix's goals is to establish formal clinical study programs to determine if such anecdotal observations are, in fact, reflections of the compound's ability to treat the CNS condition. While some new applications can use the commercially available form of the drug, in other cases reformulating the active ingredient may improve the active ingredient's safety or effectiveness in treating the condition. If the formal development programs are proven successful in the clinical tests, we will seek marketing approval from the FDA.

We are currently devoting our efforts to the development of two lead product candidates. Our two most advanced programs are new dose formulations of cyclobenzaprine, which is the active pharmaceutical ingredient of two widely prescribed muscle relaxant products. Due to the well-characterized history of the main active ingredient, we believe our lead products, referred to herein as TNX-102 and TNX-105, have the potential to progress through a shorter development pathway than is typical for drug products based on novel active ingredients. We expect TNX-102 could be approved by FDA after two efficacy studies and a safety exposure study that together would expose the minimum number of FM patients that satisfy FDA's standards, whereas drug products based on novel active ingredients need exposure to significantly more study subjects.

We also have a pipeline of other product candidates. For commercial reasons, we do not disclose the identities of the active ingredients or targeted indications in our pipeline until a U.S. patent has been allowed or issued. Consistent with our mission, these product candidates are or likely will be reformulations of active ingredients that have been used in humans in other products and which are designed for new CNS therapeutic indications.

In other cases, the products will be formulated to match earlier ("predicate") products closely enough to be considered generic copies or similar enough to other medications to rely (in part) on their regulatory review and approval. The predicate product may be approved by the FDA under an NDA or may have been reviewed for safety and effectiveness by the National Academy of Sciences under the DESI, in which case they would be considered by FDA to be "unapproved products". For DESI products, it is our intent to develop NDA versions by modernizing the chemistry, manufacturing and controls and to perform new clinical studies to support an NDA filing.

In August 2010, we formed Krele to commercialize products that are generic versions of predicate NDA products. We anticipate that when Tonix branded products lose patent protection, Krele may market authorized generic versions of them. Krele also may develop or acquire generic products approved under ANDAs and Tonix may market branded versions (branded generics) of such products.

Current Operating Trends

Our current research and development efforts are focused on developing our lead products, TXN-102 and TNX-105. Our research and development expenses consist of manufacturing studies and the cost of drug ingredients used in such studies, fees paid to providers for conducting various clinical studies as well as for the analysis of the results of such studies and for other medical research addressing the potential efficacy of our drugs. We believe that significant investment in product development is a competitive necessity, and we plan to continue these investments in order to be in a position to realize the potential of our product candidates and proprietary technologies.

We plan to start the next phase of clinical trials for our product candidates TNX-102 and TNX-105 over the next 12 months, subject to raising necessary funds. Clinical trials can be very expensive. If these and additional necessary clinical trials are successful, we plan to prepare and submit applications to the FDA for marketing approval for our drug candidates. This process entails significant costs. As a result of these and other factors, we expect our research and development expenses to increase significantly over the next 12 to 24 months.

We expect that a larger percentage of our research and development expenses in the future will be incurred in support of our current and future preclinical and clinical development programs rather than technology development. These expenditures are subject to numerous uncertainties relating to timing and cost to completion. We test compounds in numerous preclinical studies for safety, toxicology and efficacy. At the appropriate time, subject to the approval of regulatory authorities, we expect to conduct early-stage clinical trials for each drug candidate. We anticipate funding these trials ourselves, and possibly with the assistance of federal grants. As we obtain results from trials, we may elect to discontinue or delay clinical trials for certain products in order to focus our resources on more promising products. Completion of clinical trials may take several years, and the length of time generally varies substantially according to the type, complexity, novelty and intended use of a product candidate.

The commencement and completion of clinical trials for our products may be delayed by many factors, including lack of efficacy during clinical trials, unforeseen safety issues, slower than expected patient recruitment, or government delays. In addition, we may encounter regulatory delays or rejections as a result of many factors, including results that do not support the intended safety or efficacy of our product candidates, perceived defects in the design of clinical trials and changes in regulatory policy during the period of product development. As a result of these risks and uncertainties, we are unable to accurately estimate the specific timing and costs of our clinical development programs or the timing of material cash inflows, if any, from our product candidates. Our business, financial condition and results of operations may be materially adversely affected by any delays in, or termination of, our clinical trials or a determination by the FDA that the results of our trials are inadequate to justify regulatory approval, insofar as cash in-flows from the relevant drug or program would be delayed or would not occur.

Results of Operations

We anticipate that our results of operations will fluctuate for the foreseeable future due to several factors, such as the progress of our research and development efforts and the timing and outcome of regulatory submissions. Due to these uncertainties, accurate predictions of future operations are difficult or impossible to make.

Fiscal year Ended December 31, 2010 Compared to Fiscal year Ended December 31, 2009

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the fiscal years ended December 31, 2010 and 2009.

Research and Development Expenses. Research and development expenses for the fiscal year ended December 31, 2010 were $348,637, an increase of $316,172 or 974%, from $32,465 for the fiscal year ended December 31, 2009. Work performed during 2010 included an analysis of the results of Phase 2a clinical studies for TNX-102 as well as receptor binding studies for the main active ingredient in both TNX-102 and TNX-105. Tonix also recognized $295,500 in June 2010 to reflect consideration given to Lederman & Co. in exchange for intellectual property associated with TNX-201, a potential treatment for headaches.

Professional Services Expenses. Professional services for the fiscal year ended December 31, 2010 totaled $916,566, an increase of $789,640, or 622%, over the $126,926 recognized for the fiscal year ended December 31, 2009. Legal fees totaled $357,418 for the fiscal year ended December 31, 2010, an increase of $271,386, or 315%, from $86,032 incurred for the fiscal year ended December 31, 2009. $238,038 of this increase primarily related to the engagement of new members of the board of directors, the hiring of employees, the establishment of Krele and general corporate and contract review work. Legal fees associated with Tonix owned intellectual property and patent filing and protection increased by $37,051, or 47.3%, to $115,304 for the fiscal year ended December 31, 2010, from $78,253 incurred during the fiscal year ended December 31, 2009, due in part, to the transfer of new intellectual property to Tonix in June 2010.

Consulting fees totaled $404,937 for the fiscal year ended December 31, 2010, an increase of $384,707 or 1,902%, from $20,230 for the fiscal year ended December 31, 2009. Medical and scientific consulting expenses of $184,596 represented the largest increase during fiscal 2010, an increase of $165,300, or 857%, from $19,296 incurred during fiscal 2009. Included in the 2010 expenses were $56,000 of costs related to a consulting contract entered into with L&L Technologies, Inc., an affiliated entity, $46,264 in fees paid to Dr. Herbert Harris, a member of the Scientific Advisory Board, with respect to work performed on TNX-102 and TNX-105, and non-cash expenses associated with the vesting of restricted stock grants issued to L&L Technologies and the members of the Scientific Advisory Board. New in 2010 were public relations expenses of $145,892, related to Tonix's capital raising activities in that year. Also new in 2010 and related to the increased level of development work on our drugs candidates were research and development consulting fees of $51,065 and regulatory expenses of $9,725. Directors' fees for fiscal 2010 were $56,604, an increase of $39,924, or 239%, from $16,680 incurred in fiscal 2009. The increase is primarily due to the vesting of restricted stock grants issued with respect to the board members' service as directors of Tonix. Accounting fees incurred in fiscal 2010 amounted to $97,603, an increase of $93,618, or 2,349%, from $3,985 incurred in fiscal 2009. The increase included $71,617 of costs associated with the audit of Tonix's financial statements for the three years ended December 31, 2009, 2008 and 2007, and $22,000 related to the independent valuation of Tonix's stock in connection with the audit.

General and Administrative Expenses. General and administrative expenses for the fiscal year ended December 31, 2010 were $663,485, an increase of $637,445, or 2,448%, from $26,040 incurred in the fiscal year ended December 31, 2009. This increase is primarily due to expenses of $413,954 for the President and members of the core management team who joined the Company in June through August of 2010, and includes both cash compensation as well as non-cash compensation associated with the vesting of restricted stock grants. The Company had no employees in fiscal 2009. Also new in fiscal 2010 were marketing expenses of $139,369, primarily related to market research activity on fibromyalgia. Travel, meals and entertainment costs for fiscal 2010 were $34,720, an increase of $33,534, or 2,827%, from $1,186 incurred in fiscal 2009, due primarily to an increase in travel related to medical and life sciences conferences as well as research and development activities. Rent for fiscal 2010 totaled $42,571, an increase of $26,766, or 169%, from $15,805 incurred in fiscal 2009, due primarily to the opening of new office space in New York. Computer, internet and website costs in fiscal 2010 totaled $10,811, an increase of $10,347, or 2,230%, over $464 incurred in fiscal 2009, due primarily to the hiring of employees, the new office and the website launch. Depreciation expense in fiscal 2010 totaled $3,854, an increase of $2,733, or 244%, over the expense of $1,121 incurred in fiscal 2009, as a result of the purchase of new office computers. Insurance expenses and general office expenses were essentially unchanged from 2009 to 2010.

Interest Expense. Interest expense for the fiscal year ended December 31, 2010 totaled $35,782, a decrease of $7,529, or 17%, from $43,311 incurred during the fiscal year ended December 31, 2009. Tonix incurred interest expense in fiscal 2010 on demand notes in the amount of $32,692 on a principal amount outstanding of $430,000 at January 1, 2010 and $480,000 at the time of their conversion into Series B Preferred Stock on July 30, 2010. Interest expense on demand notes decreased $2,575, or 7.3%, from $35,267 incurred for fiscal 2009. Tonix incurred interest expense on convertible notes of $8,044 in fiscal 2009. The $200,000 principal amount of convertible notes was converted into Series A Preferred Stock in June 2009. During 2010, Tonix also incurred interest expense of $3,115 on a past due consulting invoice.

Net Loss. As a result of the foregoing, net loss for the year ended December 31, 2010 was $1,964,470, compared to a loss of $220,834 for the year ended December 31, 2009.

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the six months ended June 30, 2011 or 2010.

Research and Development Expenses. Research and development expenses for the six months ended June 30, 2011 totaled $41,645, a decrease of $281,339, or 87.1%, from $322,984 incurred in the six months ended June 30, 2010. Costs incurred in 2011 were associated with the acquisition of active ingredients for TNX-102 and TNX-201, as well as the completion of our sleep study. In 2010, Tonix incurred an expense of $295,500 related to the technical transfer of intellectual property; no comparable transfer took place in 2011.

Professional Services Expenses. Professional services for the six months ended June 30, 2011 were $390,735, an increase of $219,820, or 129%, from $170,915 incurred for the six months ended June 30, 2010. Legal fees totaled $98,987, an increase of $2,798, or 2.9%, for the six months ended June 30, 2011 compared with $96,189 for the six months ended June 30, 2010. Corporate legal fees for the six months ended June 30, 2011 were $70,253 and primarily related to negotiations with respect to a reverse merger transaction which Tonix did not pursue and general corporate matters for both Tonix and Krele. Corporate legal fees for the six months ended June 30, 2010 were $71,249, and related primarily to the negotiation of consulting and employment agreements, transfer of intellectual property and general corporate matters. Legal fees associated with the maintenance and protection of Tonix owned intellectual property during the first six months of 2011 totaled $53,674, compared to $0 expenses incurred for the six months ended June 30, 2010.

Consulting fees totaled $189,829 for the six months ended June 30, 2011, an increase of $129,418, or 214%, from $60,411 for the six months ended June 30, 2010. Included in the 2011 costs were medical and scientific consulting expenses of $100,002, an increase of $60,739, or 155%, from $39,263 incurred during the six months ended June 30, 2010. $40,000 of the incremental costs related to a consulting contract entered into with L&L Technologies, Inc., an affiliated entity, in June 2010. Public relations consulting expenses during the first six months of 2011 totaled $36,203, an increase of $15,288, or 73%, from $20,915 incurred in the six months ended June 30, 2010. This contract entered into in June 2010 and terminated in February 2011. New in 2011 were regulatory consulting expenses of $27,621 associated with the Pre-IND filing with the FDA for TNX-102. Tonix also experienced an increased level of development work on our drugs candidates, resulting in research and development consulting fees of $26,003 for the first six months of 2011, compared to $232 for the same period in 2010. Directors' fees during the six months ended June 30, 2011 totaled $31,871, an increase of $18,463, or 138%, from $13,408 incurred during the six months ended June 30, 2010. The increase represents the addition of four new board members as well as the non-cash expense associated with the vesting of restricted stock grants related to service as directors of Tonix. Accounting expenses for the six months ended June 30, 2011 were $65,049, compared to $908 incurred during the six months ended June 30, 2010. The increase related to the audit of our 2010 financial statements.

General and Administrative Expenses. General and administrative expenses for the six months ended June 30, 2011 totaled $437,130, an increase of $395,693, or 955%, from $41,437 incurred for the six months ended June 30, 2010. This variance is primarily due to compensation of $292,988 incurred in the first six months of 2011, an increase of $264,324, or 922%, over the comparable period in 2010, and reflects the salaries and non-cash compensation of the President and the core management team for the full six month period in 2011, compared to incurring compensation only for the President in the six months ended June 30, 2010. Meals and entertainment costs for the six months ended June 30, 2011 were $22,580, an increase of $17,945, or 387% over the $4,635 of expenses incurred in the comparable period in 2010. Most of the increase related to travel for medical and life science conferences and for research and development activities, as well as travel by our consultants. Marketing expenses, associated primarily with presentations and attendance at medical and life sciences conferences, were $21,199 in the six month periods ended June 30, 2011, compared with $450 in the comparable 2010 period. General office expenses for the six months ended June 30, 2011 totaled $89,782, an increase of $61,696, or 219% from $28,086 incurred for the six months ended June 30, 2010, of which $66,948 of this increase related to rent for the New York and New Jersey offices. The lease in New York commenced in October 2010 while the lease for the space occupied in New Jersey was terminated in March 2011, although we paid approximately an additional $1,000 for three months of building access and mail service. New in 2011 were $3,415 of dues and subscriptions and $3,442 of telephone expenses. Insurance expenses increased 111% to $5,988 for the six months ended June 30, 2011 from $2,844 incurred during the comparable period in 2010, due to new excess and general liability policies. Depreciation expense for the six months ended June 30, 2011 was $4,592, an increase of $2,894, or 171%, from $1,698 incurred in the comparable period in 2010 as a result of the purchase of new office computers.

Interest Income/Expense. Interest income for the six months ended June 30, 2011 totaled $44, compared to interest expense of $27,892 for the six months ended June 30, 2010. The interest income in 2011 represents interest on the restricted cash account held in connection with the lease for the New York office. Interest expense in 2010 was related to the demand notes. The principal amount of such interest bearing demand notes outstanding was $430,000 at January 1, 2010 and $480,000 at June 30, 2010. These demand notes, as well as accrued interest thereon, were converted into shares of Series B Preferred stock on July 30, 2010.

Net Loss. As a result of the foregoing, net loss for the six months ended June 30, 2011 was $869,466, compared to a loss of $563,228 for the six months ended June 30, 2010.

Liquidity and Capital Resources

As of June 30, 2011, we had a working capital deficit of $444,152. For the six months ended June 30, 2011, we used $612,364 in cash in operating activities. Cash provided by financing activities totaled $568,000 from the sale of shares of Series B Preferred Stock. At June 30, 2011, we had cash and cash equivalents of $21,342 compared to $65,359 at December 31, 2010. Our cash and cash equivalents are held in bank deposit accounts. At June 30, 2011, we had no outstanding debt.

Cash used in operations for the six months ended June 30, 2011 was $612,364, compared to $91,143 used in operations for the six months ended June 30, 2010. The increase in cash used in operations during the first six months of 2011 related primarily to an increase in legal fees, consulting fees and other professional fees; compensation for the President and core management team; and research and development expenses. This resulted in an increase in accounts payable of $151,624 during the six months ended June 30, 2011, to an outstanding balance of $469,369 at June 30, 2011, most of which relates to professional services. The increase in accounts payable was offset in part by a decrease in accrued expenses of $19,985, compared to an increase of $27,892 during the six months ended June 30, 2010. Positively impacting cash was a decrease in prepaid expenses of $16,890 for the six months ended June 30, 2011, in comparison to a decrease of $844 for the comparable period in 2010. Also positively increasing cash in the first six months of 2011 was the recognition of non-cash, stock based compensation of $93,892, compared to $23,401 recognized for the six months ended June 30. 2010.

Cash generated by investing activities for the six months ended June 30, 2011 was $347, compared to a usage of $2,340 in the comparable 2010 period. In 2011, Tonix received a security deposit from space vacated in New Jersey. In 2011 and 2010, Tonix purchased office furniture and computer equipment of comparable cost.

Cash provided by financing activities was $568,000 for the six months ended June 30, 2011, compared to $94,000 during the comparable 2010 period. In the first six months of 2011, the capital was raised through the sale of shares of Series B Preferred Stock. In the comparable 2010 period, the capital was raised through the issuance of demand notes which were converted into shares of Series B Preferred Stock in July 2010.

We expect to incur losses from operations for the foreseeable future. We expect to incur increasing research and development expenses, including expenses related to additional clinical trials. We expect that our general and administrative expenses will increase in the future as we expand our business development, add infrastructure and incur additional costs related to being a public company, including incremental audit fees, investor relations programs and increased professional services.

Our future capital requirements will depend on a number of factors, including the progress of our research and development of product candidates, the timing and outcome of regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights, the status of competitive products, the availability of financing and our success in developing markets for our product candidates. We believe our existing cash and cash equivalents, together with the net proceeds of the Financing, will be sufficient to fund our operating expenses and capital equipment requirements for the next six months.

We presently do not have any available credit, bank financing or other external sources of liquidity. Due to our history and historical operating losses, our operations have not been a source of liquidity. We will need to obtain additional capital in order to expand operations and become profitable. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock.

On September 9, 2011, Tonix sold $500,000 principal amount of convertible notes (the “Notes”) to nine accredited investors. The Notes were due one year from the date of issuance, bear interest at the rate of 8% per annum and were automatically converted into Debentures in the Financing.

If additional financing is not available or is not available on acceptable terms, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to certain product candidates that we might otherwise seek to develop or commercialize independently.

The following table summarizes our contractual obligations at June 30, 2011 and the effects such obligations are expected to have on our liquidity and cash flows in future periods.

	Total	2011	Thereafter
Operating lease obligations	$ 545,391	$ 60,900	$ 484,491

Tonix entered into a new office lease in New York effective October 2010 for a term of five years and terminated the lease in the New Jersey office effective March 31, 2011, which was renewable on a monthly basis. In August 2011, Tonix authorized the initiation of stage 2 work pursuant to a contract with Lipocine with respect to a research and development project for reformulation work on our leading products for an initial fee of $235,000, with work expected to start in the third quarter of 2011. In September 2011, Tonix entered into a contract with Pharmanet Canada for contract research work with respect to the pharmacokinetic study for TNX-102. The full cost of the work to be performed is $637,231. Payment is due in four installments based on the achievement of certain performance milestones.

Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk is currently confined to our cash and cash equivalents that have maturities of less than three months. We currently do not hedge interest rate exposure. We have not used derivative financial instruments. Because of the short-term maturities of our cash and cash equivalents, we do not believe that an increase in market rates would have any significant impact on their realized value.

Effects of Inflation

Our only liquid assets are cash and cash equivalents. Because of their liquidity, these assets should not be significantly affected by inflation. However, the rate of inflation affects our expenses, such as those for raw materials required for the manufacturing of our products, employee compensation and legal and consulting services, which could increase our level of expenses and the rate at which we use our resources.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Research and Development. Tonix outsources its research and development efforts and expenses related costs as incurred, including the cost of manufacturing product for testing, licensing fees and costs associated with planning and conducting clinical trials. The value ascribed to patents and other intellectual property acquired was expensed as research and development costs, as it related to particular research and development projects and had no alternative future uses.

Accrued Expenses. As part of the process of preparing financial statements, we are required to estimate accrued expenses. This process involves identifying services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for such service as of each balance sheet date in our consolidated financial statements. Examples of estimated accrued expenses include research and development expenses and professional service fees, and are based on the status and timing of services provided, relative to amounts invoiced. We estimate these expenses based upon the date on which certain services commence and finish, the level of services performed and the cost of such services.

Stock Based Compensation. All stock-based payments to employees and to nonemployee directors for their services as directors consisted of grants of restricted stock, which are measured at fair value on the grant date and recognized in the consolidated statements of operations as compensation expense over the relevant vesting period. Restricted stock payments to nonemployees are recognized as an expense over the period of performance. Such payments are measured at fair value at the earlier of the date a performance commitment is reached or the date performance is completed. In addition, for awards that vest immediately and are nonforfeitable the measurement date is the date the award is issued. Because shares of our common stock have not been publicly traded, we have valued our stock by considering events that have occurred since the date of grants, transactions involving the sale of our common stock to independent third parties and the results of a third party valuation of the projected discounted cash flows of the Company.

Income Taxes. Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carryforwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized. The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the pro forma beneficial ownership of the Company's Common Stock upon Closing. The table sets forth the beneficial ownership of (i) each person who, to our knowledge, beneficially owns more than 5% of the outstanding shares of Common Stock; (ii) each of the directors and executive officers of the Company; and (iii) all of our executive officers and directors as a group.

Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o Tonix Pharmaceuticals, Inc., 509 Madison Avenue, Suite 306, New York New York 10022.

NAME OF OWNER	TITLE OF CLASS	NUMBER OF SHARES OWNED (1)	PERCENTAGE OF COMMON STOCK
Seth Lederman	Common Stock	11,491,894 (2)	43.09%
Rhonda Rosen	Common Stock	196,359	*
Benjamin Selzer	Common Stock	532,350	2.00%
Susan Kerridge	Common Stock	130,906	*
Stuart Davidson	Common Stock	1,221,788 (3)	4.58%
Patrick Grace	Common Stock	130,906	*
Donald Landry	Common Stock	2,254,627 (4)	8.45%
Ernest Mario	Common Stock	1,047,245	3.93%
Charles Mather	Common Stock	87,269	*
John Rhodes	Common Stock	785,436	2.95%
Officers and Directors as a Group (10 persons)	Common Stock	15,983,923 (5)	59.94%
Lederman & Co., LLC (6)	Common Stock	5,753,865	21.58%
Eli Lederman (7)	Common Stock	2,236,310	8.39%
L&L Technologies, LLC (8)	Common Stock	1,894,857	7.11%
National Holdings Corporation (9)	Common Stock	1,865,406	7.00%
David J. Moss (10)	Common Stock	1,771,818	6.64%

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* Denotes less than 1%

(1) Beneficial ownership percentages gives effect to the completion of the Share Exchange, and are calculated based on 26,666,667 shares of Common Stock issued and outstanding. Beneficial ownership is determined in accordance with Rule 13d-3 of the Exchange Act. The number of shares beneficially owned by a person includes shares of Common Stock underlying options or warrants held by that person that are currently exercisable or exercisable within 60 days of October 7, 2011. The shares issuable pursuant to the exercise of those options or warrants are deemed outstanding for computing the percentage ownership of the person holding those options and warrants but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. The persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite that person's name, subject to community property laws, where applicable, unless otherwise noted in the applicable footnote.

(2) Includes 5,753,865 shares of common stock owned by Lederman & Co., LLC, 1,894,857 shares of common stock owned by L&L Technologies, Inc., 959,974 shares of common stock owned by Targent Pharmaceuticals, LLC and 73,961 shares owned by the Seth M. Lederman 1999 Trust. Seth Lederman, as the Managing Member of Lederman & Co., LLC and Targent Pharmaceuticals, LLC, the Manager of L&L Technologies, Inc. and the Trustee of the Seth M. Lederman 1999 Trust, has investment and voting control over the shares held by these entities.

(3) Includes 1,090,882 shares of common stock owned by Lysander, LLC and 130,906 shares owned by Oystercatcher Trust. Stuart Davidson, as the Member of Lysander, LLC and Trustee of Oystercatcher Trust, has investment and voting control over the shares held by these entities.

(4) Includes 1,894,857 shares of common stock owned by L&L Technologies, Inc. Donald Landry, as a Member of L&L Technologies, Inc., has investment and voting control over the shares held by this entity.

(5) Includes 5,753,865 shares of common stock owned by Lederman & Co., LLC, 1,894,857 shares of common stock owned by L&L Technologies, Inc., 959,974 shares of common stock owned by Targent Pharmaceuticals, LLC, 73,961 shares owned by the Seth M. Lederman 1999 Trust, 1,090,882 shares of common stock owned by Lysander, LLC and 130,906 shares owned by Oystercatcher Trust.

(6) Seth Lederman, our President and Chief Executive Officer, has investment and voting control over the shares held by this entity. The mailing address for this entity is 245 E. 93rd St. 14E, New York, New York 10128.

(7) The mailing address for this beneficial owner is Malt House Cottage, Hurley, Berkshire, SL6 5LT, United Kingdom.

(8) Seth Lederman, our President and Chief Executive Officer and Donald Landry, a Director, have investment and voting control over the shares held by this entity. The mailing address for this entity is 245 E. 93rd St. 14E, New York, New York 10128.

(9) Mark Goldwasser, C.E.O. has investment and voting control over the shares held by this entity. The mailing address for this entity is 120 Broadway, 27th Floor, New York, NY 10271.

(10) The mailing address for this beneficial owner is 23046 Avenida de la Carlota, Suite 600, Laguna Hills, CA 92653.

DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Our Directors and Executive Officers

In connection with the change in control of the Company described in Item 5.01 of this report, effective October 7, 2011, David Moss resigned from all positions with Tamandare. On October 7, 2011, we appointed Dr. Seth Lederman as our President, Chief Executive Officer, Director and Chairman of the Board, Rhonda Rosen as our Chief Financial Officer, Benjamin Selzer as our Chief Operating Officer and Susan Kerridge as our Secretary. Upon the expiration of the 10-day period following the delivery and/or mailing of the Schedule 14f-1 Information Statement to our stockholders in compliance with the provisions of Section 14(f) of the Act and Rule 14(f)-1 thereunder, the resignation of Mr. Moss as a director of our Board, and the appointment of Stuart Davidson, Patrick Grace, Donald Landry, Ernest Mario, Charles Mather and John Rhodes as members of our Board, will also become effective. The Schedule 14f-1 Information Statement is expected to be filed on or about October 14, 2011 and mailed immediately thereafter.

The following table sets forth the executive officers and directors, their ages and position(s) with the Company following the mailing of the Schedule 14f-1 Information Statement.

Name	Age	Position
Seth Lederman	54	President, CEO and Chairman of the Board of Directors
Rhonda Rosen	54	Chief Financial Officer
Benjamin Selzer	34	Chief Operating Officer
Susan Kerridge	34	Secretary
Stuart Davidson	54	Director
Patrick Grace	55	Director
Donald Landry	57	Director
Ernest Mario	73	Director
Charles Mather	51	Director
John Rhodes	55	Director

Directors are elected annually and hold office until the next annual meeting of the stockholders of the Company and until their successors are elected. Officers are elected annually and serve at the discretion of the Board of Directors.

Seth Lederman, MD founded Tonix in June of 2007 and has acted as the Chairman of the Board of Directors since inception and as President since June 2010. Dr. Lederman has been the Chairman of Krele since its inception in August 2010. Since 1996, Dr. Lederman has been an Associate Professor at Columbia University. As an Assistant Professor at Columbia, Dr. Lederman discovered and characterized the CD40-ligand and invented therapeutic candidates to treat autoimmune diseases and transplant rejection. Dr. Lederman has been a Manager of L&L Technologies LLC since 1996. In addition, Dr. Lederman has been the Managing Member of Seth Lederman Co, LLC since January 2007 and the Managing Member of Lederman & Co, LLC since 2002, both of which are biopharmaceutical consulting and investing companies. Dr. Lederman has also been the Managing Member of Targent Pharmaceuticals since 2000, and Managing Member of Plumbline LLC since 2002. Targent Pharmaceuticals, LLC was a founder of Targent Pharmaceuticals Inc. on which Board of Directors Dr. Lederman served from inception in 2001 until the sale of its assets to Spectrum Pharmaceuticals Inc. in 2006. Between January 2007 and November 2008, Dr. Lederman was a Managing Partner of Konanda Pharma Partners, LLC, a Director of Konanda Pharma Fund I, LP, and a Managing Partner of Konanda General Partner, LLC, which were related private growth equity fund entities. As well, between January 2007 and November 2008, Dr. Lederman was Chairman of Validus Pharmaceuticals, Inc. and Fontus Pharmaceuticals, Inc., which were portfolio companies of the Konanda private growth equity fund. Between 2006 and 2011, Dr. Lederman was a director of Research Corporation, a New York-based on-profit Dr. Lederman received his BA degree in Chemistry from Princeton University in 1979 and his MD from Columbia University in 1983. Dr. Lederman has been a New York State licensed physician since 1985. Dr. Lederman's significant experience with our patent portfolio and his experience as an entrepreneur, seed capital investor, fund manager, and director of start-up biopharmaceutical companies were instrumental in his selection as a member of the board of directors.

Rhonda Rosen has served as the Treasurer of Tonix and Krele since August 2010 and as the Chief Financial Officer and Chief Administrative Officer of Tonix and Krele since April 2011. Between August 2010 and April 2011, Ms. Rosen served as the Chief Operating Officer and interim Chief Financial Officer of Tonix and Krele. Ms. Rosen has also been an Associate Partner at Tatum, an executive services firm, since March 2010, where she provided executive level financial consulting services. Between July 2007 and February 2010, Ms. Rosen served as the Treasurer and Chief Financial Officer of Validus Pharmaceuticals LLC, and its predecessor companies including Konanda Pharma Partners, LLC, Konanda Pharma Fund I, L.P., Validus Pharmaceuticals, Inc. and Fontus Pharmaceuticals, Inc. Between November 2006 and July 2007, Ms. Rosen was the Senior Vice President of Wood Creek Capital Management. Previously, Ms. Rosen was the Director of Sales at Liability Solutions Inc. (2004 to 2005); Managing Director of Insurance and Alternative Asset Management Investment Banking at Putnam Lovell NBF (1999 to 2003); and Managing Director of Insurance Investment Banking at CIBC World Markets (formerly Oppenheimer & Co.) (1991 to 1999). Ms. Rosen earned her MBA in Finance & Accounting and her BS in Economics from the Wharton School of Business, where she graduated summa cum laude, and earned a MS in Taxation from Temple University. Ms. Rosen is a Certified Public Accountant in the States of New York and Pennsylvania.

Benjamin Selzer has served as the Chief Operating Officer of Tonix since April 2011. Between February 2011 and April 2011, Mr. Selzer served as Tonix's Chief Business Officer. Between May 2009 and January 2011, Mr. Selzer was a private consultant. Previously, Mr. Selzer was the Executive Director, International Operations and Alliance Management at Aton Pharma, Inc. from April 2008 to May 2009 and Director, Business Development at Reliant Pharmaceuticals, Inc. from July 2004 to March 2008. From 1999 through 2004, Mr. Selzer was a healthcare investment banker at Banc of America Securities LLC, Lehman Brothers Inc., and Warburg Dillon Read LLC in New York. Mr. Selzer received his BA in Economics from The Johns Hopkins University.

Susan Kerridge has served as our Vice President, Strategy since April 2011 and Secretary since August 2010. Ms. Kerridge served as Tonix's Vice President, Marketing from June 2010 until April 2011. Prior to joining Tonix, Ms. Kerridge was the Vice President of Marketing at Plumbline Pharmaceuticals, LLC between April 2009 and June 2010. Ms. Kerridge was a summer associate in the Loan Sales division of Société Générale in 2007. In 2004, Ms. Kerridge founded W Ketchup, a ketchup brand targeting a niche market, where she served as the Company's Chief Operating Officer until 2006. Ms. Kerridge earned her MBA from New York University's Stern School of Business in 2008, specializing in Finance, Marketing and Management, and graduated magnum cum laude from Bowdoin College in 1999, earning her AB in Classics and Archeology.

Stuart Davidson has been a director of Tonix since July 2010. Since 1994, Mr. Davidson has been a Managing Partner of Labrador Ventures. Prior to Labrador, Mr. Davidson founded and served as CEO of Combion, Inc., which was acquired by Incyte. He also served as President of Alkermes, Inc., a biotechnology company focused on drug delivery. Mr. Davidson received his Bachelor's Degree from Harvard College in 1978 and his MBA from Harvard Business School in 1984. Mr. Davidson's prior experience as a venture capital investor, entrepreneur, and biotechnology industry executive experience leading pharmaceutical companies was instrumental in his selection as a member of our board of directors.

Patrick Grace has been a director of Tonix since June 2007. Since 1996, he has been a director of Chemed Corporation. Mr. Grace was the co-founder of and has served as the Managing Partner of Apollo Philanthropy Partners, L.L.C. since October 2008. He has also been President of MLP Capital, Inc., New York, New York, an investment holding company, since 1996. Mr. Grace served in various senior management roles with W. R. Grace & Co. from 1977-1995, and was last President and CEO of Grace Logistics Services, Inc. From January 2002 to August 2002, Mr. Grace was also President and Chief Executive Officer of Kingdom Group, LLC ("Kingdom"), New York, New York (a provider of turnkey compressed natural gas fueling systems), which filed for bankruptcy January 2002, and he was Executive Vice President of Kingdom from August 1999 to December 2000. Mr. Grace was a liberal arts major at the University of Notre Dame and earned a MBA in finance from Columbia University. Mr. Grace's extensive executive experience, along with his membership on the board of directors of a public company was instrumental in his selection as a member of our board of directors.

Donald W. Landry, MD, PhD has been a director of Tonix since June 2007. Dr. Landry has been a member of the faculty of Columbia University since 1986, and has served as the Samuel Bard Professor of Medicine, Chair of the Department of Medicine and Physician-in-Chief at New York Presbyterian Hospital/Columbia University since 2008. Dr. Landry was a co-founder and has been a member of L&L Technologies, LLC since 1996. Dr. Landry received his BS degree in Chemistry from Lafayette College in 1975, his PhD in Organic Chemistry from Harvard University in 1979 and his M.D. from Columbia University in 1983. Dr. Landry has been a New York State licensed physician since 1985. In 2008, Dr. Landry was awarded the Presidential Citizens Medal, the second-highest award that the President can confer upon a civilian. Dr. Landry's significant medical and scientific background was instrumental in his selection as a member of the board of directors.

Ernest Mario, PhD has been a director of Tonix since September 2010. Dr. Mario is a former Deputy Chairman and Chief Executive of Glaxo Holdings plc and a former Chairman and Chief Executive Officer of ALZA Corporation. Since August 2007, Dr. Mario has served as a Director of Celgene Corporation, a Director of Boston Scientific since October 2001 and currently is the Lead Director of Pharmaceutical Product Development, Inc. From 2003 to 2007, he was Chairman and Chief Executive of Reliant Pharmaceuticals, Inc. Since August 2007, Dr. Mario has served as the Chief Executive Officer and Chairman of Capnia, Inc., a privately held specialty pharmaceutical company in Palo Alto, CA. He is Chairman of the American Foundation for Pharmaceutical Education and serves as an advisor to the pharmacy schools at the University of Rhode Island and The Ernest Mario School of Pharmacy at Rutgers University. In 2007, Dr. Mario was awarded the Remington Medal by the American Pharmacists' Association, pharmacy's highest honor. Dr. Mario received a PhD and an MS in physical sciences from the University of Rhode Island and a BS in pharmacy from Rutgers University. Dr. Mario brings to his service as a director his significant executive leadership experience, including his experience leading several pharmaceutical companies, as well as his membership on public company boards and foundations. He also has extensive experience in financial and operations management, risk oversight, and quality and business strategy.

Charles Mather has been a director of Tonix since April 2011. Mr. Mather has been the Head of Private and Alternative Capital and Co-Head of ECM at Janney Montgomery Scott since December 2009. Between October 2008 and December 2009, Mr. Mather served as an independent consultant to various securities firms. Between May 2007 and September 2008, Mr. Mather was the head of the Structured Equity Group at Jefferies Group Inc. Prior to that, Mr. Mather held various senior investment banking positions at Cowen and Company, including as Co-Head of the Private Equity Group. Mr. Mather's extensive experience as an investment banker was instrumental in his selection as a member of our board of directors.

John Rhodes has been a director of Tonix since October 2010. Mr. Rhodes has been a director of Dewey Electronics Company, a manufacturer of electronic and electromechanical systems for the military and commercial markets, since 2005. Between April 2007 and June 2010, Mr. Rhodes was a Senior Advisor to Good Energies, Inc., a renewable energy company. Mr. Rhodes is a former Vice President of Booz Allen Hamilton, Inc. Mr. Rhodes is a graduate of Princeton University and the Yale School of Management. Mr. Rhodes' extensive business and consulting experience, along with his membership on the board of directors of a public company was instrumental in his selection as a member of our board of directors.

Family Relationships

None.

Involvement in Certain Legal Proceedings

Except as disclosed in the bios above, our Directors and Executive Officers have not been involved in any of the following events during the past ten years:

1. any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;

4. being found by a court of competent jurisdiction in a civil action, the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

5. being subject of, or a party to, any federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

6. being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Board Independence

We are not required to have any independent members of the Board of Directors. The board of directors has determined that (i) Seth Lederman has a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is not an "independent director" as defined in the Marketplace Rules of The NASDAQ Stock Market and (ii) Stuart Davidson, Patrick Grace, Donald Landry, Ernest Mario, Charles Mather and John Rhodes are each an independent director as defined in the Marketplace Rules of The NASDAQ Stock Market.

Board Committees

As we do not have any Board committees, the Board as a whole carries out the functions of audit, nominating and compensation committees.

Section 16(a) Beneficial Owner Reporting Compliance

Since we are governed under Section 15(d) of the Exchange Act, we are not required to file reports of executive officers and directors and persons who own more than 10% of a registered class of our equity securities pursuant to Section 16(a) of the Exchange Act.

EXECUTIVE COMPENSATION

The following table provides certain summary information concerning compensation awarded to, earned by or paid to Tonix's Chief Executive Officer, the two highest paid executive officers and up to two other highest paid individuals whose total annual salary and bonus exceeded $100,000 for fiscal years 2010 and 2009.

Summary Compensation Table

Name & Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)		Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)		Total ($)
Seth Lederman	2010	-	-	69,738	(1)	-	-	-	205,833	(2)	275,571
	2009	-	-	-		-	-	-	-		-
Rhonda Rosen	2010	93,750	-	8,865	(3)	-	-	-	-		102,615
	2009	-	-	-		-	-	-	-		-

(1) Represents (i) 60,000 shares of common stock granted to Lederman & Co., LLC, and (ii) 294,000 shares of common stock granted to L&L Technologies, LLC, which stock was vested at a value of $0.197/share as of December 31, 2010.
(2) Represents $56,000 of consulting fees paid to L&L Technologies, $145,833 of consulting fees paid to Lederman & Co. and $4,000 of director fees paid.
(3) Represents 45,000 shares of common stock granted and vested at a value of $0.197/share as of December 31, 2010.

Option/SAR Grants in Last Fiscal Year

None.

Outstanding Equity Awards at Fiscal Year-End Table.

The following table sets forth information for the Tonix executive officers regarding the number of shares subject to unvested stock awards as of December 31, 2010.

Name	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested ($)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested ($)
Seth Lederman	1,122,000	221,034	0	0
Rhonda Rosen	180,000	35,460	0	0
Susan Kerridge	120,000	23,640	0	0

Employment Agreements with Executive Officers

Rhonda Rosen

On April 1, 2011, Tonix entered into an employment agreement with Ms. Rosen, pursuant to which Ms. Rosen was engaged to serve as Chief Financial Officer and Chief Administrative Officer of Tonix. Pursuant to this agreement, as amended, Ms. Rosen earns a salary of $175,000 per annum.

Benjamin Selzer

On April 1, 2011, Tonix entered into an employment agreement with Mr. Selzer, pursuant to which Mr. Selzer was engaged to serve as the Chief Operating Officer of Tonix. Pursuant to this agreement, as amended, Mr. Selzer earns a salary of $175,000 per annum.

Susan Kerridge

On April 20, 2011, Tonix entered into an employment agreement with Ms. Kerridge, pursuant to which Ms. Kerridge was engaged to serve as Vice President, Strategy of Tonix. Pursuant to this agreement, as amended, Ms. Kerridge earns a salary of $150,000 per annum.

Director Compensation

The following table sets forth summary information concerning the total compensation paid to our non-employee directors in 2010 for services to our company.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Total ($)
Stuart Davidson	-	29,550	29,550
Patrick Grace	4,000	27,186	31,186
Donald Landry	4,000	231,672	235,672
Ernest Mario	-	39,400	39,400
Charles Mather	-	-	-
John Rhodes	-	29,550	29,550
Total:	8,000	357,358	365,358

Stock Option Plans

Tonix adopted an incentive stock plan in 2010. As a result of the Share Exchange, all outstanding unvested stock awards were immediately vested prior to the consummation of the Share Exchange and there are currently no options or grants outstanding.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than as disclosed below, since January 1, 2009, there have been no transactions or proposed transactions, which have materially affected or will materially affect us in which any director, executive officer or beneficial holder of more than 5% of our outstanding common or preferred stock, or any of their respective relatives, spouses, associates or affiliates, has had or will have any direct or material indirect interest. We have no policy regarding entering into transactions with affiliated parties.

On June 4, 2010, Tonix entered into a consulting agreement with Lederman & Co., LLC, of which our Chairman, CEO and President Seth Lederman is the Managing Member. Pursuant to this agreement, Lederman & Co. shall provide clinical development, strategic, management and operational consulting services. In exchange for its services, Tonix shall pay Lederman & Co. compensation of $250,000 per annum and issued to Lederman & Co. 300,000 shares of its common stock, 20% of which vested on the date of the agreement and the remainder vesting in equal amounts on each of the first, second, third and fourth anniversaries of the date of the agreement. On August 1, 2011 the cash compensation was reduced to $127,000 per annum. Immediately prior to the Share Exchange, the unvested shares of common stock vested.

On June 4, 2010 Tonix entered into a consulting agreement with L&L Technologies, LLC, of which our Chairman, CEO and President Seth Lederman is the Manager. Pursuant to this agreement, L&L Technologies shall provide scientific and medical consulting services. In exchange for its services, Tonix shall pay L&L Technologies compensation of $96,000 per annum, or such greater amount as the Board may designate from time to time, and issued to L&L Technologies 1,176,000 shares of its common stock, 25% of which vested on the date of the agreement and the remainder vesting in equal amounts on each of the first, second and third anniversaries of the date of the agreement. Immediately prior to the Share Exchange, the unvested shares of common stock vested.

MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock has been available for quotation on the OTC Bulletin Board since February 2009 under the symbol TAEI.OB. To date, there has been no active trading in the stock, so there are no high and low sale prices to report.

Immediately after completion of the Share Exchange, we had approximately 56 shareholders of record of our common stock, including the shares held in street name by brokerage firms. The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock

Dividends

We have not paid dividends on our common stock and do not anticipate paying such dividends in the foreseeable future.

Securities authorized for issuance under equity compensation plans

As of the date of this Current Report, we do not have any securities authorized for issuance under any equity compensation plans and we do not have any equity compensation plans.

Penny Stock Regulations

Our shares of common stock are subject to the "penny stock" rules of the Securities Exchange Act of 1934 and various rules under this Act. In general terms, "penny stock" is defined as any equity security that has a market price less than $5.00 per share, subject to certain exceptions. The rules provide that any equity security is considered to be a penny stock unless that security is registered and traded on a national securities exchange meeting specified criteria set by the SEC, issued by a registered investment company, and excluded from the definition on the basis of price (at least $5.00 per share), or based on the issuer's net tangible assets or revenues. In the last case, the issuer's net tangible assets must exceed $3,000,000 if in continuous operation for at least three years or $5,000,000 if in operation for less than three years, or the issuer's average revenues for each of the past three years must exceed $6,000,000.

Trading in shares of penny stock is subject to additional sales practice requirements for broker-dealers who sell penny stocks to persons other than established customers and accredited investors. Accredited investors, in general, include individuals with assets in excess of $1,000,000 or annual income exceeding $200,000 (or $300,000 together with their spouse), and certain institutional investors. For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of the security and must have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the security. Finally, monthly statements must be sent disclosing recent price information for the penny stocks. These rules may restrict the ability of broker-dealers to trade or maintain a market in our common stock, to the extent it is penny stock, and may affect the ability of shareholders to sell their shares.

RECENT SALES OF UNREGISTERED SECURITIES

On October 7, 2011, and as more fully described in Item 3.02 herein, in connection with the consummation of the Share Exchange Tamandare Explorations Inc. consummated a Private Placement for aggregate cash proceeds of $1,125,000 from the sale of Debentures in the principal face amount of $1,125,000 and the exchange of $500,000 in previously issued Notes of Tonix that were converted into Debentures in the principal face amount of $500,000.

Exemption from the registration provisions of the Securities Act of 1933 for the foregoing transaction described was claimed under Section 4(2), Rule 506 of Regulation D, and/or Rule 903 of Regulation S of the Securities Act of 1933, as amended. Appropriate investment representations were obtained, and the securities were issued bearing restricted securities legends and subject to stop-transfer instructions to the appropriate Transfer Agent.

DESCRIPTION OF SECURITIES

Common Stock

The Company is authorized to issue up to 75,000,000 shares of Common Stock, par value $0.001 per share. Upon the closing of the Share Exchange, there are 26,666,667 shares of Common Stock issued and outstanding. The outstanding shares of Common Stock are validly issued, fully paid and nonassessable.

Holders of Common Stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of Common Stock do not have cumulative voting rights. Therefore, holders of a majority of the shares of Common Stock voting for the election of directors can elect all of the directors. Holders of Common Stock representing a majority of the voting power of the Company's capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders. A vote by the holders of a majority of the Company's outstanding shares is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to the Company's articles of incorporation.

Holders of Common Stock are entitled to share in all dividends that our Board of Directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the Common Stock. The Common Stock has no pre-emptive, subscription or conversion rights and there are no redemption provisions applicable to the Common Stock.

Preferred Stock

The Company is not authorized to issue shares of Preferred Stock.

Options

None.

Warrants

None.

Liability and Indemnity of Directors and Officers

Chapter 78 of the Nevada General Corporation Law ("NGCL") provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he is not liable pursuant to NGCL Section 78.138 or acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. NGCL Chapter 78 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he is not liable pursuant to NGCL Section 78.138 or acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court or other court of competent jurisdiction in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court or other court of competent jurisdiction shall deem proper.

Our bylaws provide that we may indemnify our officers, directors, employees, agents and any other persons to the maximum extent permitted by the NGCL.

Item 3.02 Unregistered Sales of Equity Securities.

In connection with the consummation of the Share Exchange, on October 7, 2011 we consummated a Financing for the sale of $1,125,000 principal amount of secured convertible debentures (the "Debentures") for aggregate cash proceeds of $1,125,000 and the exchange of $500,000 in previously issued Notes of Tonix that were converted into Debentures in the principal face amount of $500,000.

The Debentures mature on the earlier of (i) October 6, 2012 or (ii) the date of closing of a private placement of equity, equity equivalent, convertible debt or debt financing in which we receive gross proceeds, in one or more transactions, of at least $3,875,000 (a "Subsequent Financing"). The Debentures bear interest at 8% per annum and are convertible at the holder's option into a Subsequent Financing. In the event that a Subsequent Financing has not occurred within 12 months from the date of issuance of the Debenture, the holder has the option to convert the Debenture into a number of shares of our common stock equal to 1% of our shares of common stock on a fully diluted basis for every $125,000 of Debentures (the "Conversion Shares").

In addition, upon conversion or repayment of the Debenture, the holder is entitled to receive, at the holder's option, either (i) a warrant (the "Warrant") to purchase such number of shares of common stock equal to the principal amount of the Debenture divided by the offering price in a Subsequent Financing (the "Warrant Shares") or (ii) shares of our common stock equal to 33% of the principal amount of the Debenture divided by the offering price in a Subsequent Financing (the "Incentive Shares"). The Conversion Shares, Warrant Shares and Incentive Shares entitled to piggyback registration rights.

In connection with the Financing, we paid WFG Investments, Inc. ("WFG Investments"), a placement agent, a cash payment of $40,000, which represented an 8% commission of the gross proceeds delivered by Purchasers introduced by WFG Investments in the Financing. In addition, WFG Investments earned warrants to purchase shares of Common Stock equal to 3% of the gross proceeds delivered by Purchasers introduced by WFG Investments in the Financing divided by the purchase price per share in the Subsequent Financing. In the event that the Subsequent Financing has not occurred within 12 months from the date of issuance of the Debentures, WFG Investments will receive, in lieu of the warrants, shares of common stock equal to 3% of the number of shares of Common Stock such Purchasers introduced by WFG Investments in the Financing are entitled to receive upon conversion of their Debentures.

Pursuant to the Debentures and Warrants, no holder may convert or exercise such holder's Debenture or Warrant if such conversion or exercise would result in the holder beneficially owning in excess of 4.99% of our then issued and outstanding common stock. A holder may, however, increase or decrease this limitation (but in no event exceed 9.99% of the number of shares of Common Stock issued and outstanding) by providing us with 61 days' notice that such holder wishes to increase or decrease this limitation.

Pursuant to a Pledge and Security Agreement (the "Security Agreement"), by and among the Company, the Company's Subsidiaries and the Purchasers, the Company and the Subsidiaries granted the Purchasers a first priority lien on all assets owned by the Company and the Company's Subsidiaries. In addition, the Company's Subsidiaries executed a guaranty to guarantee the repayment of the Debentures.

Item 4.01 Changes in Registrant's Certifying Accountant.

On October 7, 2011, we dismissed MaloneBailey LLP ("MaloneBailey"), as our independent registered public accounting firm. The reports of MaloneBailey on our financial statements for each of the past two fiscal years contained no adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, except as that the reports of MaloneBailey for the fiscal years ended December 31, 2010 and 2009 indicated conditions which raised substantial doubt about the Company's ability to continue as a going concern. The decision to change independent accountants was approved by our Board of Directors on October 7, 2011.

During our two most recent fiscal years and through the date of this report, we have had no disagreements with MaloneBailey on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of MaloneBailey, would have caused it to make reference to the subject matter of such disagreements in its report on our financial statements for such periods.

During our two most recent fiscal years and through the date of this report on Form 8-K, there have been no reportable events as defined under Item 304(a)(1)(v) of Regulation S-K adopted by the SEC.

We provided MaloneBailey with a copy of this disclosure before its filing with the SEC. We requested that MaloneBailey provide us with a letter addressed to the SEC stating whether or not it agrees with the above statements, and we received a letter from MaloneBailey stating that it agrees with the above statements.

New Independent Accountants

Our Board of Directors appointed EisnerAmper LLP ("EisnerAmper") as our new independent registered public accounting firm effective as of October 7, 2011. During the two most recent fiscal years and through the date of our engagement, we did not consult with EisnerAmper regarding either (1) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, or (2) any matter that was either the subject of a disagreement (as defined in Regulation S-K Item 304(a)(1)(v)), during the two most recent fiscal years.

Prior to engaging EisnerAmper, EisnerAmper did not provide our company with either written or oral advice that was an important factor considered by our company in reaching a decision to change our independent registered public accounting firm from MaloneBailey to EisnerAmper.

Item 5.01 Changes in Control of Registrant.

Prior to Closing of the Share Exchange and the Private Placement, we were authorized to issue 12,000,000 shares of Common Stock, of which 5,207,500 shares of Common Stock were issued and outstanding, and 4,227,273 shares of preferred stock, of which 1,500,000 shares of Series A Preferred Stock were issued and outstanding and 2,275,527 shares of Series B Preferred Stock were issued and outstanding.

As more fully described in Items 1.01 and 2.01 above, on October 7, 2011, we consummated the Share Exchange with Tamandare Explorations Inc. and our shareholders, through which the directors of Tamandare authorized the issuance of 22,666,667 shares of common stock to our shareholders. As consideration for the Tamandare shares, our shareholders transferred 100% of the issued and outstanding shares of the Company to Tamandare. The 22,666,667 shares issued by Tamandare constitute approximately 85% of its issued and outstanding shares post-Closing.

In connection with this change in control, Tamandare's Chief Executive Officer, David J. Moss, cancelled 1,500,000 shares of common stock that he owned such that there was 4,000,000 shares of common stock of Pubco outstanding at the time of Closing. In addition, the officers of Tamandare resigned effective immediately upon the completion of the Share Exchange, and the directors of Tamandare resigned effective ten days after the filing and mailing of the Schedule 14f-1 in connection with the Share Exchange, with such vacancies filled by the nominees of Tonix.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors, Appointment of Directors

Please refer to Item 2.01 - "Completion of Acquisition or Disposition of Assets "- "Our Directors and Executive Officers" and Item 5.01 - "Changes in Control of Registrant" above, which description is in its entirety incorporated by reference to this Item 5.02 of this report.

Item 5.06. Change in Shell Company Status

As explained more fully in Item 2.01 above, we were a "shell company" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended) immediately before the Closing of the Exchange. As a result of the Exchange, Tonix became our wholly owned subsidiary and main operating business. Consequently, upon the Closing of the Exchange, we ceased to be a shell company. For information about the Exchange, please see the information set forth above under Item 2.01 of this Current Report on Form 8-K above, which information is incorporated herein by reference.

Item 8.01. Other Events

On October 14, 2011 we issued the press release relating to the transactions discussed in Items 1.01, 2.01 and 3.02 above. A copy of the press release that discusses these matters is filed as Exhibit 99.01 to, and incorporated by reference in, this report. The information in this Item 8.01 of this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section. The information in this Item 8.01 of this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of businesses acquired.

The audited financial statements of Tonix Pharmaceuticals, Inc. as of December 31, 2010 and 2009 and unaudited financial statements as for the six months ended June 30, 2011 and 2010 are appended to this report beginning on page F-1.

(b) Pro forma financial information.

The Pro Forma Financial Information concerning the acquisition of the business operations of Tonix Pharmaceuticals, Inc. are appended to this report beginning on page F-30.

(c) Shell company transactions.

Reference is made to Items 9.01(a) and 9.01(b) above and the exhibits referred to therein, which are incorporated herein by reference.

(d) Exhibits.

The following exhibits are filed with this report:

3.01	Articles of Incorporation.*
3.02	Bylaws.*
3.03	Specimen of Common Stock certificate.
4.01	Form of 8% Secured Convertible Debenture, issued October 7, 2011
4.02	Form of Subscription Agreement, dated October 7, 2011
10.01	Share Exchange Agreement, dated as of October 7, 2011 by and among Tamandare Explorations Inc., David J. Moss, Tonix Pharmaceuticals, Inc. and the shareholders of Tonix Pharmaceuticals, Inc.
10.02	Form of Pledge and Security Agreement, dated as of October 7, 2011, by and among Tamandare Explorations Inc., Tonix Pharmaceuticals, Inc., Krele LLC and the investors.
10.03	Form of Subsidiary Guaranty, dated as of October 7, 2011, by and among Tonix Pharmaceuticals, Inc., Krele LLC and Sandor Capital Master Fund L.P., on behalf of the investors.
10.04	Consulting Agreement, dated as of June 4, 2010, by and between Krele Pharmaceuticals, Inc. (now, Tonix Pharmaceuticals, Inc.) and Lederman & Co., LLC
10.05	Amendment to Consulting Agreement, dated as of December 9, 2010, by and between Tonix Pharmaceuticals, Inc. and Lederman & Co., LLC
10.06	Consulting Agreement, dated as of June 4, 2010, by and between Krele Pharmaceuticals, Inc. (now, Tonix Pharmaceuticals, Inc.) and L&L Technologies, LLC
10.07	Technology Transfer and Assignment Agreement, dated as of June 4, 2010, by and between Krele Pharmaceuticals, Inc. (now, Tonix Pharmaceuticals, Inc.) and Lederman & Co., LLC
10.08	Financial Public Relations Agreement, dated as of August 1, 2011, by and between Tonix Pharmaceuticals, Inc. and Porter, LeVay & Rose, Inc.
10.09	Feasibility and Option Agreement, dated as of June 20, 2007, by and between Krele Pharmaceuticals, Inc. (now, Tonix Pharmaceuticals, Inc.) and Lipocine, Inc. †
10.10	Amendment to Feasibility and Option Agreement, dated as of October 4, 2010, by and between Tonix Pharmaceuticals, Inc. and Lipocine, Inc. †
10.11	Engagement Agreement, dated as of October 6, 2010, by and between Tonix Pharmaceuticals, Inc. and Frost and Sullivan
10.12	API Supply and Development Agreement, dated as of April 7, 2011, by and between Tonix Pharmaceuticals, Inc. and JFC Technologies, Inc.
10.13	Employment Agreement, dated as of April 1, 2011, by and between Tonix Pharmaceuticals, Inc. and Rhonda Rosen
10.14	Employment Agreement, dated as of April 1, 2011, by and between Tonix Pharmaceuticals, Inc. and Benjamin A. Selzer

10.15	Employment Agreement, dated as of April 1, 2011, by and between Tonix Pharmaceuticals, Inc. and Susan Oliver (now, Susan Kerridge)
10.16	Amendment to Employment Agreement, dated as of July 27, 2011, by and between Tonix Pharmaceuticals, Inc. and Rhonda Rosen
10.17	Amendment to Employment Agreement, dated as of July 27, 2011, by and between Tonix Pharmaceuticals, Inc. and Benjamin A. Selzer
10.18	Amendment to Employment Agreement, dated as of July 27, 2011, by and between Tonix Pharmaceuticals, Inc. and Susan Oliver (now, Susan Kerridge)
10.19	Consulting Agreement, dated as of June 2, 2011, by and between Tonix Pharmaceuticals, Inc. and Pharmanet Canada, Inc.
16.01	Letter from MaloneBailey, LLP to the SEC, dated as of October 11, 2011.
21.01	List of Subsidiaries.
99.01	Press Release of the Company issued on October 14, 2011.
99.02	Frost & Sullivan Fibromyalgia Market Study

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* Incorporated by reference to our Registration Statement on Form S-1 filed with the SEC on April 9, 2008.

† Confidential treatment is requested for certain confidential portions of this exhibit pursuant to Rule 24b-2 under the Exchange Act. In accordance with Rule 24b-2, these confidential portions have been omitted from this exhibit and filed separately with the Commission.

SIGNATURES

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

Date: October 14, 2011

TAMANDARE EXPLORATIONS INC.

By: /s/ *SETH LEDERMAN*

Seth Lederman
President, Chief Executive Officer and
Chairman

INDEX TO FINANCIAL STATEMENTS

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Tonix Pharmaceuticals, Inc.

We have audited the accompanying consolidated balance sheets of Tonix Pharmaceuticals, Inc. and subsidiary (a development stage enterprise) (the "Company") as of December 31, 2010 and 2009, the related consolidated statements of operations and cash flows for the years then ended and for the period from June 7, 2007 (inception) through December 31, 2010 and the consolidated statements of stockholders' deficiency for the years ended December 31, 2010, 2009 and 2008 and for the period from June 7, 2007 (inception) through December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tonix Pharmaceuticals, Inc. and subsidiary as of December 31, 2010 and 2009, the consolidated results of their operations and their cash flows for the years then ended and for the period from June 7, 2007 through December 31, 2010, and consolidated changes in stockholders' deficiency for the years ended December 31, 2010, 2009 and 2008 and for the period June 7, 2007 through December 31, 2007, in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note B[1] to the financial statements, the Company has incurred recurring net losses and negative cash flows from operations, has both working capital and stockholders' deficiencies at December 31, 2010 and requires additional financing to fund future operations. These events and conditions, among others referred to in Note B[1], raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note B[1]. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/EisnerAmper LLP

EisnerAmper LLP
New York, New York
July 25, 2011 except for Notes L[4] and L[5]
as to which the date is October 7, 2011.

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(formerly known as Krele Pharmaceuticals, Inc.)
(a development stage enterprise)

Consolidated Balance Sheets

	December 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 65,359**	$ 1,065
Prepaid expenses	**23,313**	3,998
Total current assets	**88,672**	5,063
Furniture and equipment, net	**32,086**	1,661
Restricted cash	**60,087**	
Other assets	**3,156**	3,156
	$ 184,001	$ 9,880
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	**$ 317,745**	$ 23,613
Accrued expenses	**22,533**	57,322
Accrued interest		36,387
Demand notes payable		430,000
Total current liabilities	**340,278**	547,322
Deferred rent payable	**19,174**	
Total liabilities	**359,452**	547,322
Commitments (Note G)		
Stockholders' deficiency:		
Preferred stock; 8.0% cumulative, par value $.01; 6,000,000 shares authorized; 1,500,000 shares issued and outstanding at December 31, 2009 (aggregate liquidation preference of $232,000)		15,000
Series A preferred stock; 6.0% cumulative, par value $.01; 1,500,000 shares authorized, issued and outstanding at December 31, 2010 (aggregate liquidation preference of $245,101)	**15,000**	
Series B preferred stock; 6.0% cumulative, par value $.01; 2,727,273 shares authorized; 1,719,163 shares issued and outstanding at December 31, 2010 (aggregate liquidation preference of $1,924,181)	**17,192**	
Common stock; par value $.01; 12,000,000 and 1,500,000 shares authorized; 2,959,500 and 786,000 shares issued and outstanding at December 31, 2010 and 2009, respectively	**29,595**	7,860
Additional paid-in capital	**2,687,329**	399,795
Deficit accumulated during the development stage	**(2,924,567)**	(960,097)
Total stockholders' deficiency	**(175,451)**	(537,442)
	$ 184,001	$ 9,880

See notes to consolidated financial statements

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(formerly known as Krele Pharmaceuticals, Inc.)
(a development stage enterprise)

Consolidated Statements of Operations

	Year Ended December 31,		Period From June 7, 2007 (Date of Inception) Through December 31,
	2010	**2009**	**2010**
Costs and expenses:			
Research and development	**$ 348,637**	$ 32,465	**$ 564,642**
Professional services	**916,566**	126,926	**1,510,495**
General and administrative	**663,485**	26,040	**753,536**
Operating loss	**(1,928,688)**	(185,431)	**(2,828,673)**
Gain on extinguishment of debt		7,908	**7,908**
Interest expense, net	**(35,782)**	(43,311)	**(103,802)**
Net loss	**$ (1,964,470)**	$ (220,834)	**$ (2,924,567)**

See notes to consolidated financial statements

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(formerly known as Krele Pharmaceuticals, Inc.)
(a development stage enterprise)

Consolidated Statements of Stockholders' Deficiency
For the Years Ended December 31, 2010, 2009 and 2008 and for the Period From June 7, 2007 (Inception) Through December 31, 2007

	Preferred Stock		Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in	Deficit Accumulated During the Development	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Stage	Total
Shares issued to founders for intellectual property in June 2007 ($0.13 per share)							675,000	$ 6,750	$ 81,000		$ 87,750
Shares issued to bankers for services in June 2007 ($0.13 per share)							75,000	750	9,000		9,750
Compensation related to restricted share awards issued to directors in November 2007									24,187		24,187
Net loss										$ (537,001)	(537,001)
Balance at December 31, 2007							750,000	7,500	114,187	(537,001)	(415,314)
Compensation related to cancelled restricted share awards in December 2008									72,563		72,563
Net loss										(202,262)	(202,262)
Balance at December 31, 2008							750,000	7,500	186,750	(739,263)	(545,013)
Conversion of senior convertible notes into Preferred stock in June 2009 ($0.13 per share)	1,500,000	$ 15,000							185,000		200,000
Shares issued to directors in July 2009 ($0.13 per share)							36,000	360	4,320		4,680
Capital contribution in June 2009									23,725		23,725
Net loss										(220,834)	(220,834)
Balance at December 31, 2009	1,500,000	15,000					786,000	7,860	399,795	(960,097)	(537,442)
Reclassification of Preferred stock into Series A preferred stock	(1,500,000)	(15,000)	1,500,000	$15,000							0
Conversion of demand notes											

into Series B preferred stock in July 2010 ($1.10 per share)			436,364	$ 4,364				475,636		480,000
Conversion of accrued interest on demand notes into Series B preferred stock in July 2010 ($1.10 per share)			62,798	628				68,450		69,078
Issuance of Series B preferred stock in August to December 2010 ($1.10 per share)			1,220,001	12,200				1,329,801		1,342,001
Shares issued to founders for intellectual property in June 2010 ($.20 per share)					1,500,000	15,000		280,500		295,500
Issuance of restricted shares to directors, employees and consultants in June to November 2010 ($.20 per share)					673,500	6,735		133,147		139,882
Net loss									(1,964,470)	(1,964,470)
Balance at December 31, 2010	**0**	**$ 0**	**1,500,000**	**$15,000**	**1,719,163**	**$ 17,192**	**2,959,500**	**$ 29,595**	**$2,687,329**	**$ (2,924,567)**	**$ (175,451)**

See notes to consolidated financial statements

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(formerly known as Krele Pharmaceuticals, Inc.)
(a development stage enterprise)

Consolidated Statements of Cash Flows

	Year Ended December 31,		Period From June 7, 2007 (Date of Inception) Through December 31,
	2010	**2009**	**2010**
Cash flows from operating activities:			
Net loss	**$ (1,964,470)**	$ (220,834)	**$ (2,924,567)**
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation expense	**3,854**	1,121	**8,012**
Research and development expense paid for in stock	**295,500**		**383,250**
Stock-based compensation and fees	**139,882**	4,680	**251,062**
Gain on extinguishment of debt		(7,908)	**(7,908)**
Changes in assets and liabilities:			
Prepaid expenses	**(19,315)**	20	**(23,313)**
Accounts payable	**294,132**	14,870	**317,745**
Accrued interest	**32,691**	43,311	**100,711**
Accrued expenses	**(34,789)**	9,722	**22,533**
Deferred rent payable	**19,174**		**19,174**
Net cash used in operating activities	**(1,233,341)**	(155,018)	**(1,853,301)**
Cash flows from investing activities:			
Purchases of furniture and equipment	**(34,279)**		**(40,098)**
Security deposit			**(3,156)**
Restricted cash	**(60,087)**		**(60,087)**
Net cash used in investing activities	**(94,366)**		**(103,341)**
Cash flows from financing activities:			
Proceeds from demand notes	**50,000**	150,000	**480,000**
Proceeds from senior convertible notes			**200,000**
Proceeds from issuance of Series B preferred stock	**1,342,001**		**1,342,001**
Net cash provided by financing activities	**1,392,001**	150,000	**2,022,001**
Net increase (decrease) in cash and cash equivalents	**64,294**	(5,018)	**65,359**
Cash and cash equivalents at beginning of year	**1,065**	6,083	
Cash and cash equivalents at end of year	**$ 65,359**	$ 1,065	**$ 65,359**
Supplemental disclosures of non-cash financing activities:			
Senior convertible notes converted to Preferred stock		$ 200,000	**$ 200,000**
Capital contribution of accrued interest on convertible notes		$ 23,725	**$ 23,725**
Demand notes together with related accrued interest converted to Series B preferred stock	**$ 549,078**		**$ 549,078**

See notes to consolidated financial statements

Note A - Organization and Business

Krele Pharmaceuticals, Inc. was incorporated on June 7, 2007 in the State of Delaware. On July 30, 2010, Krele Pharmaceuticals, Inc. changed its name to Tonix Pharmaceuticals, Inc. ("Tonix"). Since inception, Tonix's focus has been to develop safer and more effective versions of widely prescribed central nervous system ("CNS") drugs. While some new applications can use the commercially available form of the drug, in other cases reformulating the active ingredient improves its safety or effectiveness in treating the CNS condition. When formal development programs have proven successful in clinical tests, TONIX intends to seek marketing approval from the Food and Drug Administration ("FDA").

On August 16, 2010, Tonix formed Krele LLC ("Krele") in the state of Delaware. Krele is a limited liability corporation whose sole member is TONIX. Krele was established to commercialize products that are generic versions of predicate new drug application products or versions of drug efficacy study implementation products. TONIX expects that its relationship to Krele will be similar to that of several other pharmaceutical companies and their subsidiaries that market generic versions of the parent's branded products at different periods in their product life-cycle.

Note B - Summary of Significant Accounting Policies

[1] Basis of presentation:

The accompanying consolidated financial statements include the accounts of Tonix and from August 16, 2010, its wholly-owned subsidiary, Krele (hereinafter referred to as the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

As the Company is devoting substantially all of its efforts to establishing a new business, and while planned principal operations have commenced, there has been no revenue generated from sales, license fees or royalties, the Company is considered a development stage enterprise. Accordingly, the Company's consolidated financial statements are presented in accordance with authoritative accounting guidance related to a development stage enterprise. Financial position, results of operations and cash flows of a development stage enterprise are presented in conformity with generally accepted accounting principles that apply to established operating enterprises.

As a development stage enterprise, the Company's primary efforts are devoted to conducting research and development for the treatment of CNS diseases. The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future. In addition, the Company has both working capital and stockholders' deficiencies at December 31, 2010 and requires additional financing to fund future operations. Further, the Company does not have any commercial products available for sale and has not generated revenues and there is no assurance that if approval of their products is received that the Company will be able to generate cash flow to fund operations. In addition, there can be no assurance that the Company's research and development will be successfully completed or that any product will be approved or commercially viable.

The above factors raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that may result from the outcome of this uncertainty.

Note B - Summary of Significant Accounting Policies (continued)

[1] Basis of presentation: (continued)

In the first, second and third quarters of 2011, the Company raised $612,000 through the issuance of shares of Series B Preferred Stock and $500,000 through the issuance of debentures (see Note L - Subsequent Events). The Company expects that cash used in operations will increase significantly over the next several years and it is the Company's intent to raise additional capital to complete the development and commercialization of its current product candidates through equity or debt financing; however the Company does not have any commitments or definitive or binding arrangements for such funds. There can be no assurance that such funds, if available at all, can be obtained on terms reasonable to the Company. If the Company is unsuccessful in raising additional capital it will need to reduce costs and operations substantially. As described in Note L[5], on October 7, 2011, in connection with a reverse acquisition with a nonoperating publicly traded shell company, funds of approximately $1,085,000 were raised through a private placement of debt securities.

[2] Stock split:

On May 27, 2010, the board of directors authorized, and on June 4, 2010, the Company gave effect to, a 750-for-1 stock split of the Company's shares of common stock and preferred stock. Retroactive effect has been given to the stock split in the accompanying consolidated financial statements and notes and all share and per share amounts have been reflected on a post-split basis.

[3] Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the useful life of fixed assets and assumptions used in the fair value of stock-based compensation.

[4] Research and development costs:

The Company outsources its research and development efforts and expenses related costs as incurred, including the cost of manufacturing product for testing, licensing fees and costs associated with planning and conducting clinical trials. The value ascribed to patents and other intellectual property acquired was expensed as research and development costs, as it related to particular research and development projects and had no alternative future uses (see Note I - Capital Stock).

[5] Cash and cash equivalents:

The Company considers all highly liquid investments which have maturities of three months or less when purchased to be cash equivalents.

[6] Furniture and equipment:

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the asset's estimated useful life, which is three years for computer assets and five years for furniture and all other equipment. Expenditures for maintenance and repairs are expensed as incurred.

Note B - Summary of Significant Accounting Policies (continued)

[7] Income taxes:

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carryforwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records an estimated valuation allowance on its deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of December 31, 2010 and 2009, the Company has not recorded any unrecognized tax benefits.

[8] Stock-based compensation:

All stock-based payments to employees and to nonemployee directors for their services as directors, including grants of restricted stock and stock options, are measured at fair value on the grant date and recognized in the consolidated statements of operations as compensation or other expense over the relevant vesting period. Stock-based payments to nonemployees are recognized as an expense over the period of performance. Such payments are measured at fair value at the earlier of the date a performance commitment is reached or the date performance is completed. In addition, for awards that vest immediately and are nonforfeitable the measurement date is the date the award is issued.

Note C - Furniture and Equipment

Furniture and equipment consist of the following:

	December 31,	
	2010	**2009**
Office furniture and equipment	**$ 40,098**	$ 5,819
Accumulated depreciation	**(8,012)**	(4,158)
	$ 32,086	$ 1,661

Depreciation expense for the years ended December 31, 2010 and 2009 was $3,854 and $1,121, respectively.

Note D - Restricted Cash

Restricted cash at December 31, 2010 collateralizes a letter of credit in the amount of $60,000 issued in connection with the lease of office space in New York City (see Note G[1]).

Note E - Accrued Expenses

Accrued expenses consist of the following:

	December 31,	
	2010	**2009**
Research and development - sponsored research		$ 47,600
Professional services	**$ 22,533**	9,722
	$ 22,533	$ 57,322

Note F - Notes Payable

During 2007, the Company issued senior convertible promissory notes (the "Senior Convertible Notes") pursuant to the Note Purchase Agreements among the Company and National Holdings Corporation, Lederman & Co.,LLC, Eli Lederman PhD and Dr. Seth Lederman, all but one of whom are direct or indirect stockholders of the Company (collectively referred to herein as the "Noteholders"), in the amount of $50,000 per Senior Convertible Note, or $200,000 in the aggregate (see Note K - Related Party Transactions). The Senior Convertible Notes bore interest at the rate of 8% per annum and were payable together with the interest accrued thereon on the two year anniversary of the Senior Convertible Notes. The outstanding principal and interest accrued thereon were to be automatically converted into fully paid shares of preferred stock upon the closing of a Qualified Financing of preferred stock or securities convertible into preferred stock which resulted in gross proceeds of at least $2,000,000.

In June 2009, although a Qualified Financing had not occurred, the Noteholders agreed to exchange the Senior Convertible Notes for shares of Preferred stock of the Company at the rate of one share of preferred stock per $0.13 of the outstanding principal balance of such notes. The accrued interest on the notes in the amount of $31,633 was forgiven. The excess of the carrying value of the notes including accrued interest over the fair value of the preferred stock for which they were exchanged amounted to $31,633 of which $23,725, representing the excess related to the Noteholders who are direct or indirect stockholders, has been accounted for as a capital contribution and credited to additional paid-in capital and the remaining $7,908 was recorded as a gain on extinguishment of debt. Interest expense relating to the Senior Convertible Notes for the year ended December 31, 2009 was $8,044.

In 2007, Lederman & Co. loaned the Company $10,000. On December 19, 2008, the Company issued to Lederman & Co. a demand note in the amount of $280,000, which included new cash proceeds of $270,000 as well as the amount loaned in 2007, with interest accruing on the total demand note balance commencing December 19, 2008. On December 7, 2009, the Company borrowed an additional $150,000 from Lederman & Co. and issued a demand note (see Note K - Related Party Transactions). The principal balance of the demand notes outstanding as of December 31, 2009 was $430,000 with accrued interest owed at December 31, 2009 of $36,387. On March 5, 2010, the Company issued to Dr. Donald Landry a demand note in the amount of $50,000. The demand notes accrue interest at the rate of 12% per annum.

On July 30, 2010, the demand notes and all interest accrued thereon were converted into shares of newly-authorized Series B Preferred Stock. Demand notes held by Lederman & Co. totaling $430,000 and accrued interest thereon of $66,629 were converted into 451,481 shares of Series B Preferred Stock, at a conversion price of $1.10 per share of Series B Preferred Stock. The demand note held by Donald Landry totaling $50,000 and accrued interest thereon of $2,449 was converted into 47,681 shares of Series B Preferred Stock, at a conversion price of $1.10 per share of Series B Preferred Stock.

Note F - Notes Payable (continued)

Interest expense on the demand notes for years ended December 31, 2010 and 2009 was $32,691 and $35,267, respectively.

Note G - Commitments

[1] Lease agreements:

From July 11, 2007 through July 31, 2009, the Company leased office space in New Jersey at a monthly base rate of $1,578. On July 1, 2009, the Company entered into a 12-month lease for mailbox services at its New Jersey location, effective August 1, 2009, in the amount of $79 per month. This lease agreement was amended on June 30, 2010 to include office space for the period from July 1, 2010 through December 31, 2010, at a monthly base rate of $1,405 (see Note L - Subsequent Events). The Company utilized space in New York City provided by founders without remuneration until October 2010.

On September 28, 2010, the Company entered into a five-year lease for office space in New York City. The Company received a rent credit of $9,420 in each of the months of November 2010, December 2010 and January 2011. The Company has posted a letter of credit in the amount of $60,000 for the benefit of the landlord which is collateralized by a money market account (see Note D - Restricted Cash).

Future minimum lease payments under the operating lease are as follows:

Year Ending December 31,	
2011	$ 111,533
2012	124,370
2013	127,889
2014	131,513
2015	100,719
	$ 596,024

Rent expense charged to operations, which differs from rent paid due to the rent credits referred to above and to increasing amounts of base rent, is calculated by allocating total rental payments on a straight-line basis over the term of the lease. During the years ended December 31, 2010 and 2009, rent expense was $42,570 and $15,805, respectively and as of December 31, 2010, deferred rent payable was $19,174.

[2] Consulting agreements:

In June 2010, TONIX entered into a two-year consulting agreement with L&L Technologies for scientific and medical consulting services. In consideration for such services, L&L Technologies will receive $96,000 per annum and 1,176,000 shares of restricted Common Stock. The consulting agreement renews automatically for subsequent terms of one year at $96,000 per annum. The restricted shares vest as follows: 25% on the grant date (June 4, 2010) and 25% on each of the first and second annual anniversaries of the grant date and, if the consulting agreement is renewed, 25% on the third anniversary of the grant date. Vesting of the share grant accelerates upon completion of a qualified initial public offering, as defined.

Note G - Commitments (continued)

[2] Consulting agreements: (continued)

In June 2010, the Company entered into a two-year consulting agreement with Lederman & Co. for clinical development, strategic, management and operational consulting services. In consideration for such services, Lederman & Co. will receive $250,000 per annum and 300,000 shares of restricted Common Stock. The consulting agreement renews automatically for subsequent terms of one year at $250,000 per annum. The restricted shares vest as follows: 20% on the grant date (June 4, 2010) and 20% on each of the first and second anniversaries of the grant date and, if the consulting agreement is renewed, 20% on each of the third and fourth anniversaries of the grant date. Vesting of the share grant accelerates upon completion of a qualified initial public offering, as defined. See Note L[1].

In June 2010, the Company entered into an agreement with Burns McClellan, Inc. to provide media and investor relations services, including preparation of investor presentations and press releases, media outreach and training and investor targeting and introductions, for a fee of $20,000 per month, plus expenses. The agreement was terminated in January 2011.

In October 2010, the Company entered into an agreement with Frost & Sullivan to prepare an assessment of the U.S. fibromyalgia market, including current market size and historical and projected growth rates, as well as a formal presentation supporting their findings for a fee of $109,400, all of which was recognized in 2010.

[3] Employment agreements:

In 2010, the Company entered into employment agreements with the Chief Operating Officer and the Vice President of Marketing (the "Executives") which expire in August 2012 and June 2012, respectively. Under the terms of the employment agreements, the Executives shall receive annual base compensation of $250,000 and $150,000, respectively, which shall be adjusted upon completion of an initial public offering with net proceeds of at least $15,000,000. The agreements will be automatically renewed for additional one-year periods (the "Renewal Terms") unless either party notifies the other in writing of its intention not to renew within 90 days prior to the expiration of the Initial Term or any Renewal Terms. Upon termination without cause, as defined in the agreements, the Executives will continue to receive compensation for up to six months, or nine months if termination is in connection with or following an initial public offering.

Note H - Income Taxes

There is no provision for federal or state income taxes for the years ended December 31, 2010 and 2009 since the Company has established a valuation allowance equal to the total deferred tax asset related to losses incurred during such periods.

Note H - Income Taxes (continued)

Deferred tax assets and liabilities and related valuation allowance as of December 31, 2010 and 2009 are as follows:

	December 31,	
	2010	**2009**
Deferred tax assets:		
Organization costs	**$ 2,494**	$ 4,254
Research and development credit carryforward	**6,188**	6,188
Net operating loss carryforwards	**1,107,688**	279,919
Other	**121,091**	14,533
Total deferred tax assets	**1,237,461**	304,894
Deferred tax liabilities:		
Restricted stock compensation[(1)]	**(148,871)**	
Net deferred tax assets	**1,088,590**	304,894
Valuation allowance	**(1,088,590)**	(304,894)
Net deferred tax assets	**$ 0**	$ 0

(1) Relates to restricted stock grants for which Internal Revenue Code ("IRC") Section 83(b) elections were filed in 2010, resulting in tax deductions in excess of related compensation expense for financial reporting purposes in 2010.

Based on the Company's historical losses and its expectation of continuation of losses for the foreseeable future, the Company has determined that it is not more likely than not that the deferred tax assets will be realized and, accordingly, has provided a valuation allowance. The increase in the valuation allowance for the years ended December 31, 2010 and 2009 was $783,696 and $77,178, respectively.

At December 31, 2010, the Company has available unused net operating loss carryforwards of approximately $2,773,379 that expire from 2027 to 2030 for federal tax purposes and from 2014 to 2017 for state tax purposes. These net operating loss carryforwards may be subject to annual limitations in their use in accordance with IRC Section 382. Accordingly, the extent to which the net operating loss carryforwards can be used to offset taxable future income may be limited. At December 31, 2010, the Company has a research and development credit carryforward of $6,188 for federal tax purposes that expires in 2027.

The Company's federal and state tax returns remain open and subject to examination by the tax authorities for the tax years 2007 through 2010.

Note H - Income Taxes (continued)

A reconciliation of the effect of applying the federal statutory rate and the effective income tax rate used to calculate the Company's income tax provision is as follows:

	Year Ended December 31,	
	2010	**2009**
Statutory federal income tax	**(34.0)%**	(34.0)%
State income tax, net of federal tax effect	**(5.9)%**	(5.9)%
Permanent difference	**0.0%**	5.0%
Increase in valuation allowance	**39.9%**	34.9%
Income tax provision	**0%**	0%

Note I - Capital Stock

Pursuant to an Amended Certificate of Incorporation dated July 30, 2010, the Company is authorized to issue up to 12,000,000 shares of common stock (par value $.01) ("Common Stock") and 4,227,273 shares of preferred stock (par value $.01) ("Preferred Stock") consisting of 1,500,000 shares designated as Series A Preferred Stock and 2,727,273 shares designated as Series B Preferred Stock. Each share of the Company's Preferred Stock issued and outstanding immediately prior to July 30, 2010 was reclassified into one share of Series A Preferred Stock.

The holders of Common Stock are entitled to one vote per share. The holders of Preferred Stock are entitled to one vote per share of Common Stock that would be issuable upon conversion of the Preferred Stock.

Each share of the Company's Preferred Stock issued and outstanding immediately prior to July 30, 2010 shall be deemed to have accrued a dividend equal to $.02667 per share as of that date. From and after July 30, 2010, dividends shall accrue on each share of Series A Preferred Stock at a rate per annum of $.0079998 per share.

Dividends shall accrue on each share of Series B Preferred Stock at a rate per annum of $.066 per share commencing on the date of issuance; however, the date of issuance of any share of Series B Preferred Stock issued on or before August 20, 2010 shall be deemed to be the date that the first share was issued, which date was July 30, 2010. All dividends shall be payable if and when declared by the board of directors. At December 31, 2010 and 2009, undeclared cumulative dividends on Preferred Stock amounted to $78,211 and $32,000, respectively.

In the event of liquidation, dissolution or winding up of the Company, the Company shall first pay holders of the Series B Preferred Stock $1.10 per share plus accrued and unpaid dividends, and then pay the holders of the Series A Preferred Stock $0.1333 per share plus accrued and unpaid dividends. Any remaining assets of the Company shall be distributed between holders of Preferred Stock and Common Stock based on the number of shares of Common Stock that they would hold if all shares of Preferred Stock had been converted.

Holders of Preferred Stock, at their option, may convert their shares into shares of Common Stock at an initial conversion ratio of one-to-one. The Preferred Stock will automatically be converted into Common Stock at the then applicable conversion ratio, in the event of either (1) the election of holders of a majority of the then outstanding Preferred Stock, voting together as a class, or (2) the closing of a firm commitment underwritten initial public offering with proceeds to the Company of at least $15,000,000 (net of underwriting discounts and commissions) ("Qualified IPO"). The conversion price of the Preferred Stock will be subject to proportional adjustment for stock splits, stock dividends and the like.

Note I - Capital Stock (continued)

Beginning six months after a Qualified IPO, two demand registrations of at least $5,000,000 each are allowed upon initiation by holders of at least 20% of the outstanding shares of Common Stock.

On June 25, 2007, the Company issued 750,000 shares of Common Stock to L&L Technologies, LLC ("L&L Technologies") (506,250 shares), Plumbline LLC ("Plumbline") (168,750 shares) and National Holdings Corporation ("National Holdings") (75,000 shares). The shares issued to L&L Technologies were in consideration for intellectual property, including intellectual property associated with VLD Cyclobenzaprine (now TNX-102), including patents in the U.S., Europe and other countries and other intellectual property and data. The shares issued to Plumbline were in consideration for intellectual property associated with the treatment of alcoholism, alcohol dependence and alcohol abuse, including patent applications in the U.S., and patents in Europe and other countries and other intellectual property and data. The intellectual property, which was recorded at $87,750 representing the fair value of the shares, as determined by an independent appraisal, was charged to research and development expense during the period ended December 31, 2007, as it related to a particular research and development project and had no alternative future use (see Note K - Related Party Transactions). The shares issued to National Holdings were in consideration for banking services. The value of the shares ($9,750) was recognized as general and administrative expenses during the period ended December 31, 2007.

In November 2007, the Company granted awards of restricted Common Stock to the directors. The shares, which were not issued, vest in four equal annual installments commencing in December 2007. The Company elected to recognize compensation cost on a straight-line basis over the requisite service period for the entire award and recognized stock-based compensation of $24,188 and $24,187 in 2008 and 2007, respectively, which is included in professional services in the accompanying consolidated statements of operations. On December 19, 2008, the board of directors cancelled the restricted share grants, and thereby is deemed to have modified the requisite service to the period for which services had already been rendered. Accordingly, previously unrecognized compensation related to the award amounting to $48,375 at the cancellation date was recognized as stock-based compensation.

On June 30, 2009, outstanding Senior Convertible Notes totaling $200,000 were converted into 1,500,000 shares of Preferred Stock (see Note F - Notes Payable).

On July 15, 2009, the Company issued 24,000 shares of Common Stock to L&L Technologies as compensation to Dr. Seth Lederman and Dr. Donald Landry, members of L&L Technologies, for their services as directors of the Company and 12,000 shares of Common Stock to Patrick Grace for his service as a director of the Company. The Company recognized the value of the shares of $4,680 as directors' fees, which are included in professional services in the accompanying consolidated statement of operations for the year ended December 31, 2009.

On July 30, 2010, outstanding demand notes totaling $480,000 together with accrued interest thereon of $69,078 were converted into 499,162 shares of Series B Preferred Stock (see Note F - Notes Payable).

In June 2010, the Company issued 1,500,000 shares of Common Stock to Lederman & Co. as consideration for intellectual property associated with TNX-201, a potential treatment for headache ("TNX-201 IP"), which includes all patentable subject matter, all resulting patent applications and patents and other intellectual property and data relating to the TNX-201 IP. The intellectual property, which was recorded at $295,500 representing the fair value of the shares, as determined by an independent appraisal, was charged to research and development expense during the period ended December 31, 2010, as it related to a particular research and development project and had no alternative future use (see Note K - Related Party Transactions).

Note J - Stock Plan

In June 2010 and August 2010, respectively, the board of directors and stockholders approved, and in December 2010, the board of directors amended, the terms and provisions of the 2010 Stock Plan ("Plan") whereby the Company reserved 3,486,727 shares of its Common Stock for issuance pursuant to the Plan. In February 2011, the board of directors increased the shares available under the Plan to 5,230,454. The Plan allows for grants of options to purchase shares of Common Stock and awards of restricted Common Stock to employees, officers, directors, consultants and advisors of the Company. As of December 31, 2010, there were 867,727 shares available for future grant under the Plan.

In 2010, the Company granted shares of restricted Common Stock under the Plan to employees ("Employee Granted Shares") as follows: 225,000 shares to the Chief Operating Officer, 125,000 shares to the Vice President of Clinical Development, 150,000 shares to the Vice President of Marketing and 225,000 shares to the Chief Medical Officer. Employee Granted Shares vest under the following schedule: 20% of the Employee Granted Shares shall vest on the grant date and 20% of the Employee Granted Shares shall vest on each of the first, second, third and fourth anniversaries of the grant date. Upon termination of the Chief Medical Officer's employment with TONIX, 180,000 unvested shares held by him were forfeited and he retained 45,000 shares of fully vested Common Stock. Upon termination of the Vice President of Clinical Development's employment with TONIX, 100,000 unvested shares held by him were forfeited and he retained 25,000 shares of fully vested Common Stock.

In 2010, the Company granted 1,476,000 shares of restricted Common Stock under the Plan to consultants (see Note G[2]).

In 2010, the Company granted 638,000 shares of restricted Common Stock under the Plan to directors and also granted 60,000 shares of restricted Common Stock under the Plan to members of the Scientific Advisory Board which vest under the following schedule: 25% on the grant date and 25% on each of the first, second and third anniversaries of the grant date.

Following is a summary of the status of the Company's nonvested restricted stock as of December 31, 2010 and the changes during the year ended December 31, 2010:

Nonvested Restricted Stock	Number of Restricted Shares	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2010	0	
Granted	2,899,000	$ 0.20
Vested	(673,500)	$ 0.20
Forfeited	(280,000)	$ 0.20
Nonvested at December 31, 2010	1,945,500	$ 0.20

Restricted stock is not considered to be issued until the stock vests. Accordingly, as of December 31, 2010, 673,500 restricted shares are considered to be issued.

The Company recorded net expense of $139,882 in 2010 for share-based compensation relating to restricted stock which is included in professional services and general and administrative expenses in the accompanying consolidated statements of operations.

As of December 31, 2010, there was $376,062 of unrecognized expense related to restricted stock, which the Company expects to recognize over a weighted-average period of approximately 3.3 years.

Note K - Related Party Transactions

Dr. Seth Lederman and Dr. Donald Landry are two of the primary founders of TONIX and serve on the board of directors. They entered into various transactions with the Company through several companies under their control, including L&L Technologies, Plumbline and Lederman & Co. as described in Notes F, G[2] and I.

Note L - Subsequent Events

[1] Employment agreements:

In February 2011, the Company entered into an employment agreement with the Chief Business Officer which expires in February 2013. Under the terms of the employment agreement, the Chief Business Officer shall receive annual base compensation of $150,000 which shall increase, with a retroactive adjustment, upon the completion of an underwritten public offering, as defined, or certain other events. The employment agreement will be automatically renewed for additional Renewal Terms unless either party notifies the other in writing of its intention not to renew within 90 days prior to the expiration of the Initial Term or any Renewal Terms. Upon termination without cause, as defined in the employment agreement, the Chief Business Officer will continue to receive compensation for six months, or nine months if termination is in connection with or following certain events.

Also in February 2011, TONIX entered into a contingent employment agreement with Gerard Price to serve as President of Krele LLC at a base salary of $320,000. The employment agreement takes effect upon the Company raising $10,000,000 or more of equity capital (the "Financing"). The employment agreement has an initial term of two years and will be automatically renewed for additional Renewal Terms unless either party notifies the other in writing of its intention not to renew within 90 days prior to the expiration of the Initial Term or any Renewal Terms. Upon termination without cause, as defined in the employment agreement, the executive will continue to receive compensation for six months, or nine months if termination is in connection with or following an initial public offering. Until the employment agreement takes effect, Mr. Price serves as a consultant to the Company.

In April 2011, the Company terminated existing employment agreements with three executive employees (see Note G[3] and Note L[1]) and entered into new employment agreements which stipulate such employees will receive minimum wage salary ($7.25 per hour) for a 40 hour week until the Company receives new capital of at least $500,000 through the sale of equity securities. The expiration dates of the new agreements remain the same as the terminated agreements. In addition, the Chief Business Officer assumed the title of Chief Operating Officer and the Chief Operating Officer assumed the title of Chief Financial Officer and Chief Administrative Officer and the Vice President of Marketing assumed the title of Vice President of Strategy. Upon receipt of $500,000 or more in new capital the employees will receive a lump sum payment in the amount of $50,000 each for the Chief Operating Officer and Chief Financial Officer and $30,000 for the Vice President of Strategy. Further, the salary of the new Chief Operating Officer was increased from $150,000 to $250,000 and base salaries for all three employees will be increased with a retroactive adjustment upon the completion of an underwritten offering, as defined, or certain other events. All other terms remain the same.

[2] Restricted stock grants:

In February 2011, the Company granted shares of restricted Common Stock to employees as follows: 225,000 shares to the Chief Business Officer and 150,000 shares to the incoming President of Krele LLC. Employee Granted Shares vest under the following schedule: 20% of the Employee Granted Shares shall vest on the grant date and 20% of the Employee Granted Shares shall vest on each of the first, second, third and fourth anniversaries of the grant date.

Note L - Subsequent Events (continued)

[2] Restricted stock grants: (continued)

In March 2011, the Company granted 22,500 shares of restricted Common Stock to a newly appointed member of the Scientific Advisory Board which vest under the following schedule: 25% on the grant date and 25% on each of the first, second and third anniversaries of the grant date.

In April 2011, the Company granted 25,000 shares of restricted Common Stock to a newly appointed member of the Board of Directors which vest under the following schedule: 25% on the grant date and 25% on each of the first, second and third anniversaries of the grant date.

[3] Issuance of Series B Preferred Stock:

In the first quarter of 2011, the Company issued 275,454 shares of Series B Preferred Stock at a price of $1.10 per share, for total proceeds of $302,999. In the second quarter of 2011, the Company issued 240,910 shares of Series B Preferred Stock at a price of $1.10 per share, for total proceeds of $265,001. In July 2011, the Company issued 40,000 shares of Series B Preferred Stock at a price of $1.10 per share, for total proceeds of $44,000.

[4] Issuance of Debentures:

On September 9, 2011, the Company issued 8% debentures in the amount of $500,000. On October 7, 2011, the debentures were exchanged for convertible debentures in connection with a share exchange agreement with a publicly traded nonoperating shell company (See Note L[5]).

[5] Share Exchange and Related Financing:

On October 7, 2011, the Company and the holders of 100% of its preferred and common stock executed and consummated a share exchange agreement with Tamandare Explorations Inc. (“Tamandare”), a nonoperating publicly traded shell company and its majority shareholder, pursuant to which the Company became a wholly-owned subsidiary of Tamandare and the Company’s shareholders obtained approximately 85% of the issued and outstanding common stock of Tamandare. The transaction will be accounted for as a recapitalization of the Company.

Concurrent with the share exchange, Tamandare issued secured convertible debentures (“Debentures”) in the principal amount of $1,625,000 of which $1,125,000 were sold to certain investors for aggregate cash proceeds of $1,085,000, net of selling commissions to the placement agent of $40,000, and $500,000 were exchanged for previously issued debentures (see Note L[4]).

The Debentures mature on the earlier of (i) October 6, 2012 or (ii) the date of closing of a private placement of equity, equity equivalent, convertible debt or debt financing in which Tamandare receives gross proceeds, in one or more transactions, of at least $3,875,000 (a “Subsequent Financing”). The Debentures bear interest at 8% per annum and are convertible at the holder’s option into a Subsequent Financing. In the event that a Subsequent Financing has not occurred within 12 months from the date of issuance of the Debentures, the holder has the option to convert the Debenture into a number of shares of Tamandare’s common stock equal to 1% of Tamandare’s shares of common stock on a fully diluted basis for every $125,000 of Debentures (the “Conversion Shares”).

In addition, upon conversion or repayment of the Debenture, the holder is entitled to receive, at the holder’s option, either (i) a warrant (the “Warrant”), which has a three year term and is exercisable at the offering price in a Subsequent Financing, to purchase such number of shares of Tamandare’s common stock equal to the principal amount of the Debenture divided by the offering price in a Subsequent Financing (the “Warrant Shares”) or (ii) shares of Tamandare’s common stock equal to 33% of the principal amount of the Debenture divided by the offering price in a Subsequent Financing (the “Incentive Shares”). The Conversion Shares, Warrant Shares and Incentive Shares are entitled to piggyback registration rights.

In addition to selling commissions paid to the placement agent on the sale of certain Debentures, the placement agent received warrants which expire in October 2013 and are exercisable at the offering price in a Subsequent Financing, to purchase shares of Tamandare’s common stock equal to 3% of the gross proceeds delivered by purchasers introduced by such placement agent divided by the purchase price per share in the Subsequent Financing. In the event that the Subsequent Financing has not occurred within 12 months from the date of issuance of the Debentures, the placement agent will receive, in lieu of the warrants, shares of common stock equal to 3% of the number of shares of Tamandare’s common stock such purchasers are entitled to receive upon conversion of their Debentures.

Pursuant to a Pledge and Security Agreement and Subsidiary Guaranty, the Company granted the Debenture holders a first priority lien on all its assets and guaranteed the repayment of the Debentures.

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(formerly known as Krele Pharmaceuticals, Inc.)
(a development stage enterprise)

Consolidated Balance Sheets

	June 30, 2011	December 31, 2010
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 21,342**	$ 65,359
Prepaid expenses	**6,423**	23,313
Total current assets	**27,765**	88,672
Furniture and equipment, net	**30,258**	32,086
Restricted cash	**60,132**	60,087
Other assets	**0**	3,156
	$ 118,155	$ 184,001
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	**$ 469,369**	$ 317,745
Accrued expenses	**2,548**	22,533
Total current liabilities	**471,917**	340,278
Deferred rent payable	**29,263**	19,174
Total liabilities	**501,180**	359,452
Commitments (Note G)		
Stockholders' deficiency:		
Series A preferred stock; 6.0% cumulative, par value $.01; 1,500,000 shares authorized, issued and outstanding at June 30, 2011 and at December 31, 2010 (aggregate liquidation preference of $251,051 and 245,101, respectively)	**15,000**	15,000
Series B preferred stock; 6.0% cumulative, par value $.01; 2,727,273 shares authorized; 2,235,527 and 1,719,163 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively (aggregate liquidation preference of $2,556,763 and $1,924,181, respectively)	**22,355**	17,192
Common stock; par value $.01; 12,000,000 shares authorized; 3,470,500 and 2,959,500 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	**34,705**	29,595
Additional paid-in capital	**3,338,948**	2,687,329
Deficit accumulated during the development stage	**(3,794,033)**	(2,924,567)
Total stockholders' deficiency	**(383,025)**	(175,451)
	$ 118,155	$ 184,001

See notes to consolidated financial statements

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(formerly known as Krele Pharmaceuticals, Inc.)
(a development stage enterprise)

Consolidated Statements of Operations
(unaudited)

	Six Months Ended June 30,		Period From June 7, 2007 (Date of Inception) Through June 30,
	2011	**2010**	**2011**
Costs and expenses:			
Research and development	**$ 41,645**	$ 322,984	**$ 606,287**
Professional services	**390,735**	170,915	**1,901,230**
General and administrative	**437,130**	41,437	**1,190,666**
Operating loss	**(869,510)**	(535,336)	**(3,698,183)**
Gain on extinguishment of debt			**7,908**
Interest income (expense), net	**44**	(27,892)	**(103,758)**
Net loss	**$ (869,466)**	$ (563,228)	**$ (3,794,033)**

See notes to consolidated financial statements

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(formerly known as Krele Pharmaceuticals, Inc.)
(a development stage enterprise)

Consolidated Statement of Stockholders' Deficiency
For the Six Months Ended June 30, 2011 (unaudited)

	Preferred Stock		Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2010	0	$ 0	1,500,000	$15,000	1,719,163	$17,192	2,959,500	$29,595	$2,687,329	$ (2,924,567)	$(175,451)
Issuance of Series B preferred stock in January to June 2011 ($1.10 per share)					516,364	5,163			562,837		568,000
Issuance of restricted shares to directors, employees and consultants in February to April 2011 ($.20 per share)							511,000	5,110	88,782		93,892
Net loss										(869,466)	(869,466)
Balance at June 30, 2011	**0**	**$ 0**	**1,500,000**	**$15,000**	**2,235,527**	**$22,355**	**3,470,500**	**$34,705**	**$3,338,948**	**$ (3,794,033)**	**$(383,025)**

See consolidated statement of stockholders' deficiency included with financial statements for the year ended December 31, 2010 included elsewhere in this Form 8-K for changes in stockholders' deficiency from inception through December 31, 2010.

See notes to consolidated financial statements

TONIX PHARMACEUTICALS, INC. AND SUBSIDIARY
(formerly known as Krele Pharmaceuticals, Inc.)
(a development stage enterprise)

Consolidated Statements of Cash Flows
(unaudited)

	Six Months Ended June 30,		Period From June 7, 2007 (Date of Inception) Through June 30,
	2011	**2010**	**2011**
Cash flows from operating activities:			
Net loss	**$ (869,466)**	$ (563,228)	**$ (3,794,033)**
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation expense	**4,592**	1,698	**12,604**
Research and development expense paid for in stock		295,500	**383,250**
Stock-based compensation and fees	**93,892**	23,401	**344,954**
Gain on extinguishment of debt			**(7,908)**
Changes in assets and liabilities:			
Prepaid expenses	**16,890**	844	**(6,423)**
Accounts payable	**151,624**	90,347	**469,369**
Accrued interest	**0**	32,403	**100,711**
Accrued expenses	**(19,985)**	27,892	**2,548**
Deferred rent payable	**10,089**		**29,263**
Net cash used in operating activities	**(612,364)**	(91,143)	**(2,465,665)**
Cash flows from investing activities:			
Purchases of furniture and equipment	**(2,764)**	(2,340)	**(42,862)**
Security deposit	**3,156**	0	**0**
Restricted cash	**(45)**	0	**(60,132)**
Net cash provided by (used in) investing activities	**347**	(2,340)	**(102,994)**
Cash flows from financing activities:			
Proceeds from demand notes	**0**	94,000	**480,000**
Proceeds from senior convertible notes			**200,000**
Proceeds from issuance of Series B preferred stock	**568,000**		**1,910,001**
Net cash provided by financing activities	**568,000**	94,000	**2,590,001**
Net (decrease) increase in cash and cash equivalents	**(44,017)**	517	**21,342**
Cash and cash equivalents at beginning of period	**65,359**	1,065	**0**
Cash and cash equivalents at end of period	**$ 21,342**	$ 1,582	**$ 21,342**
Supplemental disclosures of non-cash financing activities:			
Senior convertible notes converted to Preferred Stock			**$ 200,000**
Capital contribution of accrued interest on convertible notes			**$ 23,725**
Demand notes together with related accrued interest converted to Series B preferred stock			**$ 549,078**

See notes to consolidated financial statements

Notes to Consolidated Financial Statements
(unaudited)

Note A – Organization, Business and Principles of Consolidation

Krele Pharmaceuticals, Inc. was incorporated on June 7, 2007 in the State of Delaware. On July 30, 2010, Krele Pharmaceuticals, Inc. changed its name to Tonix Pharmaceuticals, Inc. ("Tonix"). Since inception, Tonix's focus has been to develop safer and more effective versions of widely prescribed central nervous system ("CNS") drugs. While some new applications can use the commercially available form of the drug, in other cases reformulating the active ingredient improves its safety or effectiveness in treating the CNS condition. When formal development programs have proven successful in clinical tests, TONIX intends to seek marketing approval from the Food and Drug Administration ("FDA").

On August 16, 2010, Tonix formed Krele LLC ("Krele") in the state of Delaware. Krele is a limited liability corporation whose sole member is Tonix. Krele was established to commercialize products that are generic versions of predicate new drug application products or versions of drug efficacy study implementation products. TONIX expects that its relationship to Krele will be similar to that of several other pharmaceutical companies and their subsidiaries that market generic versions of the parent's branded products at different periods in their product life-cycle.

The accompanying consolidated financial statements include the accounts of Tonix and from August 16, 2010, its wholly-owned subsidiary, Krele (hereinafter referred to as the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

Note B – Interim Financial Statements

The consolidated interim financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and as permitted thereby, the information and note disclosures normally included in complete financial statements prepared in accordance with generally accepted accounting principles in the United States ("GAAP") have been condensed or omitted. The interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2010, which are included elsewhere in this Form 8-K.

The Company's management is responsible for this interim financial information. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, which are of a normal and recurring nature, necessary to present fairly the Company's financial position as of June 30, 2011 and the results of its operations and cash flows for the six months ended June 30, 2011 and 2010. Interim results may not be indicative of the results that may be expected for the year.

Note C – Basis of Presentation

As the Company is devoting substantially all of its efforts to establishing a new business, and while planned principal operations have commenced, there has been no revenue generated from sales, license fees or royalties, the Company is considered a development stage enterprise. Accordingly, the Company's consolidated financial statements are presented in accordance with authoritative accounting guidance related to a development stage enterprise. Financial position, results of operations and cash flows of a development stage enterprise are presented in conformity with generally accepted accounting principles that apply to established operating enterprises.

Note C – Basis of Presentation (continued)

As a development stage enterprise, the Company's primary efforts are devoted to conducting research and development for the treatment of CNS diseases. The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future. In addition, the Company has both working capital and stockholders' deficiencies at June 30, 2011 and requires additional financing to fund future operations. Further, the Company does not have any commercial products available for sale and there is no assurance that if approval of their products is received that the Company will be able to generate cash flow to fund operations. In addition, there can be no assurance that the Company's research and development will be successfully completed or that any product will be approved or commercially viable.

The above factors raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that may result from the outcome of this uncertainty.

In the third quarter of 2011, the Company raised $44,000 through the issuance of shares of Series B Preferred Stock and $500,000 through the issuance of debentures (see Note L - Subsequent Events). The Company expects that cash used in operations will increase significantly over the next several years and it is the Company's intent to raise additional capital to complete the development and commercialization of its current product candidates through equity or debt financing; however the Company does not have any commitments or definitive or binding arrangements for such funds. There can be no assurance that such funds, if available at all, can be obtained on terms reasonable to the Company. If the Company is unsuccessful in raising additional capital it will need to reduce costs and operations substantially. As described in Note L[6], on October 7, 2011, in connection with a reverse acquisition with a nonoperating publicly traded shell company, funds of approximately $1,085,000 were raised through a private placement of debt securities.

Note D - Furniture and Equipment

Furniture and equipment consist of the following:

	June 30, 2011	**December 31, 2010**
Office furniture and equipment	**$ 42,862**	$ 40,098
Accumulated depreciation	**(12,604)**	(8,012)
	$ 30,258	$ 32,086

Depreciation expense for the six months ended June 30, 2011 and 2010 was $4,592 and $1,698, respectively.

Note E - Restricted Cash

Restricted cash at June 30, 2011 and December 31, 2010 collateralizes a letter of credit in the amount of $60,000 issued in connection with the lease of office space in New York City (see Note G[1]).

Note F - Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2011	December 31, 2010
Professional services	**$ 2,548**	$ 22,533
	$ 2,548	$ 22,533

Note G - Commitments

[1] Lease agreement:

On September 28, 2010, the Company entered into a five-year lease for office space in New York City. The Company received a rent credit of $9,420 in each of the months of November 2010, December 2010 and January 2011. The Company has posted a letter of credit in the amount of $60,000 for the benefit of the landlord which is collateralized by a money market account (see Note E - Restricted Cash).

Future minimum lease payments under the operating lease are as follows:

Year Ending December 31,	
2011(6 months)	$ 60,900
2012	124,370
2013	127,889
2014	131,513
2015	100,719
	$ 545,391

Rent expense charged to operations, which differs from rent paid due to the rent credits referred to above and to increasing amounts of base rent, is calculated by allocating total rental payments on a straight-line basis over the term of the lease. During the six months ended June 30, 2011 and 2010, rent expense was $67,507 and $559, respectively and as of June 30, 2011 and December 31, 2010, deferred rent payable was $29,263 and $19,174, respectively.

[2] Consulting agreements:

In June 2010, TONIX entered into a two-year consulting agreement with L&L Technologies for scientific and medical consulting services. In consideration for such services, L&L Technologies will receive $96,000 per annum and 1,176,000 shares of restricted Common Stock. The consulting agreement renews automatically for subsequent terms of one year at $96,000 per annum. The restricted shares vest as follows: 25% on the grant date (June 4, 2010) and 25% on each of the first and second annual anniversaries of the grant date and, if the consulting agreement is renewed, 25% on the third anniversary of the grant date. Vesting of the share grant accelerates upon completion of a qualified initial public offering, as defined.

Note G - Commitments (continued)

[2] Consulting agreements: (continued)

In June 2010, the Company entered into a two-year consulting agreement with Lederman & Co. for clinical development, strategic, management and operational consulting services. In consideration for such services, Lederman & Co. will receive $250,000 per annum and 300,000 shares of restricted Common Stock. The consulting agreement renews automatically for subsequent terms of one year at $250,000 per annum. The restricted shares vest as follows: 20% on the grant date (June 4, 2010) and 20% on each of the first and second anniversaries of the grant date and, if the consulting agreement is renewed, 20% on each of the third and fourth anniversaries of the grant date. Vesting of the share grant accelerates upon completion of a qualified initial public offering, as defined.

[3] Employment agreements:

In 2010, the Company entered into employment agreements with the Chief Operating Officer and the Vice President of Marketing (the "Executives") which expire in August 2012 and June 2012, respectively. Under the terms of the employment agreements, the Executives shall receive annual base compensation of $250,000 and $150,000, respectively, which shall be adjusted upon completion of an initial public offering with net proceeds of at least $15,000,000. The agreements will be automatically renewed for additional one-year periods (the "Renewal Terms") unless either party notifies the other in writing of its intention not to renew within 90 days prior to the expiration of the Initial Term or any Renewal Terms. Upon termination without cause, as defined in the agreements, the Executives will continue to receive compensation for up to six months, or nine months if termination is in connection with or following an initial public offering.

In February 2011, the Company entered into an employment agreement with the Chief Business Officer which expires in February 2013. Under the terms of the employment agreement, the Chief Business Officer shall receive annual base compensation of $150,000 which shall increase, with a retroactive adjustment, upon the completion of an underwritten public offering, as defined, or certain other events. The employment agreement will be automatically renewed for additional renewal terms unless either party notifies the other in writing of its intention not to renew within 90 days prior to the expiration of the initial term or any renewal terms. Upon termination without cause, as defined in the employment agreement, the Chief Business Officer will continue to receive compensation for six months, or nine months if termination is in connection with or following certain events.

Also in February 2011, TONIX entered into a contingent employment agreement with Gerald Price to serve as President of Krele at a base salary of $320,000. The employment agreement takes effect upon the Company raising $10,000,000 or more of equity capital (the "Financing"). The employment agreement has an initial term of two years and will be automatically renewed for additional renewal terms unless either party notifies the other in writing of its intention not to renew within 90 days prior to the expiration of the initial term or any renewal terms. Upon termination without cause, as defined in the employment agreement, the executive will continue to receive compensation for six months, or nine months if termination is in connection with or following an initial public offering. Until the employment agreement takes effect, Mr. Price serves as a consultant to the Company.

Note G - Commitments (continued)

[3] Employment agreements: (continued)

In April 2011, the Company terminated existing employment agreements with three executive employees and entered into new employment agreements which stipulate such employees will receive minimum wage salary ($7.25 per hour) for a 40 hour week until the Company receives new capital of at least $500,000 through the sale of equity securities. The expiration dates of the new agreements remain the same as the terminated agreements. In addition, the Chief Business Officer assumed the title of Chief Operating Officer and the Chief Operating Officer assumed the title of Chief Financial Officer and Chief Administrative Officer and the Vice President of Marketing assumed the title of Vice President of Strategy. Upon receipt of $500,000 or more in new capital the employees will receive a lump sum payment in the amount of $50,000 each for the Chief Operating Officer and Chief Financial Officer and $30,000 for the Vice President of Strategy. Further, the salary of the new Chief Operating Officer was increased from $150,000 to $250,000 and base salaries for all three employees will be increased with a retroactive adjustment upon the completion of an underwritten offering, as defined, or certain other events. All other terms remain the same. See Note L[5].

Note H - Income Taxes

Income tax provisions or benefits for interim periods are computed based on the Company's estimated annual effective tax rate. Based on the Company's historical losses and its expectation of continuation of losses for the foreseeable future, the Company has determined that it is not more likely than not that deferred tax assets will be realized and, accordingly, has provided a valuation allowance. As the Company anticipates or anticipated that its net deferred tax assets at December 31, 2011 and 2010 would be fully offset by a valuation allowance, there is no federal or state income tax benefit for the six month periods ended June 30, 2011 and 2010 related to losses incurred during such periods.

Note I - Capital Stock

Pursuant to an Amended Certificate of Incorporation dated July 30, 2010, the Company is authorized to issue up to 12,000,000 shares of common stock (par value $.01) ("Common Stock") and 4,227,273 shares of preferred stock (par value $.01) ("Preferred Stock") consisting of 1,500,000 shares designated as Series A Preferred Stock and 2,727,273 shares designated as Series B Preferred Stock. Each share of the Company's Preferred Stock issued and outstanding immediately prior to July 30, 2010 was reclassified into one share of Series A Preferred Stock.

The holders of Common Stock are entitled to one vote per share. The holders of Preferred Stock are entitled to one vote per share of Common Stock that would be issuable upon conversion of the Preferred Stock.

Each share of the Company's Preferred Stock issued and outstanding immediately prior to July 30, 2010 shall be deemed to have accrued a dividend equal to $.02667 per share as of that date. From and after July 30, 2010, dividends shall accrue on each share of Series A Preferred Stock at a rate per annum of $.0079998 per share.

Dividends shall accrue on each share of Series B Preferred Stock at a rate per annum of $.066 per share commencing on the date of issuance; however, the date of issuance of any share of Series B Preferred Stock issued on or before August 20, 2010 shall be deemed to be the date that the first share was issued, which date was July 30, 2010. All dividends shall be payable if and when declared by the board of directors. At June 30, 2011 and December 31, 2010, undeclared cumulative dividends on Preferred Stock amounted to $148,735 and $78,211, respectively.

In the event of liquidation, dissolution or winding up of the Company, the Company shall first pay holders of the Series B Preferred Stock $1.10 per share plus accrued and unpaid dividends, and then pay the holders of the Series A Preferred Stock $0.1333 per share plus accrued and unpaid dividends. Any remaining assets of the Company shall be distributed between holders of Preferred Stock and Common Stock based on the number of shares of Common Stock that they would hold if all shares of Preferred Stock had been converted.

Note I - Capital Stock (continued)

Holders of Preferred Stock, at their option, may convert their shares into shares of Common Stock at an initial conversion ratio of one-to-one. The Preferred Stock will automatically be converted into Common Stock at the then applicable conversion ratio, in the event of either (1) the election of holders of a majority of the then outstanding Preferred Stock, voting together as a class, or (2) the closing of a firm commitment underwritten initial public offering with proceeds to the Company of at least $15,000,000 (net of underwriting discounts and commissions) ("Qualified IPO"). The conversion price of the Preferred Stock will be subject to proportional adjustment for stock splits, stock dividends and the like.

Beginning six months after a Qualified IPO, two demand registrations of at least $5,000,000 each are allowed upon initiation by holders of at least 20% of the outstanding shares of Common Stock.

In June 2010, the Company issued 1,500,000 shares of Common Stock to Lederman & Co. as consideration for intellectual property associated with TNX-201 ("TNX-201 IP"), which includes all patentable subject matter, all resulting patent applications and patents and other intellectual property and data relating to the TNX-201 IP. The intellectual property, which was recorded at $295,500 representing the fair value of the shares, as determined by an independent appraisal, was charged to research and development expense during the period ended June 30, 2010, as it related to a particular research and development project and had no alternative future use (see Note K - Related Party Transactions).

Note J - Stock Plan

In June 2010 and August 2010, respectively, the board of directors and stockholders approved, and in December 2010, the board of directors amended, the terms and provisions of the 2010 Stock Plan ("Plan") whereby the Company reserved 3,486,727 shares of its Common Stock for issuance pursuant to the Plan. In February 2011, the board of directors increased the shares available under the Plan to 5,230,454. The Plan allows for grants of options to purchase shares of Common Stock and awards of restricted Common Stock to employees, officers, directors, consultants and advisors of the Company. As of June 30, 2011, there were 2,188,954 shares available for future grant under the Plan.

In February 2011, the Company granted shares of restricted Common Stock to employees as follows: 225,000 shares to the Chief Business Officer and 150,000 shares to the incoming President of Krele. The shares vest under the following schedule: 20% on the grant date and 20% on each of the first, second, third and fourth anniversaries of the grant date.

In March 2011, the Company granted 22,500 shares of restricted Common Stock to a newly appointed member of the Scientific Advisory Board which vest under the following schedule: 25% on the grant date and 25% on each of the first, second and third anniversaries of the grant date.

In April 2011, the Company granted 25,000 shares of restricted Common Stock to a newly appointed member of the Board of Directors which vest under the following schedule: 25% on the grant date and 25% on each of the first, second and third anniversaries of the grant date.

Following is a summary of the status of the Company's nonvested restricted stock as of June 30, 2011 and the changes during the six months ended June 30, 2011:

Nonvested Restricted Stock	Number of Restricted Shares	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2010	1,945,500	$ 0.20
Granted	422,500	$ 0.20
Vested	(511,000)	$ 0.20
Nonvested at June 30, 2011	1,857,000	$ 0.20

Note J - Stock Plan (continued)

Restricted stock is not considered to be issued until the stock vests. Accordingly, as of June 30, 2011, 1,184,500 restricted shares are considered to be issued.

For the six months ended June 30, 2011 and 2010, the Company recorded net expense of $93,892 and $23,401, respectively, for share-based compensation relating to restricted stock which is included in professional services and general and administrative expenses in the accompanying consolidated statements of operations.

As of June 30, 2011, there was $365,401 of unrecognized expense related to restricted stock, which the Company expects to recognize over a weighted-average period of approximately 2.5 years.

Note K - Related Party Transactions

Dr. Seth Lederman and Dr. Donald Landry are two of the primary founders of TONIX and serve on the board of directors. They entered into various transactions with the Company through several companies under their control, including L&L Technologies and Lederman & Co. (see Note G[2]).

Note L - Subsequent Events

[1] Issuance of Series B Preferred Stock:

In July 2011, the Company issued 40,000 shares of Series B Preferred Stock at a price of $1.10 per share, for total proceeds of $44,000.

[2] Issuance of Debentures:

On September 9, 2011, the Company issued 8% debentures in the amount of $500,000. On October 7, 2011, the debentures were exchanged for secured convertible debentures (“Debentures”) in connection with a share exchange agreement with a publicly traded nonoperating shell company (see Note L[6]).

[3] Consulting Agreements:

In July 2011, the consulting agreement with Lederman & Co. was renegotiated such that the annual payment was reduced to $127,000 effective August 2011.

In August 2011, the Company entered into an agreement with Porter, LeVay & Rose, Inc. to provide media and investor relations services, including preparation of investor presentations and press releases, media outreach and training and investor targeting and introductions, for a fee of $12,000 per month, plus expenses.

In August 2011, the Company entered into an agreement with JFC Technologies for product development work for an initial fee of $75,000, of which $35,000 was paid upon signing.

In August 2011, the Company authorized the initiation of stage 2 work pursuant to a contract with Lipocine with respect to a research and development project for reformulation work on TNX-102 for an initial fee of $235,000, with work expected to start in the third quarter of 2011.

In September 2011, the Company entered into a contract with Pharmanet Canada for contract research work with respect to the pharmacokinetic study for TNX-102. The full cost of the work to be performed is $637,231. Payment is due in four installments based on the achievement of certain performance milestones.

Note L - Subsequent Events (continued)

[4] Stock Plan:

In August 2011, the President of Krele, resigned to pursue other interests. Upon termination of employment, 120,000 unvested shares were forfeited and 30,000 shares of fully vested Common Stock were retained.

[5] Employment Agreements:

In July 2011, the Company entered into agreements with the executive employees to defer payment of the lump sum amounts referred to in the last paragraph of Note G[3] until the closing of a private placement of securities, as defined. In addition, salaries of the Chief Financial Officer and Chief Operating Officer were adjusted to $175,000 per annum effective August 2011. The salaries of the Chief Financial Officer and Chief Operating Officer shall increase to $250,000 per annum on the first anniversary of the share exchange (see Note L[6]) provided that the Company has raised at least $500,000 in additional equity securities.

[6] Share Exchange and Related Financing:

On October 7, 2011, a publicly traded nonoperating shell company, Tamandare Explorations Inc. ("Tamandare") executed and consummated a share exchange agreement by and among Tonix and the holders of 100% of the equity securities of Tonix, including, the holders of 5,207,500 shares of common stock 1,500,000 shares of Series A Preferred Stock and 2,275,527 shares of Series B Preferred Stock (the "Tonix Shareholders"), on the one hand, and Tamandare and David Moss, the sole officer and director and majority shareholder of Tamandare, on the other hand (the "Share Exchange").

Upon completion of the Share Exchange, the Tonix Shareholders received in exchange for all of their shares, an aggregate of 22,666,667 shares of Tamandare's common stock. David Moss returned 1,500,000 shares of Common Stock to Tamandare, which were retired, and Tamandare's existing stockholders retained 4,000,000 shares of Common Stock. The 22,666,667 shares issued to the Tonix Shareholders constituted approximately 85% of Tamandare's 26,666,667 issued and outstanding shares of common stock post-Closing. Upon completion of the Share Exchange, Tonix became Tamandare's wholly-owned subsidiary. The Share Exchange will be accounted for as a recapitalization of Tonix.

Immediately prior to the Share Exchange, all shares of restricted Common Stock issued by Tonix pursuant to the 2010 Stock Plan were subject to accelerated vesting.

Concurrent with the Share Exchange, Tamandare issued secured convertible debentures ("Debentures") in the amount of $1,625,000 of which $1,125,000 were sold to certain investors for aggregate cash proceeds of $1,085,000, net of selling commissions to the placement agent of $40,000, and $500,000 were exchanged for previously issued debentures (See Note L[2]).

The Debentures mature on the earlier of (i) October 6, 2012 or (ii) the date of closing of a private placement of equity, equity equivalent, convertible debt or debt financing in which Tamandare receives gross proceeds, in one or more transactions, of at least $3,875,000 (a "Subsequent Financing"). The Debentures bear interest at 8% per annum and are convertible at the holder's option into a Subsequent Financing. In the event that a Subsequent Financing has not occurred within 12 months from the date of issuance of the Debentures, the holder has the option to convert the Debenture into a number of shares of Tamandare's common stock equal to 1% of Tamandare's shares of common stock on a fully diluted basis for every $125,000 of Debentures (the "Conversion Shares").

Note L - Subsequent Events (continued)

[6] Share Exchange (continued)

In addition, upon conversion or repayment of the Debenture, the holder is entitled to receive, at the holder's option, either (i) a warrant (the "Warrant"), which has a three year term and is exercisable at the offering price in a Subsequent Financing, to purchase such number of shares of Tamandare's common stock equal to the principal amount of the Debenture divided by the offering price in a Subsequent Financing (the "Warrant Shares") or (ii) shares of Tamandare's common stock equal to 33% of the principal amount of the Debenture divided by the offering price in a Subsequent Financing (the "Incentive Shares"). The Conversion Shares, Warrant Shares and Incentive Shares are entitled to piggyback registration rights.

In addition to selling commissions paid to the placement agent on the sale of certain Debentures, the placement agent received warrants which expire in October 2013 and are exercisable at the offering price in a Subsequent Financing to purchase shares of Tamandare's common stock equal to 3% of the gross proceeds delivered by purchasers introduced by such placement agent divided by the purchase price per share in the Subsequent Financing. In the event that the Subsequent Financing has not occurred within 12 months from the date of issuance of the Debentures, the placement agent will receive, in lieu of the warrants, shares of common stock equal to 3% of the number of shares of Tamandare's common stock such purchasers are entitled to receive upon conversion of their Debentures.

Pursuant to a Pledge and Security Agreement and Subsidiary Guaranty, the Company granted the Debenture holders a first priority lien on all its assets and guaranteed the repayment of the Debentures.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements give effect to the share exchange between Tamandare Explorations Inc. ("Tamandare") and Tonix Pharmaceuticals, Inc. ("Tonix"). In the share exchange, Tonix's shareholders exchanged their preferred and common shares for newly issued shares of common stock of Tamandare and Tonix became Tamandare's wholly-owned subsidiary with Tonix's shareholders owning approximately 85% of the common shares of Tamandare. As the owners and management of Tonix have voting and operating control of Tamandare after the share exchange and Tamandare is nonoperating and does not meet the definition of a business, the transaction will be accounted for as a recapitalization of Tonix accompanied by issuance of its common stock for the net monetary liabilities of Tamandare.

The unaudited pro forma condensed combined financial statements presented below are based on the historical financial statements of Tamandare and Tonix. Pro forma adjustments which give effect to certain transactions occurring as a direct result of the share exchange and certain transactions occurring after June 30, 2011 which are related to such transactions, are described in the accompanying notes presented on the following pages. The unaudited pro forma condensed combined balance sheet assumes that the share exchange took place on June 30, 2011 and the unaudited pro forma condensed combined statements of operations assume that the share exchange took place on January 1, 2010.

The unaudited pro forma condensed combined financial statements have been prepared for illustrative purposes only and are not necessarily indicative of the consolidated financial position or results of operations in future periods or the results that actually would have been realized had Tamandare and Tonix been a combined company during the specified periods. The unaudited pro forma condensed combined financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the historical consolidated financial statements of Tonix included herein and the historical financial statements of Tamandare included in its Annual Report on Form 10-K for the year ended December 31, 2010, and its unaudited condensed financial statements included in its Form 10-Q for the quarterly period ended June 30, 2011.

Tonix Pharmaceuticals, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2011

	Tonix	Tamandare	Pro Forma Adjustments		Pro Forma Combined
ASSETS					
Current assets:					
			$ 44,000	(B)	
			1,085,000	(C)	
Cash and cash equivalents	$ 21,342	$ 747	500,000	(C)	$ 1,651,089
Prepaid expenses	6,423				6,423
Total current assets	27,765	747	1,629,000		1,657,512
Deferred financing costs			40,000	(C)	40,000
Furniture and equipment, net	30,258				30,258
Restricted cash	60,132				60,132
Total Assets	$ 118,155	$ 747	$ 1,669,000		$ 1,787,902
LIABILITIES AND STOCKHOLDERS' DEFICIENCY					
Current liabilities:					
Accounts payable	$ 469,369	$ 3,460			$ 472,829
Accrued expenses	2,548				2,548
Loan Payable		10,000	$ (10,000)	(A)	0
Secured convertible debentures			1,625,000	(C)	1,625,000
Total current liabilities	471,917	13,460	1,615,000		2,100,377
Deferred rent payable	29,263				29,263
Total liabilities	501,180	13,460	1,615,000		2,129,640
Stockholders' deficiency:					
Series A preferred stock	15,000		(15,000)	(E)	0
			400	(B)	
Series B preferred stock	22,355		(22,755)	(E)	0
			17,370	(D)	
			(52,075)	(E)	
Common stock	34,705	5,500	21,167	(F)	26,667
			10,000	(A)	
			43,600	(B)	
			320,966	(D)	
			89,830	(E)	
Additional paid-in capital	3,338,948	59,500	(98,880)	(F)	3,763,964
			(338,336)	(D)	
Deficit accumulated during the development stage	(3,794,033)	(77,713)	77,713	(F)	(4,132,369)
Total stockholders' deficiency	(383,025)	(12,713)	54,000		(341,738)
	$ 118,155	$ 747	$ 1,669,000		$ 1,787,902

Tonix Pharmaceuticals, Inc.
Unaudited Pro Forma Condensed Combined Statements of Operations
Year Ended December 31, 2010

	Tonix	Tamandare	Pro Forma Combined
Costs and expenses:			
Research and development	$ 348,637		$ 348,637
Professional services	916,566	$ 12,200	928,766
General and administrative	663,485	5,524	669,009
Operating loss	(1,928,688)	(17,724)	(1,946,412)
Interest income (expense), net	(35,782)		(35,782)
Net loss	$ (1,964,470)	$ (17,724)	$ (1,982,194)
Basic and diluted net loss per share (G)			$ (0.18)
Weighted average shares used in computation of basic and diluted net loss per share (G)			11,319,780

Tonix Pharmaceuticals, Inc.
Unaudited Pro Forma Condensed Combined Statements of Operations
Six Months Ended June 30, 2011

	Tonix	Tamandare	Pro Forma Combined
Costs and expenses:			
Research and development	$ 41,645		$ 41,645
Professional services	390,735	$ 4,700	395,435
General and administrative	437,130	2,331	439,461
Operating loss	(869,510)	(7,031)	(876,541)
Interest income (expense), net	44		44
Net loss	$ (869,466)	$ (7,031)	$ (876,497)
Basic and diluted net loss per share (G)			$ (0.05)
Weighted average shares used in computation of basic and diluted net loss per share (G)			19,362,452

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Share Exchange

On October 7, 2011 ("Closing Date"), Tamandare executed and consummated a share exchange agreement by and among Tonix and the holders of 100% of the equity securities of Tonix, including, the holders of 5,207,500 shares of common stock 1,500,000 shares of Series A Preferred Stock and 2,275,527 shares of Series B Preferred Stock (the "Tonix Shareholders"), on one hand, and Tamandare and David Moss, the sole officer and director and majority shareholder of Tamandare, on the other hand (the "Share Exchange Agreement" and the transaction, the "Share Exchange"). In the Share Exchange, Tonix's Shareholders exchanged their shares of Tonix for newly issued shares of common stock of Tamandare ("Common Stock"). As a result, upon completion of the Share Exchange, Tonix became Tamandare's wholly-owned subsidiary.

Upon completion of the Share Exchange, the Tonix Shareholders received in exchange for all of their shares of Tonix's Common and Preferred Stock (including 1,737,000 unvested restricted common shares which were accelerated immediately prior to closing), an aggregate of 22,666,667 shares of Tamandare's Common Stock. David Moss returned 1,500,000 shares of Common Stock to Tamandare, which were retired, and Tamandare's existing stockholders retained 4,000,000 shares of Common Stock. The 22,666,667 shares issued to Tonix's Shareholders constituted approximately 85% of Tamandare's 26,666,667 issued and outstanding shares of Common Stock post-Closing.

The Share Exchange is intended to qualify as a tax free exchange under Section 368(a)(1)(B) of the U.S. Internal Revenue Code of 1986, as amended.

In connection with the closing of the Share Exchange, Tamandare was required to close a private placement financing of its securities with gross proceeds of at least $1,500,000. On October 7, 2011, Tamandare issued secured convertible debentures ('Debentures") in the amount of $1,625,000, of which $1,125,000 were sold to investors for aggregate cash proceeds of $1,085,000, net of $40,000 of selling commissions to the placement agent, and $500,000 were exchanged for $500,000 in debentures of Tonix which were issued in September 2011. The Debentures mature on the earlier of (i) one year from their issuance date or (ii) the date of closing of a private placement of equity, equity equivalent, convertible debt or debt financing in which Tamandare receives gross proceeds, in one or more transactions, of at least $3,875,000. The Debentures bear interest at 8% per annum.

2. Pro Forma Adjustments

(A) To eliminate Tamandare's note payable to David Moss, which was forgiven upon consummation of the Share Exchange.
(B) To record the issuance by Tonix of 40,000 shares of Series B Preferred Stock at $1.10 per share ($44,000) in July 2011, which were included in the Share Exchange.
(C) To record the issuance by Tonix of $500,000 of debentures in September 2011 and the issuance of $1,625,000 of Debentures concurrent with the Share Exchange, including $500,000 which were exchanged for the Tonix debentures.
(D) To recognize stock compensation expense of $338,336 associated with the accelerated vesting of 1,737,000 common shares immediately prior to the Share Exchange.
(E) To eliminate Tonix's historical preferred and common stock accounts.
(F) To adjust Tamandare's stockholders' equity accounts to reflect the Share Exchange, including 4,000,000 shares of existing Tamandare common stock at par value of $0.001 and the conversion of all outstanding shares of preferred and common stock of Tonix into 22,666,667 shares of Tamandare common stock at par value of $0.001.
(G) Pro forma basic and diluted loss per common share is based on the weighted average number of common shares which would have been outstanding during the period if the recapitalization had occurred at January 1, 2010, and reflects the exchange of Series A Preferred Stock, Series B Preferred Stock and common stock of Tonix for common stock of Tamandare. No effect has been given to accelerated vesting of 1,737,000 shares of restricted stock immediately prior to the share exchange and accordingly, nonvested stock during such period is not included in the calculation of basic and diluted loss per common share. In connection with the accelerated vesting, $338,336 of unrecognized compensation expense related to vested restricted stock will be charged to operations in the fourth quarter of 2011 and has not been charged to expense in the accompanying pro forma statements of operations.
(H) Although the Share Exchange is assumed to have taken place on January 1, 2010, the Debentures were not assumed to have been issued on January 1, 2010 and, accordingly, no pro forma interest expense is reflected in the accompanying pro forma statements of operations.

The unaudited pro forma condensed combined financial statements do not include any adjustment for non-recurring costs incurred or to be incurred after June 30, 2011 by both Tamandare and Tonix to consummate the Share Exchange. Share Exchange costs include fees payable for investment banking services, legal fees and accounting fees. Such costs will be expensed as incurred.

Exhibit 4.01

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, WHICH OPINION SHALL BE REASONABLY ACCEPTABLE TO THE ISSUER.

TAMANDARE EXPLORATIONS INC.

8% SECURED CONVERTIBLE DEBENTURE

$_____ New York, New York

Dated as of: October 7, 2011

In consideration of the receipt of $_____, the undersigned, Tamandare Explorations Inc., a Nevada corporation ("Issuer"), hereby promises to pay, in accordance with the Subscription Agreement (the "Subscription Agreement"), dated as of October 7, 2011, by and between Issuer and _____ ("Holder"), on the Maturity Date (as hereinafter defined), the principal amount of _____ ($_____) Dollars, unless this debenture ("Debenture") is earlier converted in accordance with Section 1.2 or Section 3, and interest shall accrue hereon from the date hereof and be payable as provided herein, unless earlier converted in accordance with Section 1.2 or Section 3 hereof or earlier repaid in accordance with Section 1.4 hereof.

This Debenture is the secured convertible debenture referred to in the Subscription Agreement and is entitled to the benefits thereof, is secured as provided in the security agreement with the Issuer, as the same may be amended, modified, restated or supplemented from time to time (the "Security Agreement") and is subject to conversion as set forth in Sections 1.2 and Section 3 hereof. This Debenture, and all representations, warranties, covenants and agreements contained in the Subscription Agreement, shall be binding upon Issuer and its successors and assigns.

This Debenture is one of a series of secured convertible debentures of like tenor and ranking (collectively, the "Debentures") made by the Issuer in favor of certain investors dated of even date herewith, and issued, from time to time, on and after the date hereof, all upon terms set forth in Subscription Agreement.

1. Terms of the Debenture.

1.1 Interest; Interest Rate; Repayment.

(a) This Debenture shall bear interest at the rate of eight (8%) percent (the "Interest Rate") per annum based on a 360-day year. Interest shall be payable on the Maturity Date.

(b) The principal outstanding, plus all accrued but unpaid interest hereunder, shall be payable in cash on the earlier of (i) 12 months from the date of the Debenture, or (ii) the date of closing of the PIPE Financing (as hereinafter defined) (such earlier date being the "Maturity Date"). "PIPE Financing" shall mean the private placement of equity, equity equivalent, convertible debt or debt financing in which Issuer receives gross proceeds, in one or more transactions, of at least Four Million Dollars ($4,000,000), or such lower amount equal to Four Million Dollars ($4,000,000) minus the amount of Debentures in excess of One Million Five Hundred Thousand Dollars ($1,500,000), but not to be reduced below Three Million Dollars ($3,000,000).

(c) The principal amount and interest thereon shall not be prepaid in whole or in part by the Issuer.

(d) All monetary payments to be made by Issuer hereunder shall be made in lawful money of the United States by check or wire transfer of immediately available funds.

(e) If all or a portion of the principal amount of this Debenture or any interest payable thereon shall not be repaid when due, whether on the Maturity Date, by acceleration or otherwise, such overdue amounts shall bear interest at a rate per annum that is five percent (5%) above the Interest Rate (i.e., 13%) from the date of such non-payment until such amount is paid in full (as well after as before judgment).

1.2 Election to Convert into PIPE Financing. The Holder shall have the right, at his option, at any time on or before the repayment of the Debenture, to convert, in whole or in part, subject to the terms and provisions hereof, the principal amount of the Debenture and interest accrued through the date of conversion into securities to be issued by Issuer in the PIPE Financing at the offering price in the PIPE Financing (the "PIPE Securities"). No fractional PIPE Securities shall be issued upon conversion. In lieu of any fractional PIPE Securities to which Purchaser would otherwise be entitled, Issuer shall pay cash in an amount equal to such amount of principal and/or interest of the Debenture not converted.

1.3 Conversion Procedures. Upon conversion of this Debenture as provided in Section 1.2 hereof, Holder shall surrender this Debenture, appropriately endorsed, to Issuer at Issuer's principal office, accompanied by written notice to Issuer setting forth the name or names (with address(es)) in which the PIPE Securities issuable upon such conversion shall be issued and registered on the books of Issuer. This Debenture shall be marked cancelled on the books of Issuer as of the date of the PIPE Financing, whether or not surrendered.

1.4 Payment Rights Upon Merger, Consolidation, Etc. If, at any time, prior to the Maturity Date, Issuer proposes to consolidate with, or merge into, another corporation or entity, or to effect any sale or conveyance to another corporation or other entity of all or substantially all of the assets of Issuer, or effect any other corporate reorganization, in which the stockholders of Issuer immediately prior to such consolidation, merger, reorganization or sale would own capital stock of the entity surviving such merger, consolidation, reorganization or sale representing less than fifty (50%) percent of the combined voting power of the outstanding securities of such successor or combined entity immediately after such consolidation, merger, reorganization or sale (a "Liquidation Event"), then Issuer shall provide Holder with at least ten (10) days' prior written notice of any such proposed action, and Holder will, at its option, have the right to demand immediate payment of all amounts due and owing under this Debenture. Holder will give Issuer written notice of such demand within five (5) days after receiving notice of the Liquidation Event. All amounts (including all accrued and unpaid interest) due and owing under this Debenture shall be paid by Issuer to Holder within five (5) days from the date of such written notice by Holder via wire transfer(s) of immediately available funds, in accordance with written instructions provided to Issuer by Holder.

1.5 Other Assurances. Issuer shall not, by amendment of its Articles of Incorporation or By-laws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by Issuer, but shall at all times in good faith assist in the carrying out of all the provisions of this Debenture and in taking of all such actions as may be necessary or appropriate in order to protect the rights of Holder herein against impairment.

1.6 Security Interest. This Debenture shall be secured by the assets of the Issuer, as set forth in the Security Agreement and Pledge and Security Agreement.

2. Events of Default. If any of the following events (each, an "Event of Default") shall occur and be continuing:

(i) Issuer shall fail to pay any amount payable under this Debenture, including but limited to installments of interest and/or principal, within three (3) business days after such payment becomes due (at the Maturity Date, an Interest Payment Date or other date) in accordance with the terms hereof;

(ii) Except for accounts payable outstanding as of the date of this Debenture, Issuer shall fail to pay when due (following the expiration of applicable notice and cure periods), whether upon acceleration, prepayment obligation or otherwise, any indebtedness for money due, individually or in the aggregate, involving an amount in excess of $50,000;

(iii) Any representation, warranty, covenant or agreement made by Issuer in the Subscription Agreement, the Security Agreement, or this Debenture was incorrect in any material respect on or as of the date made;

(iv) Issuer shall default, in any material respect, in the observance or performance of any other agreement contained in this Debenture or any other agreement or instrument contemplated by this Debenture or the Subscription Agreement, and such default shall continue unremedied for a period of fifteen (15) days after written notice to Issuer of such default;

(v) (a) Issuer shall commence any case, proceeding or other action (x) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, conservatorship or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (y) seeking appointment or a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Issuer shall make a general assignment for the benefit of its creditors; or (b) there shall be commenced against Issuer any case, proceeding or other action of a nature referred to in clause (a) above that (A) results in the entry of an order for relief of any such adjudication of appointment or (B) remains undismissed, undischarged or unbonded for a period of ninety (90) days; or (c) there shall be commenced against Issuer any case, proceeding other action seeking issuance of a warrant of attachment, execution, distrait or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within ninety (90) days from the entry thereof; or (d) Issuer shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in any of the acts set forth in clauses (a), (b) or (c) above; or (e) Issuer shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due, then, and in any such event, (x) if such event is an Event of Default specified in subsection (v) above of this Section 2, automatically this Debenture (with all accrued and unpaid interest thereon) and all other amounts owing under this Debenture shall immediately become due and payable, and (y) if such event is any other Event of Default, Holder may, by written notice to Issuer, declare this Debenture (with all accrued and unpaid interest thereon) and all other amounts owing under this Debenture to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section 2, presentation, demand, protest and all other notices of any kind are hereby expressly waived by Issuer.

3. Conversion.

3.1 Optional Conversion. If the PIPE Financing has not closed on or prior to the date that is 12 months from the date of this Debenture, in addition to any and all other amounts due and payable hereunder, the Holder shall be entitled, at its option, to deliver to the Issuer a notice of conversion (a "Notice of Default Conversion") in the form attached hereto as Exhibit A, specifying therein that the entire principal amount of the Debenture, plus all accrued interest, is to be converted and the date on which such conversion is to be effected (a "Default Conversion Date"). If the Holder elects to convert this Debenture into shares of Common Stock (a "Default Conversion"), then the number of shares of Common Stock issuable upon such conversion shall be an amount of Common Stock equal to the Pro Rata Portion (as defined below) of 24% of the Fully Diluted Shares Outstanding (as defined below), after giving effect to the default conversion, determined by quotient of (x) the Fully Diluted Shares Outstanding at the Default Conversion Date and (y) 76%. If the Holder elects to convert the principal of this Debenture into shares of Common Stock, then the number of shares of Common Stock issuable upon such conversion shall be determined by dividing the principal amount of this Debenture by $3,000,000 (the "Pro Rata Portion"). For example, if the principal amount of this Debenture is $600,000, then upon a Default Conversion, Holder would be entitled to 4.8% of the Fully Diluted Shares Outstanding, which represents 20% ($600,000/$3,000,000) of the 24% of the Fully Diluted Shares Outstanding.

For purposes of this Debenture, "Fully Diluted Shares Outstanding" means the sum of (i) the shares of Common Stock issued and outstanding and (ii) shares of Common Stock issuable upon exercise or conversion of outstanding Issuer derivative securities.

3.2 Reservation of Common Stock. The Issuer covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock solely for the purpose of issuance upon Default Conversion of the Debenture, free from preemptive rights or any other actual contingent purchase rights of persons other than the Holder, not less than such number of shares of the Common Stock as shall be issuable upon the conversion of the outstanding principal amount of the Debenture. The Issuer covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly and validly authorized, issued and fully paid and non-assessable.

3.3 Exercise Limitations. The Issuer shall not effect any conversion of this Debenture, and a Holder shall not have the right to convert any portion of this Debenture, pursuant to Sections 1 or 3 or otherwise, to the extent that after giving effect to such issuance after conversion as set forth on the applicable Notice of Default Conversion, the Holder (together with the Holder's Affiliates, and any other person or entity 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 Debenture with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) conversion of the remaining, nonconverted portion of this Debenture beneficially owned by the Holder or any of its Affiliates and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Issuer (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 3.3, 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 Issuer 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 3.3 applies, the determination of whether this Debenture is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Debenture is convertible shall be in the sole discretion of the Holder, and the submission of a Notice of Default Conversion shall be deemed to be the Holder's determination of whether this Debenture is convertible (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Debenture is convertible, in each case subject to the Beneficial Ownership Limitation, and the Issuer 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 2(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 Issuer's most recent periodic or annual report, as the case may be, (B) a more recent public announcement by the Issuer or (C) any other notice by the Issuer or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Issuer 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 Issuer, including this Debenture, 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 Debenture. The Holder, upon not less than 61 days' prior notice to the Issuer, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(d), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Debenture held by the Holder and the provisions of this Section 3.3 shall continue to apply. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Issuer. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 3.3 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 Debenture.

3.**4** Concerning the Shares. The shares of Common Stock issuable upon conversion of this Debenture may not be sold or transferred unless (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Issuer's transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration or (iii) such shares are sold or transferred pursuant to Rule 144 under the Act (or a successor rule) ("Rule 144"). Except as otherwise provided in the Subscription Agreement (and subject to the removal provisions set forth below), until such time as the shares of Common Stock issuable upon conversion of this Debenture have been registered under the Act or otherwise may be sold pursuant to Rule 144 without any restriction as to the number of securities as of a particular date that can then be immediately sold, each certificate for shares of Common Stock issuable upon conversion of this Debenture that has not been so included in an effective registration statement or that has not been sold pursuant to an effective registration statement or an exemption that permits removal of the legend, shall bear a legend substantially in the following form, as appropriate:

"NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES."

The legend set forth above shall be removed and the Issuer shall issue to the Holder a new certificate therefore free of any transfer legend if (i) the Issuer's transfer agent shall have received an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the Company so that the sale or transfer is effected or (ii) in the case of the Common Stock issuable upon conversion of this Debenture, such security is registered for sale by the Holder under an effective registration statement filed under the Act or otherwise may be sold pursuant to Rule 144 without any restriction as to the number of securities as of a particular date that can then be immediately sold. The Issuer shall cause its counsel to issue any legal opinion to the Issuer's transfer agent promptly if required by the transfer agent to effect the removal of the legend hereunder, and the Issuer shall be liable for such costs of such legal opinion.

4. Additional Consideration at Maturity.

Upon the earlier of repayment of this Debenture, the mandatory conversion pursuant to Section 1.2 or optional conversion pursuant to Section 3, the Holder will be entitled to receive, at the Holder's election, either (i) a warrant, in the form attached hereto as Exhibit B, to purchase such number of shares of the Issuer's Common Stock equal to the principal amount of this Debenture divided by the price per share in the PIPE Financing, or (ii) such number of shares of the Issuer's Common Stock equal to 33% of the principal amount of this Debenture divided by the price per share in the PIPE Financing.

5. Miscellaneous.

5.1 Interest Rate. Any interest payable hereunder that is in excess of the maximum interest rate permitted under applicable law shall be reduced to the maximum interest rate permitted under such applicable law.

5.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given when delivered by hand or by facsimile transmission, when telexed, or upon receipt when mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to Issuer:

Tamandare Explorations Inc.
c/o Tonix Pharmaceuticals, Inc.
509 Madison Avenue, Suite 306
New York, New York 10022
Attn: Seth Lederman
Facsimile: (212) 923-5700

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

Sichenzia Ross Friedman Ference LLP
61 Broadway, 32nd Floor
New York, New York 10006
Attn: Marc J. Ross, Esq.
Facsimile: (212) 930-9725

If to Holder at its address as furnished in the Subscription Agreement.

5.3 Further Indebtedness. No indebtedness of the Issuer is senior to this Debenture in right of payment, whether with respect to interest, damages or upon liquidation or dissolution or otherwise. Without the Holder's consent, the Issuer will not, directly or indirectly, enter into, create, incur, assume or suffer to exist any indebtedness of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits there from that is senior or pari passu in any respect to the obligations of the Issuer under this Debenture.

5.4 Entire Agreement; Exercise of Rights. (a) This Debenture embodies the entire agreement and understanding of the parties hereto with respect to the subject matter hereof. No amendment of any provision of this Debenture shall be effective unless it is in writing and signed by each of the parties; and no waiver of any provision of this Debenture, nor consent to any departure by either party from it, shall be effective unless it is in writing and signed by the affected party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of a party to exercise, and no delay in exercising, any right under this Debenture, or any agreement contemplated hereby, shall operate as a waiver hereof by such party, nor shall any single or partial exercise of any right under this Debenture, or any agreement contemplated hereby, preclude any other or further exercise thereof or the exercise of any other right.

5.5 Governing Law. This Debenture shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such state.

5.6 Transferability. This Debenture shall not be transferable in any manner without the express written consent of Issuer, which consent may not be unreasonably withheld.

****

IN WITNESS WHEREOF, the parties hereto have executed this Debenture on the date first above written.

TAMANDARE EXPLORATIONS INC.

By: _____

Name:
Title:

EXHIBIT "A"

NOTICE OF DEFAULT CONVERSION

(To be executed by the Holder in order to convert the Debenture)

TO:

The undersigned hereby irrevocably elects to convert the principal amount of the above Debenture, as well as all accrued but unpaid interest on such converted principal amount as of the date hereof, into the Holder's Pro Rata Portion of the Fully Diluted Shares Outstanding.

Conversion Date: _____

Signature: _____

Name: _____

Address: _____

Please issue the securities in the following name and to the following address: _____

Issue to: _____

Authorized Signature: _____

Name: _____

Title: _____

Phone Number: _____

EXHIBIT "B"

FORM OF WARRANT

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE 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 (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

TAMANDARE EXPLORATIONS INC.

Warrant Shares: [_____] Initial Exercise Date: _____ __, 201_

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the three year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Tamandare Explorations Inc., a Nevada corporation (the "Company"), up to _____ shares (the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Subscription Agreement (the "Subscription Agreement"), dated October 7, 2011, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto; and, within 3 Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within 3 Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within one (1) Business Day of receipt of such notice. In the event of any dispute or discrepancy, the records of the Company shall be controlling and determinative in the absence of manifest error. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **$[Subsequent Offering Price]**, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at any time after the 18 month anniversary of the date of the Original Issue Date, there is no effective Registration Statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date of such election;

(B) = the Exercise Price of this Warrant, as adjusted; and

(X) = the number of Warrant Shares issuable upon exercise of this Warrant in accordance with the terms of this Warrant by means of a cash exercise rather than a cashless exercise.

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 2(c).

For purposes of this Warrant, "VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. New York City time to 4:02 p.m. New York City time); (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

d) 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 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other person or entity 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 (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (B) 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 2(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 2(d) 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 a Notice of Exercise 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 2(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, as the case may be, (B) a more recent public announcement by the Company or (C) any other 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 2(d), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(d) shall continue to apply. 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 2(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 Warrant.

e) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's prime broker with the Depository Trust Company through its Deposit Withdrawal Agent Commission ("DWAC") system if the Company is then a participant in such system and either (A) there is an effective Registration Statement permitting the resale of the Warrant Shares by the Holder or (B) the shares are eligible for resale without volume or manner-of-sale limitations pursuant to Rule 144, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise within three (3) Trading Days from the delivery to the Company of the Notice of Exercise Form, surrender of this Warrant (if required) and payment of the aggregate Exercise Price as set forth above (the "Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the date the Exercise Price is received by the Company. The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(e)(vi) prior to the issuance of such

shares, have been paid.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(e)(i) by the Warrant Share Delivery Date, then, the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

Section 3. Call Provision. Subject to the provisions of Section 2(c) and this Section 3, if, after the effective date of the registration statement in which the shares of Common Stock issuable upon exercise of this Warrant shall be included (the "Effective Date"), the VWAP for each of twenty (20) consecutive Trading Days (the "Measurement Period", which twenty (20) Trading Day period shall not have commenced until after the Effective Date) equals or exceeds $**[200% of PIPE price]** (subject to adjustment for forward and reverse stock splits, recapitalizations, stock dividends and the like) (the "Threshold Price"), then the Company may, within one Trading Day of the end of such period, call for cancellation of all or any portion of this Warrant for which a Notice of Exercise has not yet been delivered (such right, a "Call"). To exercise this right, the Company must deliver to the Holder an irrevocable written notice (a "Call Notice"), indicating therein the portion of unexercised portion of this Warrant to which such notice applies. If the conditions set forth below for such Call are satisfied from the period from the date of the Call Notice through and including the Call Date (as defined below), then any portion of this Warrant subject to such Call Notice for which a Notice of Exercise shall not have been received by the Call Date will be cancelled at 5;00 p.m. (New York City time) on the 30th day after the date the Call Notice is received by the Holder (such date, the "Call Date"). Any unexercised portion of this Warrant to which the Call Notice does not pertain will be unaffected by such Call Notice. In furtherance thereof, the Company covenants and agrees that it will honor all Notices of Exercise with respect to Warrant Shares subject to a Call Notice that are tendered through 5:00 p.m. (New York City time) on the Call Date. The parties agree that any Notice of Exercise delivered following a Call Notice shall first reduce to zero the number of Warrant Shares subject to such Call Notice prior to reducing the remaining Warrant Shares available for purchase under this Warrant. For example, if (x) this Warrant then permits the Holder to acquire 100 Warrant Shares, (y) a Call Notice pertains to 75 Warrant Shares, and (z) prior to 6:30 p.m. (New York City time) on the Call Date the Holder tenders a Notice of Exercise in respect of 50 Warrant Shares, then (1) on the Call Date the right under this Warrant to acquire 25 Warrant Shares will be automatically cancelled, (2) the Company, in the time and manner required under this Warrant, will have issued and delivered to the Holder 50 Warrant Shares in respect of the exercises following receipt of the Call Notice, and (3) the Holder may, until the Termination Date, exercise this Warrant for 25 Warrant Shares (subject to adjustment as herein provided and subject to subsequent Call Notices). Subject again to the provisions of this Section 3, the Company may deliver subsequent Call Notices for any portion of this Warrant for which the Holder shall not have delivered a Notice of Exercise. Notwithstanding anything to the contrary set forth in this Warrant, the Company may not deliver a Call Notice or require the cancellation of this Warrant (and any Call Notice will be void), unless, from the beginning of the 5th consecutive Trading Day used to determine whether the Common Stock has achieved the Threshold Price through the Call Date, (i) the Company shall have honored in accordance with the terms of this Warrant all Notices of Exercise delivered by 5:00 p.m. (New York City time) on the Call Date, (ii) the Registration Statement shall be effective as to all Warrant Shares and the prospectus thereunder available for use by the Holder for the resale of all such Warrant Shares and (iii) there is a sufficient number of authorized shares of Common Stock for issuance upon exercise of this Warrant. The Company's right to Call the Warrant shall be exercised ratably among the Holders based on each Holder's initial purchase of Units.

Section 4. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 4(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) RESERVED.

c) Favored Nations Provision. For as long as the Warrant is outstanding, the Exercise Price of the Warrant shall be subject to price protection adjustment on the same terms and conditions of any warrants issued to investors in the PIPE Financing (as defined in the debentures issued pursuant to the Subscription Agreement) or any financing prior to the PIPE Financing.

d) Calculations. All calculations under this Section 4 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 4, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

e) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 4, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice.

Section 5. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 5(d) hereof and to the provisions of the Subscription Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 5(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. 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 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.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of the Subscription Agreement.

Section 6. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(e)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock such number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, 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, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Subscription Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Subscription Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and Holders holding Warrants at least equal to a majority of the Warrant Shares issuable upon exercise of all then outstanding Warrants.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

TAMANDARE EXPLORATIONS INC.

By: _____

Name
Title

NOTICE OF EXERCISE

TO: TAMANDARE EXPLORATIONS INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States; or

[ ] [if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____

_____

Dated: _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

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 whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

Exhibit 4.02

THIS SUBSCRIPTION AGREEMENT IS EXECUTED IN RELIANCE UPON (1) THE EXEMPTION PROVIDED BY SECTION 4(2) AND REGULATION D, RULE 506 FOR TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR (2) THE EXEMPTION TO AN OFFERING OF SECURITIES IN AN OFFSHORE TRANSACTION TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED HEREIN) PURSUANT TO RULE 903 OF REGULATION S PROMULGATED UNDER THE SECURITIES ACT. THIS OFFERING IS BEING MADE ONLY TO ACCREDITED INVESTORS OR TO NON-U.S. PERSONS PURSUANT TO RULE 903 OF REGULATION S PROMULGATED UNDER THE SECURITIES ACT. NONE OF THE SECURITIES TO WHICH THIS SUBSCRIPTION RELATES HAVE BEEN REGISTERED UNDER THE SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, NONE MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION D OR REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN ACCORDANCE WITH THE SECURITIES ACT.

_____

SUBSCRIPTION AGREEMENT

_____

THIS SUBSCRIPTION AGREEMENT (this "Subscription") has been executed by Tamandare Explorations Inc., a corporation organized under the laws of the State of Nevada (the "Company") and the purchaser set forth in the Signature Page (the "Signature Page") attached hereto (the "Purchaser").

WHEREAS, immediately prior to and in conjunction with the closing of this Subscription, the Company will acquire all of the issued and outstanding shares of Tonix Pharmaceuticals, Inc., a corporation organized under the laws of the State of Delaware ("Tonix"), which will become a wholly-owned subsidiary of the Company (the "Reverse Merger");

WHEREAS, the purchasers ("Purchasers") will be purchasing from the Company (the "Offering"), severally and not jointly with the other Purchasers, debentures (the "Debentures" or "Securities"), in the form attached hereto as Exhibit E, a minimum of $1,500,000 secured convertible Debentures ("Minimum Offering") and up to a maximum of $3,000,000 Debentures ("Maximum Offering"), to be issued by the Company, in one or more Closings, on each Closing Date as set forth herein;

WHEREAS, the Debentures will be secured by a first priority lien on the assets of the Company pursuant to a pledge and security agreement (the "Security Agreement"), in the form attached hereto as Exhibit F;

WHEREAS, Tonix and WFG Investments, Inc. (the "Placement Agent") have entered into an escrow deposit agreement (the "Escrow Agreement"), in the form attached hereto as Exhibit G, with Signature Bank, the escrow agent for this Offering ("Escrow Agent");

WHEREAS, in connection with the Reverse Merger, Tonix will cause the Company to assume its obligations under this Subscription and the Company shall issue the Debentures;

WHEREAS, the offer of the Debentures and, if this Subscription is accepted by the Company, the sale of Debentures, is being made in reliance upon Section 4(2) and/or Rule 506 of Regulation D of the Securities Act or Rule 903 of Regulation S promulgated under the Securities Act; and

WHEREAS, the holders of the Old Notes (as hereinafter defined) shall exchange their Old Notes for Debentures in this Offering (the "Exchanged Debentures"). The Exchanged Debentures will count towards the Minimum and Maximum Offering. In August and September 2011, Tonix sold promissory notes (the "Old Notes") in the face amount of $500,000 to accredited investors in private placement transactions pursuant to Rule 506 of Regulation D.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1
SUBSCRIPTION

Subscription

1.1 The undersigned Purchaser, as principal, hereby subscribes to purchase the amount of Debentures set forth on the Signature Page attached hereto, at an aggregate purchase price as set forth on the Signature Page (the "Subscription Funds").

Minimum Subscription

1.2 A minimum of $50,000 of Debentures must be purchased by the Purchaser, unless a lower amount is agreed to by the Company and the Placement Agent, in their sole discretion.

Method of Payment

1.3 The Purchaser shall pay the Subscription Funds by delivering good funds in United States Dollars by way of wire transfer of funds to the Escrow Agent for this Offering (or for holders of the Old Notes, by delivering the original Old Note to counsel to the Company). The wire transfer and overnight delivery instructions for the Old Notes are as set forth in Exhibits B and C, respectively, attached hereto and made a part hereof.

Upon receipt of the Subscription Funds and acceptance of this Subscription by the Company, the Company shall take up the Subscription Funds (the "Closing Date") and issue to the Purchaser a Debenture equal in principal amount to the amount of the accepted Subscription Funds. The Purchaser and the Company acknowledge and agree that the initial closing of the Offering shall be subject to the Minimum Offering having been subscribed for.

The Purchaser acknowledges that the subscription for Debentures hereunder may be rejected in whole or in part by the Company in its sole discretion and for any reason, notwithstanding prior receipt by the Purchaser of notice of acceptance of such subscription. The Company shall have no obligation hereunder until the Company shall execute and deliver to the Purchaser an executed copy of this Subscription. If this Subscription is rejected in whole, or the offering of Debentures is terminated, all funds (or Old Notes) received from the Purchaser will be returned without interest or offset, and this Subscription shall thereafter be of no further force or effect. If this Subscription is rejected in part, the funds (or Old Notes) for the rejected portion of this subscription will be returned without interest or offset, and this Subscription will continue in full force and effect to the extent this Subscription was accepted.

Term; Termination

1.4 If the Minimum Offering is not subscribed for on or prior to October 31, 2011, all funds (and Old Notes) received from the Purchaser will be returned without interest or offset, and this Subscription shall thereafter be of no further force or effect, which may be extended to November 30, 2011 upon the mutual agreement of the Company and the Placement Agent (the "Offering Period").

1.5 All funds received from the Purchaser will held in a non-interest-bearing escrow account by the Escrow Agent, pending the earlier of (a) one or more closings after reaching the Minimum Offering, (b) completion of the Maximum Offering or (c) the end of the Offering Period.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Representations and Warranties

2.1 The Purchaser represents and warrants to the Company, with the intent that the Company will rely thereon in accepting this Subscription, that:

(a) Accredited or Non-U.S. Purchaser. The Purchaser is either (i) an "accredited investor" as that term is defined in Regulation D promulgated under the Securities Act and as set forth in Exhibit A attached hereto and made a part hereof, or (ii) not a U.S. Person as defined in Rule 902 of Regulation S promulgated under the Securities Act and as set forth in Exhibit A attached hereto and made a part hereof;

(b) Experience. The Purchaser is sufficiently experienced in financial and business matters to be capable of evaluating the merits and risks of its investments, and to make an informed decision relating thereto, and to protect its own interests in connection with the purchase of the Securities;

(c) Own Account. The Purchaser is purchasing the Securities as principal for its own account. The Purchaser is purchasing the Securities for investment purposes only and not with an intent or view towards further sale or distribution (as such term is used in Section 2(11) of the Securities Act) thereof, and has not pre-arranged any sale with any other purchaser and has no plans to enter into any such agreement or arrangement;

(d) Exemption. The Purchaser understands that the offer and sale of the Securities is not being registered under the Securities Act or any state securities laws and is intended to be exempt from registration provided by either (i) in the case of U.S. person, Rule 506 promulgated under Regulation D and/or Section 4(2) of the Securities Act or (ii) in the case of a Non-U.S. Person, Rule 903 of Regulation S promulgated under Regulation S of the Securities Act;

(e) Importance of Representations. The Purchaser understands that the Debentures are being offered and sold to it in reliance on an exemption from the registration requirements of the Securities Act, and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Purchaser set forth herein in order to determine the applicability of such safe harbor and the suitability of the Purchaser to acquire the Debentures;

(f) No Registration. The Debentures have not been registered under the Securities Act or any state securities laws and may not be transferred, sold, assigned, hypothecated or otherwise disposed of unless registered under the Securities Act and applicable state securities laws or unless an exemption from such registration is available (including, without limitation, under Rule 144 of the Securities Act, as such rule may be amended, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect ("Rule 144")). The Purchaser represents and warrants and hereby agrees that all offers and sales of the Debentures and the Securities shall be made only pursuant to such registration or to such exemption from registration;

(g) Risk. The Purchaser acknowledges that the purchase of the Debentures involves a high degree of risk, including, but not limited to the risks set forth on Exhibit D hereto, is aware of the risks and further acknowledges that it can bear the economic risk of the Debentures, including the total loss of its investment. The Purchaser has adequate means of providing for its financial needs and foreseeable contingencies and has no need for liquidity of its investment in the Debentures for an indefinite period of time;

(h) Information. The Purchaser and its purchaser representatives, if any, have received documents requested by the Purchaser, have carefully reviewed them and understand the information contained therein;

(i) Independent Investigation. The Purchaser, in making the decision to purchase the Debentures subscribed for, has relied upon independent investigations made by it and its purchaser representatives, if any, and the Purchaser and such representatives, if any, have prior to any sale to it been given access and the opportunity to examine all material contracts and documents relating to this Offering and an opportunity to ask questions of, and to receive answers from, the Company or any person acting on its behalf concerning the terms and conditions of this Offering. The Purchaser and its advisors, if any, have been furnished with access to all materials relating to the business, finances and operation of the Company and materials relating to the offer and sale of the Debentures that have been requested. The Purchaser and its advisors, if any, have received complete and satisfactory answers to any such inquiries;

(j) No Recommendation or Endorsement. The Purchaser understands that no federal, state or other regulatory authority has passed on or made any recommendation or endorsement of the Debentures. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Subscription. Any representation to the contrary is a criminal offense;

(k) No Representation. In evaluating the suitability of an investment in the Company, the Purchaser has not relied upon any representation or information (oral or written) other than as stated in this Subscription;

(l) No Tax, Legal, Etc. Advice. The Purchaser is not relying on the Company, the Placement Agent or any of their respective employees or agents with respect to the legal, tax, economic and related considerations of an investment in the Debentures, and the Purchaser has relied on the advice of, or has consulted with, only its own advisers;

(m) The Purchaser. The Purchaser (i) if a natural person, represents that the Purchaser has reached the age of 21 and has full power and authority to execute and deliver this Subscription and all other related agreements or certificates and to carry out the provisions hereof and thereof; (ii) if a corporation, partnership, or limited liability company or partnership, or association, joint stock company, trust, unincorporated organization or other entity, represents that such entity was not formed for the specific purpose of acquiring the Debentures, such entity is duly organized, validly existing and in good standing under the laws of the state of its organization, the consummation of the transactions contemplated hereby is authorized by, and will not result in a violation of state law or its charter or other organizational documents, such entity has full power and authority to execute and deliver this Subscription and all other related agreements or certificates and to carry out the provisions hereof and thereof and to purchase and hold the Debentures, the execution and delivery of this Subscription has been duly authorized by all necessary action, this Subscription has been duly executed and delivered on behalf of such entity and is a legal, valid and binding obligation of such entity; or (iii) if executing this Subscription in a representative or fiduciary capacity, represents that it has full power and authority to execute and deliver this Subscription in such capacity and on behalf of the subscribing individual, ward, partnership, trust, estate, corporation, or limited liability company or partnership, or other entity for whom the Purchaser is executing this Subscription, and such individual, partnership, ward, trust, estate, corporation, or limited liability company or partnership, or other entity has full right and power to perform pursuant to this Subscription and make an investment in the Company, and represents that this Subscription constitutes a legal, valid and binding obligation of such entity. The execution and delivery of this Subscription will not violate or be in conflict with any order, judgment, injunction, agreement or controlling document to which the Purchaser is a party or by which it is bound;

(n) No Advertisement or General Solicitation. If the Purchaser is a U.S. Person, such Purchaser acknowledges that it is not aware of, is in no way relying on, and did not become aware of the offering of the Debentures through or as a result of any form of general solicitation or general advertising, including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio, or through any seminar or meeting whose attendees have been invited by any general solicitation or general advertising; and

(o) Foreign Purchaser. If the Purchaser is not a United States person, such Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Debentures or any use of this Subscription, including: (a) the legal requirements within its jurisdiction for the purchase of the Debentures; (b) any foreign exchange restrictions applicable to such purchase; (c) any governmental or other consents that may need to be obtained; and (d) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Debentures. Such Purchaser's subscription and payment for, and its continued beneficial ownership of the Debentures, will not violate any applicable securities or other laws of the Purchaser's jurisdiction.

(p) Short Sales and Confidentiality after the Date Hereof. The Purchaser covenants that neither it, nor any Affiliate acting on its behalf or pursuant to any understanding with it, will execute any "short sales" as defined in Rule 200 of Regulation SHO under the Securities Exchange Act of 1934, as amended ("Short Sales", which shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock) during the period commencing at the time it first became aware of this Offering and ending at the time that the transactions contemplated by this Subscription are first publicly announced. The Purchaser covenants that until such time as the transactions contemplated by this Subscription are publicly disclosed by the Company such Purchaser will maintain the confidentiality of the existence and terms of this Offering and the information included in this Subscription. The Purchaser acknowledges the positions of the Securities and Exchange Commission ("Commission") set forth in Item 65, Section A, of the Manual of Publicly Available Telephone Interpretations, dated July 1997, compiled by the Office of Chief Counsel, Division of Corporation Finance. Notwithstanding the foregoing, Purchaser makes no representation, warranty or covenant hereby that it will not engage in Short Sales in the securities of the Company after the time that the Offering is publicly announced. Notwithstanding the foregoing, if Purchaser is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the covenant set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Subscription.

2.2 Each Purchaser who is exchanging Old Notes in this Offering represents and warrants to the Company, with the intent that the Company will rely thereon in accepting this Subscription, that Purchaser owns and holds, beneficially and of record, the entire right, title, and interest in and to the Old Note (including, without limitation, accrued and unpaid interest thereon) set forth on the Signature Page attached hereto, free and clear of all rights and Encumbrances (as defined below). Holder has full power and authority to transfer and dispose of the Old Note (including, without limitation, accrued and unpaid interest thereon) set forth on the Signature Page attached hereto, free and clear of any right or Encumbrance other than restrictions under the Securities Act and applicable state securities laws. Other than the transactions contemplated by this Subscription, there is no outstanding vote, plan, pending proposal, or other right of any person to acquire all or any of the Old Note set forth on the Signature Page attached hereto. "Encumbrances" shall mean any security or other property interest or right, claim, lien, pledge, option, charge, security interest, contingent or conditional sale, or other title claim or retention agreement, interest or other right or claim of third parties, whether perfected or not perfected, voluntarily incurred or arising by operation of law, and including any agreement (other than this Subscription) to grant or submit to any of the foregoing in the future.

Survival

2.3 The representations and warranties of the Purchaser contained herein will be true at the date of execution of this Subscription by the Purchaser and as of the Closing Date in all material respects as though such representations and warranties were made as of such times and shall survive the Closing Date and the delivery of the Debentures. The Purchaser agrees that it will notify and supply corrective information to the Company immediately upon the occurrence of any change therein occurring prior to the Company's issuance of the Debentures.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

3.1 The Company, upon taking up and accepting this Subscription, represents and warrants in all material respects to the Purchaser, with the intent that the Purchaser will rely thereon in making this Subscription, that:

(a) Legality. The Company has the requisite corporate power and authority to take up and accept this Subscription and to issue, sell and deliver the Debentures; this Subscription and the issuance, sale and delivery of the Debentures hereunder and the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action by the Company; this Subscription and the Debentures have been duly and validly executed and delivered by and on behalf of the Company, and are valid and binding agreements of the Company, enforceable in accordance with their respective terms, except as enforceability may be limited by general equitable principles, bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, or other laws affecting creditors' rights generally;

(b) Proper Organization. The Company and its subsidiaries ("Subsidiaries") are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdiction of incorporation and are duly qualified as a foreign corporation in all jurisdictions where the failure to be so qualified would have a materially adverse effect on their business, taken as whole;

(c) No Legal Proceedings. There is no action, suit or proceeding before or by any court or any governmental agency or body, domestic or foreign, now pending or to the knowledge of the Company, threatened, against or affecting the Company or its Subsidiaries, or any of their properties or assets, which might result in (i) a material adverse effect on the legality, validity or enforceability of this Subscription, the Debentures, the Security Agreement and the Escrow Agreement (collectively, the "Transaction Documents"), (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect");

(d) Non-Default. Neither the Company nor any of its Subsidiaries is in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust or other material instrument or agreement to which it is a party or by which it or its property may be bound;

(e) Non-Contravention. The acceptance of this Subscription and the consummation of the issuance of the Debentures and the transactions contemplated by this Subscription do not and will not conflict with or result in a breach by the Company of any of the terms or provisions of, or constitute a default under the Articles of Incorporation or By-laws of the Company, or any indenture, mortgage, deed of trust, or other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of its properties or assets are bound, or any existing applicable decrees, judgment or order of any court, federal, state or provincial regulatory body, administrative agency or other domestic governmental body having jurisdiction over the Company or any of its properties or assets;

(f) Filings, Consents and Approvals. The Company is not 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 Commission and such filings as are required to be made under applicable state securities laws;

(g) Issuance of the Debentures. The Debentures are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all liens, charges, security interests, encumbrances, preemptive rights or other restrictions (collectively, "Liens") imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Securities, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized capital stock the maximum number of shares of Common Stock issuable upon conversion of the Debentures;

(h) Title to Assets. The Company and its Subsidiaries have good and marketable title to the leasehold interest owned by it and good and marketable title in all personal property owned by it that is material to the business of the Company and the Subsidiaries in each case free and clear of all Liens, except for Liens as 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 the Subsidiaries and Liens for the payment of federal, state or other taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries is held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance;

(i) 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 the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act and non- "U.S. person" within the meaning of Rule 902 of Regulation S promulgated under the Securities Act;

(j) Foreign Corrupt Practices. Neither the Company nor, to the knowledge of the Company, any agent or other person acting on behalf of the Company, 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;

(k) Capitalization. The capitalization of the Company is as set forth on Schedule 3.1(k), which includes the number of shares of common stock owned beneficially, and of record, by Affiliates of the Company as of the date hereof. Except as contemplated by the Transaction Documents, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of common stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of common stock. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Debentures. There are no stockholders agreements, voting agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders;

(l) Tax Status. 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 has 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; and

(m) Bankruptcy. The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the date hereof. Schedule 3.1(m) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Subscription, "Indebtedness" means (a) any liabilities for borrowed money or amounts owed in excess of $100,000 (other than trade accounts payable incurred in the ordinary course of business), (b) all 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; and (c) the present value of any lease payments in excess of $100,000 due under leases required to be capitalized in accordance with generally accepted accounting principles. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

Survival

3.2 The representations and warranties of the Company will be true and correct as of the Closing Date in all material respects and shall survive the Closing Date and the delivery of the Securities.

ARTICLE 4
COVENANTS OF THE COMPANY

Covenants of the Company

4.1 The Company covenants and agrees with the Purchaser that:

(a) Filings. The Company shall make all necessary filings in connection with the sale of the Securities as required by the laws and regulations of all appropriate jurisdictions and securities exchanges, including but not limited to "Form D";

(b) Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities to the Purchasers; and

(c) Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company covenants and agrees that neither it nor any other Person acting on its behalf, will provide any Purchaser or its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto such Purchaser shall have executed a written agreement regarding the confidentiality and use of such information. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

Survival

4.2 The covenants set forth in this Article shall survive the Closing Date for the benefit of the Purchaser.

ARTICLE 5
ISSUANCE OF SECURITIES

5.1 As soon as practicable after the Closing Date, the Company shall issue and deliver, or shall cause the issuance and delivery of, the Debentures in the name or names specified by the Purchaser purchased in the Offering. Such Debentures shall bear a legend in substantially one of the following forms:

For U.S. Persons:

> THESE SECURITIES HAVE BEEN ISSUED PURSUANT TO THE EXEMPTION FROM THE REGISTRATION PROVISIONS UNDER THE SECURITIES ACT OF 1933, AS AMENDED PROVIDED BY RULE 506 OF REGULATION D UNDER SUCH ACT AND/OR SECTION 4(2) OF SUCH ACT. THESE SECURITIES CANNOT BE TRANSFERRED, OFFERED, OR SOLD UNLESS THE SECURITIES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

For Non-U.S. Persons:

> THESE SECURITIES WERE ISSUED IN AN OFFSHORE TRANSACTION TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED HEREIN) PURSUANT TO REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). ACCORDINGLY, NONE OF THE SECURITIES TO WHICH THIS CERTIFICATE RELATES HAVE BEEN REGISTERED UNDER THE 1933 ACT, OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, NONE MAY BE OFFERED OR SOLD IN THE UNITED STATES OR, DIRECTLY OR INDIRECTLY, TO U.S. PERSONS (AS DEFINED HEREIN) EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN ACCORDANCE WITH THE 1933 ACT.

5.2 The Purchaser agrees that such Purchaser will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a registration statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Article 5 is predicated upon the Company's reliance upon this understanding.

ARTICLE 6
CLOSING

Closing Deliverables

6.1 On or prior to the Closing Date, the Company shall deliver or cause to be delivered to Purchaser the following:

(a) this Subscription, duly executed by the Company;

(b) the Debenture, duly executed by the Company, in the Principal Amount;

(c) the Escrow Agreement, duly executed by the Company, the Placement Agent and the Escrow Agent;

(d) the Security Agreement, duly executed by the Company;

(e) the original stock certificates representing all securities of the Subsidiaries;

(f) evidence of filing of the UCC Financing Statements in a form reasonably satisfactory to Placement Agent's counsel;

(g) evidence of payment by the Company of up to $5,000 for legal counsel for the Placement Agent and/or one or more Purchasers; and

(h) a certificate of the Company's Secretary, dated the Closing Date and in a form reasonably satisfactory to Placement Agent's counsel, certifying the truth and correctness of each of the following documents, copies of which shall be attached to such certificate: (i) the certificate of incorporation and bylaws of the Company, each as in effect on the Closing Date; and (ii) resolutions of the Company's board of directors authorizing, among other things, the Company's entry into the Transaction Documents, the delivery of the Debentures and the granting of the security interest in favor of the Purchaser.

6.2 On or prior to the Closing Date, Purchaser shall deliver or cause to be delivered to the Company the following:

(a) this Subscription, duly executed by Purchaser;

(b) the purchase price by wire transfer to the Escrow Account (or delivery of the Old Note to counsel to Tonix);

(c) the Security Agreement, duly executed by the Purchaser; and

(d) the Confidential Investor Questionnaire, in the form attached hereto as Exhibit A, duly executed by the Purchaser.

6.3 The obligations of the Company and Purchaser hereunder in connection with the Closing are subject to the waiver or satisfaction of the deliverables to each party by the other of the items specified in Sections 7.1 and 7.2.

ARTICLE 7
INDEMNIFICATION

Indemnification of the Company

7.1 The Purchaser agrees to indemnify and hold harmless the Company against and in respect of any and all loss, liability, claim, damage, deficiency, and all actions, suits, proceedings, demands, assessments, judgments, costs and expenses whatsoever (including, but not limited to, attorneys' fees reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever through all appeals) arising out of or based upon any false representation or warranty or breach or failure by the Purchaser to comply with any covenant, representation or other provision made by it herein or in any other document furnished by it in connection with this Subscription, provided, however, that such indemnity, shall in no event exceed the net proceeds received by the Company from the Purchaser as a result of the sale of Securities to the Purchaser.

Indemnification of the Purchaser

7.2 The Company agrees to indemnify and hold harmless the Purchaser against and in respect of any and all loss, liability, claim, damage, deficiency, and all actions, suits, proceedings, demands, assessments, judgments, costs and expenses whatsoever (including, but not limited to, attorneys' fees reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever through all appeals) arising out of or based upon any false representation or warranty or breach or failure by the Company to comply with any covenant, representation or other provision made by it herein or in any other document furnished by it in connection with this Subscription, , provided, however, that such indemnity, shall in no event exceed the net proceeds received by the Company from the Purchaser as a result of the sale of Securities to the Purchaser.

ARTICLE 8
PIGGY-BACK REGISTRATION RIGHTS

(a) For a period of twenty-four (24) months following the Closing Date, the Company shall notify the Purchaser in writing at least twenty (20) days prior the filing of any registration statement under Securities Act, in connection with a public offering of shares of the Company's common stock (including, but not limited to, registration statements relating to secondary offerings of securities of the Company but excluding any registration statements (i) on Form S-4 or S-8 (or any successor or substantially similar form), or of any employee stock option, stock purchase or compensation plan or of securities issued or issuable pursuant to any such plan, or a dividend reinvestment plan, (ii) otherwise relating to any employee, benefit plan or corporate reorganization or other transactions covered by Rule 145 promulgated under the Securities Act, or (iii) on any registration form that does not permit secondary sales or does not include substantially the same information as would be required to be included in a registration statement covering the resale of the Shares and the Warrant Shares) and will afford the Purchaser an opportunity to include in such registration statement all or part of the Incentive Shares, Warrant Shares and Default Shares held by or issuable to the Purchaser. In the event the Purchaser desires to include in any such registration statement all or any part of the Incentive Shares, Warrant Shares or Default Shares, the Purchaser shall within ten (10) days after the above-described notice from the Company, so notify the Company in writing, including the number of such Incentive Shares, Warrant Shares and Default Shares that the Purchaser wishes to include in such registration statement. If the Purchaser decides not to include all of its Incentive Shares, Warrant Shares and Default Shares in any registration statement thereafter filed by the Company, the Purchaser shall nevertheless continue to have the right to include any Incentive Shares, Warrant Shares and Default Shares in any subsequent registration statement or registration statements as may be filed by the Company with respect to the offering of the securities, all upon the terms and conditions set forth herein.

(b) Notwithstanding the foregoing, if the managing underwriter or underwriters of any such proposed public offering advise the Company that the total amount or kind of securities that the Purchaser, the Company and any other persons intended to be included in such proposed public offering is sufficiently large to adversely affect the success of such proposed public offering, then the amount or kind of securities to be offered for the various parties wishing to have shares of the Company's common stock registered shall be included in the following order:

(i) if the Company proposes to register treasury shares or authorized but unissued shares of its common stock (collectively, "Primary Securities"):

(A) first, the Primary Securities;

(B) second, the Incentive Shares, Warrant Shares and Default Shares requested to be included in such registration statement, together with shares of its common stock that do not constitute Incentive Shares, Warrant Shares, Default Shares or Primary Securities ("Other Securities") held by parties exercising similar piggy-back registration rights (or if necessary, such Incentive Shares, Warrant Shares, Default Shares and Other Securities pro rata among the holders thereof based upon the number of such Incentive Shares, Warrant Shares, Default Shares and Other Securities requested to be registered by each such holder).

(ii) if the Company proposes to register Other Securities:

(A) first, the Other Securities requested to be included in such registration by holders exercising demand registration rights;

(B) second, the Incentive Shares, Warrant Shares and Default Shares requested to be included in such registration, together with Other Securities held by parties exercising similar piggy-back registration rights (or if necessary, such Incentive Shares, Warrant Shares, Default Shares and Other Securities pro rata among the holders thereof based upon the number of such Incentive Shares, Warrant Shares, Default Shares and Other Securities requested to be registered by each such holder).

Anything to the contrary in this Subscription notwithstanding, the Company may withdraw or postpone a registration statement referred to herein (a "Registration Statement") at any time before it becomes effective or withdraw, postpone or terminate the offering after it becomes effective without obligation to the Purchaser.

(c) In connection with its obligation under this Article 8, the Company will (i) furnish to the Purchaser without charge, at least one copy of any effective registration statement and any post-effective amendments thereto, including financial statements and schedules, and, if the Purchaser so requests in writing, all documents incorporated therein by reference and all exhibits (including those incorporated by reference) in the form filed with the SEC; and (ii) deliver to the Purchaser and the underwriters, if any, without charge, as many copies of the then effective prospectus included in the registration statement, as the same may be amended or supplemented (including such prospectus subject to completion) (the "Prospectus"), and any amendments or supplements thereto as such persons may reasonably request.

(d) As a condition to the inclusion of its Incentive Shares, Warrant Shares and Default Shares, the Purchaser shall furnish to the Company such information regarding the Purchaser and the distribution proposed by the Purchaser as the Company may request in writing or as shall be required in connection with any registration, qualification or compliance referred to in this Subscription.

(e) The Purchaser agrees by acquisition of the Incentive Shares, Warrant Shares and Default Shares that, upon receipt of any notice from the Company of the happening of any event that, in the good faith judgment of the Company's Board of Directors, requires the suspension of the Purchaser's rights under this Article 8, the Purchaser will forthwith discontinue disposition of the Incentive Shares, Warrant Shares and Default Shares pursuant to the then current Prospectus until the Purchaser is advised in writing by the Company that the use of the Prospectus may be resumed. If so directed by the Company, on the happening of such event, the Purchaser will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in the Purchaser's possession, of the Prospectus covering the Incentive Shares, Warrant Shares and Default Shares at the time of receipt of such notice.

(f) While any Registration Statement is effective, the Purchaser hereby covenants with the Company (i) not to make any sale of Incentive Shares, Warrant Shares and Default Shares without effectively causing the prospectus delivery requirements under the Securities Act to be satisfied, and (ii) if such Incentive Shares, Warrant Shares and Default Shares are to be sold by any method or in any transaction other than on a national securities exchange or in the over-the-counter market, in privately negotiated transactions, or in a combination of such methods, to notify the Company at least 5 business days prior to the date on which the Purchaser first offers to sell any such Incentive Shares, Warrant Shares and Default Shares.

(g) The Purchaser acknowledges and agrees that the Incentive Shares, Warrant Shares and Default Shares sold pursuant to a registration statement described in this Article 8 are not transferable on the books of the Company unless the stock certificate submitted to the transfer agent evidencing the Incentive Shares, Warrant Shares and Default Shares is accompanied by a certificate reasonably satisfactory to the Company to the effect that (x) the Incentive Shares, Warrant Shares and Default Shares have been sold in accordance with such registration statement and (y) the requirement of delivering a current Prospectus has been satisfied.

(h) The Purchaser shall not take any action with respect to any distribution deemed to be made pursuant to such registration statement that would constitute a violation of Regulation M under the Exchange Act, or any other applicable rule, regulation or law.

(i) Upon the expiration of the effectiveness of any registration statement described in this Article 8, the Purchaser shall discontinue sales of the Incentive Shares, Warrant Shares and Default Shares pursuant to such registration statement upon receipt of notice from the Company of the Company's intention to remove from registration the Incentive Shares, Warrant Shares and Default Shares covered by such registration statement that remain unsold, and the Purchaser shall notify the Company of the number of registered Incentive Shares, Warrant Shares and Default Shares that remain unsold immediately upon receipt of such notice from the Company.

(j) In the case of the registration of any underwritten primary offering initiated by the Company (other than any registration by the Company on Form S-4 or Form S-8 (or any successor or substantially similar form), or of (i) an employee stock option, stock purchase or compensation plan or of securities issued or issuable pursuant to any such plan, or (ii) a dividend reinvestment plan) or any underwritten secondary offering initiated at the request of a holder of securities of the Company pursuant to registration rights granted by the Company, the Purchaser agrees not to effect any public sale or distribution of securities of the Company, except as part of such underwritten registration, during the period beginning fifteen (15) days prior to the closing date of such underwritten offering and during the period ending ninety (90) days after such closing date (or such longer period as may be reasonably requested by the Company or by the managing underwriter or underwriters).

(k) Anything to the contrary contained in this Subscription notwithstanding, when, in the opinion of counsel for the Company, registration of the Incentive Shares, Warrant Shares and Default Shares is not required by the Securities Act, in connection with a proposed sale of such Incentive Shares, Warrant Shares and Default Shares, the Purchaser shall have no rights pursuant to this Article 8. In furtherance and not in limitation of the foregoing, the Purchaser shall have no rights pursuant to this Article 8 at such time as all of the Purchaser's Incentive Shares, Warrant Shares and Default Shares may be sold without limitation pursuant to Rule 144.

ARTICLE 9
GENERAL PROVISIONS

Governing Law

9.1 This Subscription shall be governed by and construed under the law of the State of New York without regard to its choice of law provision. Any disputes arising out of, in connection with, or with respect to this Subscription, the subject matter hereof, the performance or non-performance of any obligation hereunder, or any of the transactions contemplated hereby shall be adjudicated in a court of competent civil jurisdiction sitting in New York, New York and nowhere else. The parties hereby consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested. The address for service of process shall be (a) to the Company, at 509 Madison Avenue, Suite 306, Attn: Seth Lederman, and (b) to the Purchaser, at the address set forth on the Signature Page hereto, or, in each case, to such other address as each party shall subsequently furnish in writing to the other. **In any action, suit or proceeding brought by any party against any other party, the parties each knowingly and intentionally, to the greatest extent permitted by applicable law, hereby absolutely, unconditionally, irrevocably and expressly waive forever trial by jury.**

Successors and Assigns

9.2 This Subscription shall inure to the benefit of and be binding on the respective successors and assigns of the parties hereto.

Execution by Counterparts and Facsimile

9.3 This Subscription may be executed in counterparts and by facsimile, each of which when executed by any party will be deemed to be an original and all of which counterparts will together constitute one and the same Subscription.

Independent Legal Advice

9.4 The parties hereto acknowledge that they have each received independent legal advice with respect to the terms of this Subscription and the transactions contemplated herein or have knowingly and willingly elected not to do so.

Severability

9.5 If any term, provision, covenant or restriction of this Subscription is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction.

****

TAMANDARE EXPLORATIONS INC.
SIGNATURE PAGE TO
SUBSCRIPTION AGREEMENT

Purchaser hereby elects to subscribe under the Subscription Agreement for a total amount of $_____ in Subscription Funds, which amount shall be the principal amount of the Debenture issued to Purchaser hereunder.

AND/OR

Purchaser hereby elects to subscribe under the Subscription Agreement by the exchange of Old Notes on a dollar-for-dollar basis of, in the principal face amount of Old Notes of $_____, evidenced by Note Number _____, which amount shall be the principal amount of the Debenture issued to Purchaser hereunder.

Date: _____, 2011.

If the purchaser is an INDIVIDUAL, and if purchased as JOINT TENANTS, as TENANTS IN COMMON, or as COMMUNITY PROPERTY:

Print Purchaser Name	Print Co-Purchaser Name (if applicable)
Signature of Purchaser	Signature of Co-Purchaser (if applicable)
Address	

If the purchaser is a PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY or TRUST:

Name of Partnership, Corporation, Limited Liability Company or Trust	Country of Organization
By:	By:
Name:	Name:
Title:	Title:
Address	

TAMANDARE EXPLORATIONS INC.
SIGNATURE PAGE TO
SUBSCRIPTION AGREEMENT

ACCEPTED AND AGREED TO
this ___ day of _____, 2011.

TAMANDARE EXPLORATIONS INC.

By: _____
Name
Title

Exhibit 10.01

SHARE EXCHANGE AGREEMENT

by and among

Tonix Pharmaceuticals, Inc. ("Tonix")

and

the Shareholders of Tonix,

***on the one hand*;**

and

Tamandare Explorations Inc. ("Pubco"),
a Nevada corporation

and

the Representative Stockholder

on the other hand

October 7, 2011

SHARE EXCHANGE AGREEMENT

This Share Exchange Agreement, dated as of October 7, 2011 (this "Agreement"), is made and entered into by and among Tonix Pharmaceuticals, Inc., a Delaware corporation ("Tonix"), and the shareholders of Tonix ("Tonix Shareholders") listed on the Signature Pages for Tonix Shareholders that are attached hereto, on the one hand; and Tamandare Explorations Inc., a Nevada corporation ("Pubco") and the Representative Stockholder (as hereinafter defined), on the other hand.

R E C I T A L S

WHEREAS, on October 7, 2011, the Board of Directors of Pubco has adopted resolutions approving Pubco's acquisition of the equity interests of Tonix held by the Tonix Stockholders (the "Acquisition") by means of a share exchange with the Tonix Shareholders, upon the terms and conditions hereinafter set forth in this Agreement;

WHEREAS, the Tonix Shareholders own all of the equity interest (in shares of capital stock or otherwise) of Tonix (the "Tonix Equity Interest");

WHEREAS, the Representative Stockholder is the majority stockholder of Pubco, who holds 3,250,000 shares of Pubco common stock, par value $.001 ("Pubco Common Stock") which represents approximately 59.09% of the issued and outstanding capital stock of Pubco;

WHEREAS, the Representative Stockholder and the Tonix Shareholders will enter into this Agreement for the purpose of making certain covenants, indemnifications and agreements;

WHEREAS, upon consummation of the transactions contemplated by this Agreement, Tonix will become a 100% wholly-owned subsidiary of Pubco;

WHEREAS, simultaneously with the Closing (as such term is defined herein), Pubco is selling between $1,500,000 and $3,000,000 of secured convertible debentures (the "Debentures"), which shall include the right of holders of outstanding notes issued by Tonix (the "Old Notes") to be converted into Debentures, in a private placement (the "Private Placement") to accredited investors, pursuant to the terms of a Subscription Agreement, dated as of the date hereof, by and among Pubco and the investors referred to therein, for the purpose of expanding the business of the Company following the closing of the Acquisition; and

WHEREAS, it is intended that the terms and conditions of this Agreement comply in all respects with Section 368(a)(1)(B) and/or Section 351 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations corresponding thereto, so that the Acquisition shall qualify as a tax free reorganization under the Code, and that this share exchange transaction shall qualify as a transaction in securities exempt from registration or qualification under the Securities Act of 1933, as amended and in effect on the date of this Agreement.

A G R E E M E N T

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1
THE ACQUISITION

1.1 The Acquisition. Upon the terms and subject to the conditions hereof, at the Closing (as hereinafter defined) the parties shall do the following:

(a) The Tonix Shareholders will each sell, convey, assign, transfer and deliver to Pubco certificates representing the Tonix Equity Interest held by each Tonix Shareholder as set forth in Column II of Annex I hereto, which in the aggregate shall constitute 100% of the issued and outstanding equity interests of Tonix, accompanied by a properly executed and authenticated stock power or instrument of like tenor.

(b) As consideration for the acquisition of the Tonix Equity Interests, Pubco shall issue an aggregate of 22,666,667 newly and duly issued, fully paid and non-assessable shares of Pubco Common Stock. At the Closing, the outstanding Tonix Equity Interests beneficially owned by the Tonix Shareholders shall be contributed and transferred to Pubco and Pubco shall issue, and authorize its transfer agent to issue, the number of shares of Pubco Common Stock set forth opposite such party's name in Column III on Annex I attached hereto (collectively, the "Pubco Shares"). The Pubco Shares issued shall equal approximately 85.0% of the outstanding shares of Pubco Common Stock at the time of Closing. For example, if there are 1,000,000 shares of Pubco Common Stock outstanding immediately prior to the Closing, then there shall be 5,666,667 shares of Pubco Common Stock issued to the Tonix Shareholders at Closing.

(c) No fractional shares of Pubco Common Stock shall be issued in the Acquisition. If the number of Shares a Tonix Shareholder holds immediately prior to the Closing would result in the issuance of a fractional share of Pubco Common Stock, that product will be rounded down to the nearest whole number of shares of Pubco Common Stock if it is less than the fraction of one-half (.5) of one share of Pubco Common Stock or rounded up to the nearest whole number of shares of Pubco Common Stock if the said product is equal to or greater than the fraction of one-half (.5) of one share of Pubco Common Stock.

1.2 Closing Date. The closing of the Acquisition (the "Closing") shall take place on October 7, 2011, or on such other date as may be mutually agreed upon by the parties, simultaneously with the execution and delivery of this Agreement and the consummation of the sale of Debentures for not less than $1,500,000 in aggregate gross proceeds (including the exchange of Old Notes) pursuant to the Private Placement. Such date is referred to herein as the "Closing Date."

1.3 Surrender and Exchange of Certificates

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(a) At the Closing, Pubco shall deliver to its transfer agent a letter of instruction to prepare and deliver to Tonix's counsel, who shall act as exchange agent for the benefit of the Tonix Shareholders (the "Exchange Agent"), (i) certificates representing the appropriate number of shares of Pubco Common Stock as set forth in Column III of Annex I hereto, in exchange for all outstanding Tonix Equity Interests. The Pubco Shares evidenced by the certificates shall be registered in the names of the Tonix Shareholders, and/or its designee(s), and shall be in the denominations for each of them set forth opposite their respective names in Annex I hereto.

(b) Promptly after the Closing and upon surrender of a certificate or certificates representing the Tonix Equity Interests that were outstanding immediately prior to the Closing (or an affidavit and indemnification in form reasonably acceptable to counsel for Pubco stating that such Tonix Shareholder has lost their certificate or certificates or that such have been destroyed), Pubco shall issue to the record holder of the Tonix Equity Interests so surrendering such certificate or certificates, a certificate or certificates registered in the name of such Tonix Shareholder representing the number of shares of Pubco Common Stock that such Tonix Shareholder shall be entitled to receive as set forth in Annex I hereto. Until the certificate, certificates or affidavit is or are surrendered as contemplated by this Section 1.3(b) hereof, each certificate or affidavit that immediately prior to the Closing represented any outstanding Tonix Equity Interests shall be deemed at and after the Closing to represent only the right to receive upon surrender as aforesaid the Pubco Common Stock specified in Column III of Annex I hereto for the holder thereof.

1.4 Taking of Necessary Action; Further Action. If, at any time after the Closing, any further action is necessary or desirable to carry out the purposes of this Agreement, the Tonix Shareholders, Tonix, the Representative Stockholder, and/or Pubco (as applicable) shall take all such lawful and necessary action.

1.5 Certain Definitions. The following capitalized terms as used in this Agreement shall have the respective definitions:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Best Knowledge" means the actual knowledge, after due investigation and inquiry, of the officers, directors or advisors of the referenced party.

"Contract" means any contract, lease, license, indenture, note, bond, agreement, permit, concession, franchise or other instrument.

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

"FINRA" means the Financial Industry Regulatory Authority.

"Knowledge" means the actual knowledge of the officers, directors or advisors of the referenced party.

"Liabilities" means any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, fixed or unfixed, known or unknown, asserted choate or inchoate, liquidated or unliquidated, secured or unsecured.

"Liens" means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Material Adverse Effect" means an adverse effect on either referenced party or the combined entity resulting from the consummation of the transaction contemplated by this Agreement, or on the financial condition, results of operations or business, before or after the consummation of the transaction contemplated in this Agreement, which as a whole is or would be considered material to an investor in the securities of Pubco.

"Non-U.S. Person" means any person who is not a U.S. Person or is deemed not to be a U.S. Person under Rule 902(k) of the Securities Act.

"Person" means any individual, corporation, partnership, joint venture, trust, business association, organization, governmental authority or other entity.

"Restricted Period" shall have the meaning set forth in Section 3.4(b)(vi).

"Representative Stockholder" means David J. Moss.

"Securities Act" means the Securities Act of 1933, as amended.

"SEC" means the Securities & Exchange Commission.

"Tax Returns" means all federal, state, local and foreign returns, estimates, information statements and reports relating to Taxes.

"Tax" or "Taxes" means any and all applicable central, federal, provincial, state, local, municipal and foreign taxes, including, without limitation, gross receipts, income, profits, sales, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, assessments, governmental charges and duties together with all interest, penalties and additions imposed with respect to any such amounts and any obligations under any agreements or arrangements with any other person with respect to any such amounts and including any liability of a predecessor entity for any such amounts.

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Market" means the following markets or exchanges on which Pubco Common Stock is listed or quoted for trading on the date in question: the NYSE Alternext US Exchange, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board.

"Transaction" means the transactions contemplated by this Agreement, including the share exchange.

"United States" means and includes the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

"U.S. Person" as defined in Regulation S of the Securities Act means: (i) a natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate of which any executor or administrator is a U.S. Person; (iv) any trust of which any trustee is a U.S. Person; (v) any agency or branch of a foreign entity located in the United States; (vi) any nondiscretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated and (if an individual) resident in the United States; and (viii) a corporation or partnership organized under the laws of any foreign jurisdiction and formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

1.6 Tax Consequences. It is intended that the terms and conditions of this Agreement comply in all respects with Section 368(a)(1)(B) and/or Section 351 of the Code and the regulations corresponding thereto, so that the Acquisition shall qualify as a tax-free reorganization under the Code.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF TONIX

Except as otherwise disclosed herein or in the disclosure schedule delivered by Tonix to Pubco at the time of execution of this Agreement, Tonix hereby represents and warrants to Pubco and the Representative Stockholder as of the date hereof and as of the Closing Date (unless otherwise indicated), as follows:

2.1 Organization. Tonix has been duly incorporated, validly exists as a corporation, and is in good standing under the laws of its jurisdiction of incorporation, and has the requisite power to carry on its business as now conducted. Set forth on Schedule 2.1 of the disclosure schedules is a list of those jurisdictions in which Tonix presently conducts its business, owns, holds and operates its properties and assets.

2.2 Capitalization. The authorized capital stock of Tonix consists of (i) 12,000,000 shares of common stock, $.01 par value per share, and (ii) 4,227,273 shares of Preferred Stock, $.01 par value per share, of which at the Closing, 5,207,500 shares of common stock, 1,500,000 shares of Series A preferred stock, and 2,275,527 shares of Series B preferred stock shall be issued and outstanding. All of the issued and outstanding shares of capital stock of Tonix, as of the Closing, are duly authorized, validly issued, fully paid, non-assessable and free of preemptive rights. There are no voting trusts or any other agreements or understandings with respect to the voting of Tonix's capital stock. Except as set forth in the preceding sentence, no other class of capital stock or other security of Tonix is authorized, issued, reserved for issuance or outstanding. There are no authorized or outstanding options, warrants, equity securities, calls, rights, commitments or agreements of any character by which Tonix or any of the Tonix Shareholders is obligated to issue, deliver or sell, or cause to be issued, delivered or sold, any shares of capital stock or other securities of Tonix. There are no outstanding contractual obligations (contingent or otherwise) of Tonix to retire, repurchase, redeem or otherwise acquire any outstanding shares of capital stock of, or other ownership interests in, Tonix.

2.3 Subsidiaries. As of the Closing, Tonix has no direct or indirect subsidiaries, except as disclosed in Schedule 2.3 of the disclosure schedules hereto (collectively the "Tonix Subsidiaries," and each a "Tonix Subsidiary"). Each Tonix Subsidiary is an entity duly organized, validly existing and in good standing under the laws of its respective jurisdiction of formation and has the requisite corporate power and authority to own, lease and to carry on its business as now being conducted. Tonix owns all of the shares of each Tonix Subsidiary, and there are no outstanding options, warrants, subscriptions, conversion rights or other

rights, agreements or commitments obligating any Tonix Subsidiary to issue any additional shares of common stock or ordinary stock, as the case may be, of such subsidiary, or any other securities convertible into, exchangeable for or evidence the right to subscribe for or acquire from any Tonix Subsidiary any shares of such subsidiary.

2.4 Certain Corporate Matters. Tonix is duly qualified to do business as a corporation and is in good standing under the laws of the state of Delaware, and in each other jurisdiction in which the ownership of its property or the conduct of its business requires it to be so qualified, except where the failure to be so qualified would not have a Material Adverse Effect on Tonix's financial condition, results of operations or business. Tonix has full corporate power and authority and all authorizations, licenses and permits necessary to carry on the business in which it is engaged and to own and use the properties owned and used by it.

2.5 Authority Relative to this Agreement. Tonix has the requisite power and authority to enter into this Agreement and to carry out its respective obligations hereunder. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Tonix have been duly authorized by Tonix's Board of Directors and no other actions on the part of Tonix are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Tonix and constitutes a valid and binding agreement, enforceable against Tonix in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

2.6 Consents and Approvals; No Violations. Except for applicable requirements of federal securities laws and state securities or blue-sky laws, no filing with, and no permit, authorization, consent or approval of, any third party, public body or authority is necessary for the consummation by Tonix of the transactions contemplated by this Agreement. Neither the execution and delivery of this Agreement by Tonix nor the consummation by Tonix of the transactions contemplated hereby, nor compliance by them with any of the provisions hereof, will (a) conflict with or result in any breach of any provisions of the charter or bylaws (or operating agreement) of Tonix or any Tonix Subsidiary, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, Contract, agreement or other instrument or obligation to which Tonix or any Tonix Subsidiary is a party or by which any of their respective properties or assets may be bound, or (c) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Tonix or any Tonix Subsidiary, or any of its properties or assets, except in the case of clauses (b) and (c) for violations, breaches or defaults which are not in the aggregate material to Tonix taken as a whole.

2.7 Books and Records and Financial Statements. The consolidated audited balance sheets for Tonix for its last two fiscal years ended December 31, 2010 and December 31, 2009 and the unaudited interim balance sheet for six month period ended June 30, 2011 (the "Tonix Accounting Date"), together with related statements of income, cash flows, and changes in shareholder's equity for such fiscal years and interim period then ended (collectively, the "Tonix Financial Statements") to be supplied on or before the Closing Date:

(i) are in accordance with the books and records of Tonix;

(ii) present fairly the financial condition of Tonix as of the respective dates indicated and the results of operations for such periods; and

(iii) have been prepared in accordance with GAAP by a PCAOB registered independent accounting firm.

Tonix has not received any advice or notification from its independent certified public accountants that Tonix has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting in the Tonix Financial Statements or the books and records of Tonix, any properties, assets, Liabilities, revenues, or expenses. The books, records, and accounts of Tonix accurately and fairly reflect, in reasonable detail, the assets, and Liabilities of Tonix. Tonix has not engaged in any transaction, maintained any bank account, or used any funds of Tonix, except for transactions, bank accounts, and funds which have been and are reflected in the normally maintained books and records of Tonix.

2.8 Intellectual Property.

(a) Tonix owns, is licensed or otherwise possesses legally enforceable rights to use, license and exploit all issued patents, copyrights, trademarks, service marks, trade names, trade secrets, and registered domain names and all applications for registration therefor (collectively, the "Intellectual Property Rights") and all computer programs and other computer software, databases, know-how, proprietary technology, formulae, and development tools, together with all goodwill related to any of the foregoing (collectively, the "Intellectual Property"), in each case as is necessary to conduct its business as presently conducted, the absence of which would be considered reasonably likely to result in a Material Adverse Effect.

(b) Schedule 2.8 sets forth, with respect to all issued patents and all registered copyrights, trademarks, service marks and domain names registered with any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency (a "Governmental Entity") by Tonix or for which an application for registration has been filed with any Governmental Entity by Tonix, (i) the registration or application number, the date filed and the title, if applicable, of the registration or application and (ii) the names of the jurisdictions covered by the applicable registration or application. Schedule 2.8 identifies each agreement currently in effect containing any ongoing royalty or payment obligations of Tonix in excess of $25,000 per annum with respect to Intellectual Property Rights and Intellectual Property that are licensed or otherwise made available to the Company.

(c) Except as set forth on Schedule 2.8, all Intellectual Property Rights of Tonix that have been registered with any Governmental Entity are valid and subsisting, except as would not reasonably be expected to have a Material Adverse Effect.

As of the Closing Date, in connection with such registered Intellectual Property Rights, all necessary registration, maintenance and renewal fees will have been paid and all necessary documents and certificates will have been filed with the relevant Governmental Entities.

(d) Tonix is not, and will not as a result of the consummation of the transactions contemplated by this Agreement be, in breach in any material respect of any license, sublicense or other agreement relating to the Intellectual Property Rights of Tonix, or any licenses, sublicenses or other agreements as to which Tonix is a party and pursuant to which Tonix uses any patents, copyrights (including software), trademarks or other intellectual property rights of or owned by third parties (the "Third Party Intellectual Property Rights"), the breach of which would be reasonably likely to result in a Material Adverse Effect.

(e) Except as set forth on Schedule 2.8, Tonix has not been named as a defendant in any suit, action or proceeding which involves a claim of infringement or misappropriation of any Third Party Intellectual Property Right and Tonix has not received any written notice of any actual or alleged infringement, misappropriation or unlawful or unauthorized use of any Third Party Intellectual Property Right. With respect to its product candidates and products in research or development, after the same are marketed, Tonix will not, to its Best Knowledge, infringe any Third Party Intellectual Property Rights in any material manner.

(f) To the Best Knowledge of Tonix, except as set forth on Schedule 2.8, no other person is infringing, misappropriating or making any unlawful or unauthorized use of any Intellectual Property Rights of Tonix in a manner that has a material impact on the business of Tonix, except for such infringement, misappropriation or unlawful or unauthorized use as would not be reasonably expected to have a Material Adverse Effect.

2.9 Litigation. Except as disclosed in Schedule 2.9 of the disclosure schedules hereto, there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the Knowledge of Tonix, threatened against or affecting Tonix or any of its properties 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 this Agreement or the Pubco Shares or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither Tonix 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 Tonix, there is not pending or contemplated, any investigation by the SEC involving Tonix or any current or former director or officer of Tonix.

2.10 Legal Compliance. To the Best Knowledge of Tonix, no claim has been filed against Tonix or any of the Tonix Subsidiaries alleging a violation of any applicable laws and regulations of foreign, federal, state and local governments and all agencies thereof. Tonix and each of the Tonix Subsidiaries holds all of the material permits, licenses, certificates or other authorizations of foreign, federal, state or local governmental agencies required for the conduct of their respective businesses as presently conducted.

2.11 Contracts. Except as disclosed in Schedule 2.11 of the disclosure schedules hereto, there are no Contracts that are material to the business, properties, assets, condition (financial or otherwise), results of operations or prospects of Tonix or the Tonix Subsidiaries. Neither Tonix nor the Tonix Subsidiaries is in violation of or in default under (nor does there exist any condition which upon the passage of time or the giving of notice would cause such a violation of or default under) any Contract to which they are a party or by which they or any of their properties or assets are bound, except for violations or defaults that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Each of the Contracts disclosed in Schedule 2.11 are assets of Tonix, either directly or through the Tonix Subsidiaries, and are now, and will be at closing, in full force and effect in accordance with their respective terms.

2.12 Material Changes. Since the Tonix Accounting Date, except as disclosed in Schedule 2.12 of the disclosures schedules hereto: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) Tonix has not incurred any Liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice, and (B) liabilities not required to be reflected in Tonix's financial statements pursuant to GAAP, (iii) Tonix has not altered its method of accounting, (iv) Tonix has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) Tonix has not issued any equity securities to any officer, director or Affiliate.

2.13 Labor Relations. No labor dispute exists or, to the Knowledge of Tonix, is imminent with respect to any of the employees of Tonix or a Tonix Subsidiary which could reasonably be expected to result in a Material Adverse Effect. None of Tonix's or Tonix Subsidiaries' employees is a member of a union that relates to such employee's relationship with Tonix or such Tonix Subsidiary, and neither Tonix nor any of the Tonix Subsidiaries is a party to a collective bargaining agreement, and Tonix and the Tonix Subsidiaries believe that their relationships with their employees are good. No executive officer, to the Knowledge of Tonix, 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 Tonix or any of the Tonix Subsidiaries to any liability with respect to any of the foregoing matters. Tonix and the Tonix Subsidiaries are 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.

2.14 Title to Assets. Tonix and the Tonix Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of Tonix and the Tonix Subsidiaries, 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 Tonix and the Tonix Subsidiaries and Liens for the payment of Taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by Tonix and the Tonix Subsidiaries are held by them under valid, subsisting and enforceable leases with which Tonix and the Tonix Subsidiaries are in compliance.

2.15 Transactions with Affiliates and Employees. Except as disclosed in Schedule 2.15 of the disclosures schedules hereto, none of the officers or directors of Tonix and, to the Knowledge of Tonix, none of the employees of Tonix or a Tonix Subsidiary is presently a party to any transaction with Tonix or any Tonix 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 Tonix, 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 $120,000, other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of Tonix or a Tonix Subsidiary and (iii) other employee benefits.

2.16 Business Records and Due Diligence. Tonix has received and reviewed all of the Pubco materials and items set out *infra* in paragraph 4.32.

2.17 Certain Fees. Except as disclosed in Schedule 2.17 of the disclosure schedules hereto, no brokerage or finder's fees or commissions are or will be payable by Tonix to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement.

2.18 Registration Rights. Except as disclosed in Schedule 2.18 of the disclosure schedules hereto, no Person has any right to cause (or any successor) to effect the registration under the Securities Act of any securities of Tonix (or any successor).

2.19 Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, Tonix and each Tonix Subsidiary has timely filed all necessary Tax Returns and has paid or accrued all Taxes shown as due thereon, and Tonix has no Knowledge of a tax deficiency which has been asserted or threatened against Tonix or any Tonix Subsidiary.

2.20 No General Solicitation. Neither Tonix nor any person acting on behalf of Tonix has offered or sold securities in connection herewith by any form of general solicitation or general advertising.

2.21 Foreign Corrupt Practices. Neither Tonix, nor to the Knowledge of Tonix, any agent or other person acting on behalf of Tonix , 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 Tonix (or made by any person acting on its behalf of which Tonix 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 ("FCPA").

2.22 Obligations of Management. Each officer and key employee of Tonix and Tonix Subsidiaries is currently devoting substantially all of his or her business time to the conduct of business of Tonix and Tonix Subsidiaries. Neither Tonix nor any of the Tonix Subsidiaries is aware that any officer or key employee of Tonix or any Tonix Subsidiary is planning to work less than full time at Tonix or any Tonix Subsidiary, as applicable, in the future. No officer or key employee is currently working or, to Tonix's Knowledge, plans to work for a competitive enterprise, whether or not such officer or key employee is or will be compensated by such enterprise.

2.23 Minute Books. The minute books of Tonix and the Tonix Subsidiaries made available to Pubco contain a complete summary of all meetings and written consents in lieu of meetings of directors and stockholders since the time of incorporation.

2.24 Employee Benefits. Neither Tonix nor any Tonix Subsidiary has (nor for the two years preceding the date hereof has had) any plans which are subject to ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974 or any successor law and the regulations and rules issued pursuant to that act or any successor law.

2.25 Money Laundering Laws. The operations of Tonix are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the money laundering statutes of all U.S. and non-U.S.

jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental body (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Tonix with respect to the Money Laundering Laws is pending or, to the knowledge of Tonix, threatened.

2.26 Disclosure. The inclusion of any item on any disclosure schedule shall constitute disclosure for all purposes under this Agreement and all such information is deemed to be fully disclosed to Pubco and the Representative Stockholder, and shall not be construed as an indication of the materiality or lack thereof of such item.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE TONIX SHAREHOLDERS

Except as otherwise disclosed herein or in the disclosure schedule delivered by the Tonix Shareholders to Pubco at the time of execution of this Agreement, the Tonix Shareholders each hereby represent and warrant to Pubco as of the date hereof and as of the Closing Date (unless otherwise indicated), as follows:

3.1 Ownership of the Tonix Equity Interest. Each Tonix Shareholder owns, beneficially and of record, good and marketable title to the amount of the Tonix Equity Interest set forth opposite such Tonix Shareholder's name in Column II of Annex I hereto, free and clear of all security interests, liens, adverse claims, encumbrances, equities, proxies, options or voting agreements. Tonix Shareholders represent that they each have no right or claims whatsoever to any equity interests of Tonix, other than the Tonix Equity Interest and do not have any options, warrants or any other instruments entitling any of them to exercise or purchase or convert into additional equity interests of Tonix. At the Closing, the Tonix Shareholders will convey to Pubco good and marketable title to the Tonix Equity Interests, free and clear of any security interests, liens, adverse claims, encumbrances, equities, proxies, options, shareholders' agreements or restrictions.

3.2 Authority Relative to this Agreement. This Agreement has been duly and validly executed and delivered by the Tonix Shareholders and constitutes a valid and binding agreement of such person, enforceable against such person in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

3.3 Purchase of Restricted Securities for Investment. The Tonix Shareholders each acknowledge that the Pubco Shares will not be registered pursuant to the Securities Act or any applicable state securities laws, that the Pubco Shares will be characterized as "restricted securities" under federal securities laws, and that under such laws and applicable regulations the Pubco Shares cannot be sold or otherwise disposed of without registration under the Securities Act or an exemption therefrom. In this regard, each Tonix Shareholder is familiar with Rule 144 promulgated under the Securities Act, as currently in effect, and understands the resale limitations imposed thereby and by the Securities Act. Further, each Tonix Shareholder acknowledges and agrees that:

(a) Each Tonix Shareholder is acquiring the Pubco Shares for investment, for such Tonix Shareholder's own account and not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and each Tonix Shareholder has no present intention of selling, granting any participation in, or otherwise distributing the same. Each Tonix Shareholder further represents that he, she or it does not have any Contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Pubco Shares.

(b) Each Tonix Shareholder understands that the Pubco Shares are not registered under the Securities Act on the ground that the sale and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(2) thereof, and that Pubco's reliance on such exemption is predicated on the each Shareholder's representations set forth herein.

3.4 Status of Stockholder. Each of the Tonix Shareholders hereby makes the representations and warranties in either paragraph (a) or (b) of this Section 3.4, as indicated on the Signature Page of Tonix Shareholders which is attached and part of this Agreement:

(a) Accredited Investor Under Regulation D. The Tonix Shareholder is an "Accredited Investor" as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, an excerpt of which is included in the attached Annex III, and such Tonix Shareholder is not acquiring its portion of the Pubco Shares as a result of any advertisement, article, notice or other communication regarding the Pubco Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(b) Non-U.S. Person Under Regulation S. The Tonix Shareholder:

(i) is not a "U.S. person" as defined by Rule 902 of Regulation S promulgated under the Securities Act, was not organized under the laws of any U.S. jurisdiction, and was not formed for the purpose of investing in securities not registered under the Securities Act;

(ii) at the time of Closing, the Tonix Shareholder was located outside the United States;

(iii) no offer of the Pubco Shares was made to the Tonix Shareholder within the United States;

(iv) the Tonix Shareholder is either (a) acquiring the Pubco Shares for its own account for investment purposes and not with a view towards distribution, or (b) acting as agent for a principal that has signed this Agreement or has delivered representations and warranties substantially similar to this Section 3.4(b);

(v) all subsequent offers and sales of the Pubco Shares by the Tonix Shareholder will be made outside the United States in compliance with Rule 903 and Rule 904 of Regulation S, pursuant to registration of the Shares under the Securities Act, or pursuant to an exemption from such registration; the Tonix Shareholder understands the conditions of the exemption from registration afforded by section 4(l) of the Securities Act and acknowledges that there can be no assurance that it will be able to rely on such exemption.

(vi) the Tonix Shareholder will not resell the Pubco Shares to U.S. Persons or within the United States until after the end of the one (1) year period commencing on the date of Closing (the "Restricted Period");

(vii) the Tonix Shareholder shall not and hereby agrees not to enter into any short sales with respect to Pubco Common Stock at any time after the execution of this Agreement by the Tonix Shareholder and prior to the expiration of the Restricted Period;

(viii) in the event of resale of the Pubco Shares to non-U.S. Persons outside of the U.S. during the Restricted Period, the Tonix Shareholder shall provide a written confirmation or other written notice to any distributor, dealer, or person receiving a selling concession, fee, or other remuneration in respect of the Shares stating that such purchaser is subject to the same restrictions on offers and sales that apply to the undersigned, and shall require that any such purchase shall provide such written confirmation or other notice upon resale during the Restricted Period;

(ix) the Tonix Shareholder has not engaged, nor is it aware that any party has engaged, and it will not engage or cause any third party to engage in any "directed selling" efforts (as such term is defined in Regulation S) in the United States with respect to the Pubco Shares;

(x) the Tonix Shareholder is not a "distributor" as such term is defined in Regulation S, and it is not a "dealer" as such term is defined in the Securities Act;

(xi) the Tonix Shareholder has not taken any action that would cause any of the parties to this Agreement to be subject to any claim for commission or other or remuneration by any broker, finder, or other person; and

(xii) the Tonix Shareholder hereby represents that it has satisfied fully the laws of the jurisdiction in which it is located or domiciled, in connection with the acquisition of the Pubco Shares or this Agreement, including (i) the legal requirements of the Tonix Shareholder's jurisdiction for the purchase and acquisition of the Pubco Shares, (ii) any foreign exchange restrictions applicable to such purchase and acquisition, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, which may be relevant to the purchase, holding, redemption, sale, or transfer of the Pubco Shares; and further, the Tonix Shareholder agrees to continue to comply with such laws as long as it shall hold the Pubco Shares.

(c) The Tonix Shareholder understands that the Pubco Shares are being offered and sold to it in reliance on specific provisions of federal and state securities laws and that the parties to this Agreement are relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understanding of the Tonix Shareholder set forth herein in order to determine the applicability of such provisions. Accordingly, the Tonix Shareholder agrees to notify Pubco of any events which would cause the representations and warranties of the Tonix Shareholder to be untrue or breached at any time after the execution of this Agreement by such Tonix Shareholder and prior to the expiration of the Restricted Period.

3.5 Investment Risk. The Tonix Shareholder is able to bear the economic risk of acquiring the Pubco Shares pursuant to the terms of this Agreement, including a complete loss of such the Tonix Shareholder's investment in the Pubco Shares.

3.6 Restrictive Legends. The Tonix Shareholder acknowledges that the certificate(s) representing the Tonix Shareholder's pro rata portion of the Pubco Shares shall each conspicuously set forth on the face or back thereof a legend in substantially the following form, corresponding to the stockholder's status as set forth in Section 3.4 and the signature pages hereto:

REGULATION D LEGEND:

"THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED."

REGULATION S LEGEND:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S PROMULGATED UNDER THE SECURITIES ACT, PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, OR PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION; HEDGING TRANSACTIONS INVOLVING THE SHARES REPRESENTED HEREBY MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT."

3.7 Disclosure. The representations and warranties and statements of fact made by Tonix Shareholders in this Agreement are, as applicable, accurate, correct and complete and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained herein not false or misleading.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF PUBCO AND THE REPRESENTATIVE STOCKHOLDER

Except as otherwise disclosed herein or in the disclosure schedule delivered by Pubco and the Representative Stockholder to Tonix at the time of execution of this Agreement, Pubco and the Representative Stockholder hereby, jointly and severally, represent and warrant to Tonix and the Tonix Shareholders as of the date hereof and as of the Closing Date (unless otherwise indicated), as follows:

4.1 Organization and Qualification. Pubco is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Pubco is not, to its Knowledge, in violation nor default of any of the provisions of its certificate or articles of incorporation, bylaws or other organizational or charter documents (collectively the "Charter Documents"). Pubco 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, could not have or reasonably be expected to result in a Material Adverse Effect, and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

4.2 Authorization; Enforcement. Pubco has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and otherwise to carry out its obligations hereunder. The execution and delivery of this Agreement by Pubco and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary action on the part of Pubco and no further action is required by Pubco, the Board of Directors or Pubco's stockholders in connection therewith other than in connection with the Required Approvals, as defined in Section 4.4. This Agreement has been (or upon delivery will have been) duly executed by Pubco and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of Pubco enforceable against Pubco in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

4.3 No Conflicts. The execution, delivery and performance by Pubco of this Agreement and the consummation by Pubco of the other transactions to which it is a party and as contemplated hereby do not and will not: (i) conflict with or violate any provision of Pubco'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 Pubco, 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 Pubco debt or otherwise) or other understanding to which Pubco is a party or by which any property or asset of Pubco is bound or affected, or (iii) subject to the Required Approvals, as defined by Section 4.4, 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 Pubco is subject (including federal and state securities laws and regulations), or by which any property or asset of Pubco 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.

4.4 Filings, Consents and Approvals. Pubco is not 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 Pubco of this Agreement, other than the filing of a Current Report on Form 8-K and Form D with the SEC and such filings as are required to be made under applicable federal and state securities laws (collectively, the "Required Approvals").

4.5 Issuance of the Pubco Shares. The Pubco Shares are duly authorized and, when issued and paid for in accordance with this Agreement, will be duly and validly issued, fully paid and non-assessable, free and clear of all Liens imposed on or by Pubco other than restrictions on transfer provided for in this Agreement.

4.6 Capitalization. The capitalization of Pubco is as set forth on Schedule 4.6, which Schedule 4.6 shall also include the number of shares of Pubco Common Stock owned beneficially, and of record, by Affiliates of Pubco as of the date hereof, if any. Other than as set forth in Schedule 4.6, Pubco has not issued any capital stock since its most recently filed periodic report under the Exchange Act. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by this Agreement. There are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares of Pubco Common Stock, or Contracts, commitments, understandings or arrangements by which Pubco or any subsidiary of Pubco is or may become bound to issue additional shares of Pubco Common Stock or Common Stock Equivalents. The issuance of the Pubco Shares will not obligate Pubco to issue shares of Pubco Common Stock or other securities to any Person (other than to the Tonix Shareholders) and will not result in a right of any holder of Pubco securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of Pubco are validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder or Pubco's board of directors is required for the issuance of the Pubco Shares. There are no stockholders agreements, voting agreements or other similar agreements with respect to Pubco's capital stock to which Pubco is a party or, to the Knowledge of Pubco, between or among any of Pubco's stockholders. "Common Stock Equivalents" means any securities of Pubco or of any subsidiary of Pubco which would entitle the holder thereof to acquire at any time Pubco Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive Pubco Common Stock.

4.7 SEC Reports; Financial Statements. Pubco has filed all reports, schedules, forms, statements and other documents required to be filed by Pubco under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as Pubco was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. To the Knowledge of Pubco and the Representative Stockholder, as of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, 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 the light of the circumstances under which they were made, not misleading. The financial statements of Pubco included in the SEC Reports ("Financial Statements") comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with 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 GAAP, and fairly present in all material respects the financial position of Pubco 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.

4.8 Material Changes. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof or in connection herewith: (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) Pubco has not incurred any Liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in Pubco's financial statements pursuant to GAAP or disclosed in filings made with the SEC, (iii) Pubco has not altered its method of accounting, (iv) Pubco has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, and (v) Pubco has not issued any equity securities to any officer, director or Affiliate. Pubco does not have pending before the SEC any request for confidential treatment of information. Except for the issuance of the Pubco Shares contemplated by this Agreement or as set forth on Schedule 4.8, no event, liability or development has occurred or exists with respect to Pubco or any subsidiary of Pubco or their respective business, properties, operations or financial condition, that would be required to be disclosed by Pubco under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least one (1) Trading Day prior to the date that this representation is made.

4.9 Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the Knowledge of Pubco and the Representative Stockholder, threatened against or affecting Pubco or any of its properties 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 this Agreement or

the Pubco Shares, or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither Pubco 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. Except as set forth on Schedule 4.9 hereto, there has not been, and to the Knowledge of Pubco and the Representative Stockholder, there is not pending or contemplated, any investigation by the SEC involving Pubco or any current director or officer of Pubco. The SEC has not issued any stop order or other order suspending the effectiveness of any registration statement filed by Pubco under the Securities Act.

4.10 Labor Relations. No labor dispute exists or, to the Knowledge of Pubco and the Representative Stockholder, is imminent with respect to any of the employees of Pubco which could reasonably be expected to result in a Material Adverse Effect. None of Pubco's employees is a member of a union that relates to such employee's relationship with Pubco, and Pubco is not a party to a collective bargaining agreement, and Pubco believes that its relationships with their employees are good. No executive officer, to the Knowledge of Pubco and the Representative Stockholder, 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 Pubco to any liability with respect to any of the foregoing matters. Pubco 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.

4.11 Compliance. To the Knowledge of Pubco and the Representative Stockholder, Pubco: (i) is not in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by Pubco under), nor has Pubco received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is not in violation of any order of any court, arbitrator or governmental body, or (iii) is not or has not 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 and all such laws that affect the environment, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

4.12 Regulatory Permits. Pubco possesses all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct its business, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and Pubco has not received any notice of proceedings relating to the revocation or modification of any Material Permit.

4.13 Title to Assets. Pubco has good and marketable title in all personal property owned by it that is material to the business of, 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 Pubco and Liens for the payment of Taxes, the payment of which is neither delinquent nor subject to penalties. Pubco does not own any real property. Any real property and facilities held under lease by Pubco, if any, is held by Pubco under valid, subsisting and enforceable leases with which Pubco is in compliance.

4.14 Patents and Trademarks. Pubco has, or has rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as described in the SEC Reports as necessary or material for use in connection with their business and which the failure to so have could have a Material Adverse Effect (collectively, the "Pubco Intellectual Property Rights"). Pubco has not received a notice (written or otherwise) that any of the Pubco Intellectual Property Rights used by Pubco violates or infringes upon the rights of any Person. To the Knowledge of Pubco and the Representative Stockholder, all such Pubco Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. Pubco has taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.15 Transactions with Affiliates and Employees. Except as set forth in the SEC Reports, none of the officers or directors of Pubco and, to the Knowledge of Pubco and the Representative Stockholder, none of the employees of Pubco is presently a party to any transaction with Pubco (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 Pubco, 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 $120,000, other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of Pubco and (iii) other employee benefits.

4.16 Sarbanes-Oxley; Internal Accounting Controls. Pubco is in material compliance with all provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it as of the Closing Date. Pubco 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 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. Pubco has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for Pubco and designed such disclosure controls and procedures to

ensure that information required to be disclosed by Pubco in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Pubco's certifying officers have evaluated the effectiveness of Pubco's disclosure controls and procedures as of the end of the period covered by Pubco's most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). Pubco presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officer 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 changes in Pubco's internal control over financial reporting (as such term is defined in the Exchange Act) that has materially affected, or is reasonably likely to materially affect, Pubco's internal control over financial reporting.

4.17 Certain Fees. No brokerage or finder's fees or commissions are or will be payable by Pubco to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement.

4.18 Issuance of Pubco Shares. Assuming the accuracy of the Tonix Shareholders' representations and warranties set forth in Section 3, no registration under the Securities Act is required for the offer and issuance of the Pubco Shares by Pubco to the Tonix Shareholders as contemplated hereby. The issuance of the Pubco Shares hereunder does not contravene the rules and regulations of the applicable Trading Market.

4.19 Investment Company. Pubco is not, and is not an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.20 Listing and Maintenance Requirements. Pubco Common Stock is currently quoted on FINRA's Over-the-Counter Bulletin Board Quotation Service ("OTC Bulletin Board") under the symbol "TAEI" and Pubco has not, in the 24 months preceding the date hereof, received any notice from the OTC Bulletin Board or FINRA or any trading market on which Pubco Common Stock is or has been listed or quoted to the effect that Pubco is not in compliance with the quoting, listing or maintenance requirements of the OTCBB or such other trading market. Pubco is, and has no reason to believe that it will not, in the foreseeable future continue to be, in compliance with all such quoting, listing and maintenance requirements.

4.21 Application of Takeover Protections. Pubco has taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under Pubco's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Tonix Shareholders as a result of the Tonix Shareholders and Pubco fulfilling their obligations or exercising their rights under this Agreement, including without limitation as a result of Pubco's issuance of the Pubco Shares and the Tonix Shareholders' ownership of the Pubco Shares.

4.22 No Integrated Offering. To the Knowledge of Pubco and the Representative Stockholder, and assuming the accuracy of the Tonix Shareholders' representations and warranties set forth in Section 3, neither Pubco, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Pubco Shares to be integrated with prior offerings by Pubco for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of Pubco are listed or designated.

4.23 Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, Pubco has filed all necessary Tax Returns and has paid or accrued all Taxes shown as due thereon, and Pubco has no knowledge of a tax deficiency which has been asserted or threatened against Pubco.

4.24 No General Solicitation. Neither Pubco nor any person acting on behalf of Pubco has offered or sold any of the Pubco Shares by any form of general solicitation or general advertising.

4.25 Foreign Corrupt Practices. Neither Pubco, nor to the Knowledge of Pubco and the Representative Stockholder, any agent or other person acting on behalf of Pubco, 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 Pubco (or made by any person acting on its behalf of which Pubco is aware) which is in violation of law or (iv) violated in any material respect any provision of the FCPA.

4.26 Accountants. Pubco's accounting firm is set forth on Schedule 4.26 of the disclosure schedules. To the Knowledge and belief of Pubco and the Representative Stockholder, such accounting firm: (i) is a registered public accounting firm as required by the Exchange Act and (ii) expressed its opinion with respect to the financial statements included in Pubco's Annual Report for the year ended December 31, 2010.

4.27 No Disagreements with Accountants and Lawyers. To the Knowledge of Pubco and the Representative Stockholder, there are no disagreements of any kind, including but not limited to any disagreements regarding fees owed for services rendered, presently existing, or reasonably anticipated by Pubco to arise, between Pubco and the accountants and lawyers formerly or presently employed by Pubco which could affect Pubco's ability to perform any of its obligations under this Agreement, and Pubco is current with respect to any fees owed to its accountants and lawyers.

4.28 Regulation M Compliance. Pubco has not, and to the Knowledge of Pubco and the Representative Stockholder, no one acting on behalf of Pubco has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of Pubco to facilitate the sale or resale of any of the Pubco Shares, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the securities of Pubco, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of Pubco.

4.29 Money Laundering Laws. The operations of Pubco are and have been conducted at all times in compliance with the Money Laundering Laws and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Pubco with respect to the Money Laundering Laws is pending or, to the best Knowledge of Pubco and the Representative Stockholder, threatened.

4.30 Minute Books. The minute books of Pubco made available to Tonix and the Tonix Shareholders contain a complete summary of all meetings and written consents in lieu of meetings of directors and stockholders since the time of incorporation.

4.31 Employee Benefits. Pubco has not (nor for the two years preceding the date hereof has) had any plans which are subject to ERISA.

4.32 Business Records and Due Diligence. Prior to the Closing, Pubco delivered to Tonix all records and documents relating to Pubco, which Pubco possesses, including, without limitation, books, records, government filings, Tax Returns, Charter Documents, corporate records, stock records, consent decrees, orders, and correspondence, director and stockholder minutes, resolutions and written consents, stock ownership records, financial information and records, and other documents used in or associated with Pubco and Pubco's subsidiaries, if any.

4.33 Contracts. Except as set forth in Schedule 4.33 of the disclosure schedules hereto, there are no Contracts that are material to the business, properties, assets, condition (financial or otherwise), results of operations or prospects of Pubco taken as a whole. Pubco is not in violation of or in default under (nor does there exist any condition which upon the passage of time or the giving of notice would cause such a violation of or default under) any Contract to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.34 No Undisclosed Liabilities. Except as otherwise disclosed in Schedule 4.34 of the disclosure schedules, Pubco's Financial Statements or incurred in the ordinary course of business after the fiscal year ended December 31, 2010 (the financial statements of which were filed with the SEC along with Pubco's annual report on Form 10-K on March 2, 2011), Pubco has no other undisclosed liabilities whatsoever, either direct or indirect, matured or unmatured, accrued, absolute, contingent or otherwise. Pubco and the Representative Stockholder represent that at the date of Closing, Pubco shall have no liabilities or obligations whatsoever, either direct or indirect, matured or un-matured, accrued, absolute, contingent or otherwise.

4.35 No SEC or FINRA Inquiries. To the Knowledge of Pubco and the Representative Stockholder, neither Pubco nor any of its present officers or directors is, or has ever been, the subject of any formal or informal inquiry or investigation by the SEC or FINRA.

4.36 Financial Condition. Pubco is a shell company with no substantial business operations and no material assets.

4.37 Transfer Agent. Pubco's transfer agent is listed on Schedule 4.37 with its name, address, telephone number, fax number, contact person and email address. Such transfer agent is eligible to transfer securities via Depository Trust Company ("DTC") and Deposit Withdrawal Agent Commission ("DWAC").

4.38 Disclosure. The representations and warranties and statements of fact made by Pubco and the Representative Stockholder in this Agreement, and all statements set forth in the certificates delivered by Pubco and the Representative Stockholder at the Closing pursuant to this Agreement, are, as applicable, accurate, correct and complete and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained herein not false or misleading. The copies of all documents furnished by Pubco and the Representative Stockholder pursuant to the terms of this Agreement are complete and accurate copies of the original documents. The schedules, certificates, and any and all other statements and information, whether furnished in written or electronic form, to Tonix or its representatives by or on behalf of Pubco and the Representative Stockholder in connection with this Agreement and the transactions contemplated hereby do not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

ARTICLE 4A
REPRESENTATIONS AND WARRANTIES OF THE REPRESENTATIVE SHAREHOLDER

Except as otherwise disclosed herein or in the disclosure schedule delivered by the Representative Stockholder to Tonix at the time of execution of this Agreement, the Representative Stockholder represents and warrants to Tonix as of the date hereof and as of the Closing Date (unless otherwise indicated), as follows:

4A.1 Ownership of the Pubco Equity Interest. The Representative Stockholder owns, beneficially and of record, good and marketable title to the amount of shares of Pubco common stock set forth opposite the Representative Stockholder's name in Column II of Annex II hereto, free and clear of all security interests, liens, adverse claims, encumbrances, equities, proxies, options or voting agreements except for those restrictions imposed by the Securities Act of 1933 as amended. The Representative Stockholder represents that he has no rights or claims whatsoever to any equity interests of Pubco, other than his shares and does not have any options, warrants or any other instruments entitling him to exercise or purchase or convert into additional equity interests of Pubco. At the Closing, the Representative Stockholder will convey to Pubco good and marketable title to the number of shares of Pubco common stock set forth in Column III of Annex II hereto, free and clear of any security interests, liens, adverse claims, encumbrances, equities, proxies, options, shareholders' agreements or restrictions, except for those restrictions imposed by the Securities Act of 1933, as amended.

4A.2 Authority Relative to this Agreement. This Agreement has been duly and validly executed and delivered by the Representative Stockholder and constitutes a valid and binding agreement of the Representative Stockholder, enforceable against such person in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

4A.3 Disclosure. The representations and warranties and statements of fact made by the Representative Stockholder in this Article 4A are, as applicable, accurate, correct and complete and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained herein not false or misleading.

ARTICLE 5
INDEMNIFICATION; SURVIVAL OF REPRESENTATIONS

5.1 Indemnification.

(a) Subject to the provisions of this Article 5, and irrespective of any due diligence investigation conducted by Tonix with regard to the transactions contemplated hereby, the Representative Stockholder agrees to indemnify fully in respect of, hold harmless and defend Tonix, the Tonix Subsidiaries and the Tonix Shareholders, and each of the officers, agents and directors of Tonix, the Tonix Subsidiaries or the Tonix Shareholders, against any damages, liabilities, costs, claims, proceedings, investigations, penalties, judgments, deficiencies, including taxes, expenses (including, but not limited to, any and all interest, penalties and expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever) and losses (each, a "Claim" and collectively "Claims") to which it or they may become subject arising out of or based on either (i) any breach of or inaccuracy in any of the representations and warranties or covenants or conditions made by Pubco and/or the Representative Stockholder herein in this Agreement; or (ii) any and all liabilities arising out of or in connection with: (A) any of the assets of Pubco prior to the Closing; or (B) the operations of Pubco prior to the Closing.

(b) Subject to the provisions of this Article 5, Tonix agrees to indemnify fully in respect of, hold harmless and defend the Representative Stockholder against any Claims to which it or they may become subject arising out of or based on (i) any breach of or inaccuracy in any of the representations and warranties or covenants or conditions made by Tonix and/or the Tonix Shareholders herein in this Agreement; or (ii) any and all liabilities arising out of or in connection with: (A) any of the assets of Tonix or the Tonix Subsidiaries subsequent to the Closing; or (B) the operations of Tonix or the Tonix Subsidiaries subsequent to the Closing.

5.2 Survival of Representations and Warranties. Notwithstanding provision in this Agreement to the contrary, the representations and warranties given or made by Pubco, the Representative Stockholder, Tonix and the Tonix Shareholders under this Agreement shall survive the date hereof for a period of twenty-four (24) months from and after the Closing Date (the last day of such period is herein referred to as the "Expiration Date"), except that any written claim for breach thereof made and delivered prior to the Expiration Date to the party against whom such indemnification is sought shall survive thereafter and, as to any such claim, such applicable expiration will not effect the rights to indemnification of the party making such claim; provided, however, that any representations and warranties that were fraudulently made shall not expire on the Expiration Date and shall survive indefinitely and claims with respect to fraud by Pubco, the Representative Stockholder, Tonix or the Tonix Shareholders must be made at any time, as long as such claim is made within a reasonable period of time after discovery by the claiming party.

5.3 Method of Asserting Claims, Etc. The party claiming indemnification is hereinafter referred to as the "Indemnified Party" and the party against whom such claims are asserted hereunder is hereinafter referred to as the "Indemnifying Party." All Claims for indemnification by any Indemnified Party under this Article 5 shall be asserted as follows:

(a) In the event that any Claim or demand for which an Indemnifying Party would be liable to an Indemnified Party hereunder is asserted against or sought to be collected from such Indemnified Party by a third party, said Indemnified Party shall, within ten (10) business days from the date upon which the Indemnified Party has Knowledge of such

Claim, notify the Indemnifying Party of such claim or demand, specifying the nature of and specific basis for such claim or demand and the amount or the estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such Claim or demand) (the "Claim Notice"). The Indemnified Party's failure to so notify the Indemnifying Party in accordance with the provisions of this Agreement shall not relieve the Indemnifying Party of liability hereunder unless such failure materially prejudices the Indemnifying Party's ability to defend against the claim or demand. The Indemnifying Party shall have 30 days from the giving of the Claim Notice (the "Notice Period") to notify the Indemnified Party: (i) whether or not the Indemnifying Party disputes the liability of the Indemnifying Party to the Indemnified Party hereunder with respect to such Claim or demand, and (ii) whether or not the Indemnifying Party desires, at the sole cost and expense of the Indemnifying Party, to defend the Indemnified Party against such Claims or demand; provided, however, that any Indemnified Party is hereby authorized prior to and during the Notice Period to file any motion, answer or other pleading which he shall deem necessary or appropriate to protect his interests or those of the Indemnifying Party and not prejudicial to the Indemnifying Party. In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that he does not dispute liability for indemnification under this Article 5 and that he desires to defend the Indemnified Party against such claim or demand and except as hereinafter provided, the Indemnifying Party shall have the right to defend by all appropriate proceedings, which proceedings shall be promptly settled or prosecuted by him to a final conclusion. The Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party except to the extent that the employment thereof has been specifically authorized by the Indemnifying Party in writing, the Indemnifying Party has failed after a reasonable period of time to assume such defense and to employ counsel or in such action there is, in the reasonable opinion of such separate counsel, a material conflict on any material issue between the position of the Indemnifying Party and the position of such Indemnified Party (a "Material Conflict"). If requested by the Indemnifying Party and there is no Material Conflict, the Indemnified Party agrees to cooperate with the Indemnifying Party and his counsel in contesting any Claim or demand which the Indemnifying Party elects to contest or, if appropriate and related to the Claim in question, in making any Counterclaim against the person asserting the third party Claim or demand, or any cross-complaint against any person. No Claim for which indemnity is sought hereunder and for which the Indemnifying Party has acknowledged liability for indemnification under this Article 5 may be settled without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

(b) In the event any Indemnified Party should have a Claim against any Indemnifying Party hereunder which does not involve a Claim or demand being asserted against or sought to be collected from him by a third party, the Indemnified Party shall give a Claim Notice with respect to such Claim to the Indemnifying Party. If, after receipt of a Claim Notice, the Indemnifying Party does not notify the Indemnified Party within the Notice Period that he disputes such Claim, then the Indemnifying Party shall be deemed to have admitted liability for such Claim in the amount set forth in the Claim Notice.

(c) The Indemnifying Party shall be given the opportunity to defend the respective Claim.

ARTICLE 6
COVENANTS OF THE PARTIES

6.1 Corporate Examinations and Investigations. Prior to the Closing, each party shall be entitled, through its employees and representatives, to make such investigations and examinations of the books, records and financial condition of Tonix and Pubco as each party may request. In order that each party may have the full opportunity to do so, Tonix and Pubco, the Tonix Shareholders and the Representative Stockholder shall furnish each party and its representatives during such period with all such information concerning the affairs of Tonix or Pubco as each party or its representatives may reasonably request and cause Tonix or Pubco and their respective officers, employees, consultants, agents, accountants and attorneys to cooperate fully with each party's representatives in connection with such review and examination and to make full disclosure of all information and documents requested by each party and/or its representatives. Any such investigations and examinations shall be conducted at reasonable times and under reasonable circumstances, it being agreed that any examination of original documents will be at each party's premises, with copies thereof to be provided to each party and/or its representatives upon request.

6.2 Cooperation; Consents. Prior to the Closing, each party shall cooperate with the other parties to the end that the parties shall (i) in a timely manner make all necessary filings with, and conduct negotiations with, all authorities and other persons the consent or approval of which, or the license or permit from which is required for the consummation of the Acquisition and (ii) provide to each other party such information as the other party may reasonably request in order to enable it to prepare such filings and to conduct such negotiations.

6.3 Conduct of Business. Subject to the provisions hereof, from the date hereof through the Closing, each party hereto shall (i) conduct its business in the ordinary course and in such a manner so that the representations and warranties contained herein shall continue to be true and correct in all material respects as of the Closing as if made at and as of the Closing and (ii) not enter into any material transactions or incur any material liability not required or specifically contemplated hereby, without first obtaining the written consent of Tonix and the Tonix Shareholders on the one hand and Pubco and the Representative Stockholder on the other hand. Without the prior written consent of Tonix, the Tonix Shareholders, Pubco or the Representative Stockholder, except as required or specifically contemplated hereby, each party shall not undertake or fail to undertake any action if such action or failure would render any of said warranties and representations untrue in any material respect as of the Closing.

6.4 Litigation. From the date hereof through the Closing, each party hereto shall promptly notify the representative of the other parties of any lawsuits, claims, proceedings or investigations which after the date hereof are threatened or commenced against such party or any of its affiliates or any officer, director, employee, consultant, agent or shareholder thereof, in their capacities as such, which, if decided adversely, could reasonably be expected to have a Material Adverse Effect on Pubco.

6.5 Notice of Default. From the date hereof through the Closing, each party hereto shall give to the representative of the other parties prompt written notice of the occurrence or existence of any event, condition or circumstance occurring which would constitute a violation or breach of this Agreement by such party or which would render inaccurate in any material respect any of such party's representations or warranties herein.

6.6 Bylaws. If necessary, Pubco shall amend its bylaws to permit the election and/or appointment of additional new directors to Pubco's Board of Directors as set forth in Section 7.1(a) below.

6.7 Confidentiality; Access to Information.

(a) Confidentiality. Any confidentiality agreement or letter of intent previously executed by the parties shall be superseded in its entirety by the provisions of this Agreement. Each party agrees to maintain in confidence any non-public information received from the other party, and to use such non-public information only for purposes of consummating the transactions contemplated by this Agreement. Such confidentiality obligations will not apply to (i) information which was known to the one party or their respective agents prior to receipt from the other party; (ii) information which is or becomes generally known; (iii) information acquired by a party or their respective agents from a third party who was not bound to an obligation of confidentiality; and (iv) disclosure required by law. In the event this Agreement is terminated as provided in Article 8 hereof, each party will return or cause to be returned to the other all documents and other material obtained from the other in connection

with the Transaction contemplated hereby.

(b) Access to Information.

(i) Tonix will afford Pubco and its financial advisors, accountants, counsel and other representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books, records and personnel of Tonix during the period prior to the Closing to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel of Tonix, as Pubco may reasonably request. No information or Knowledge obtained by Pubco in any investigation pursuant to this Section 6.7(b) will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Transaction.

(ii) Pubco will afford Tonix and its financial advisors, underwriters, accountants, counsel and other representatives reasonable access during normal business hours, upon reasonable notice, to the properties, books, records and personnel of Pubco during the period prior to the Closing to obtain all information concerning the business, including the status of product development efforts, properties, results of operations and personnel of Pubco, as Tonix may reasonably request. No information or knowledge obtained by Tonix in any investigation pursuant to this Section 6.7(b) will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Transaction.

6.8 Share Cancellation and Transfers. Simultaneously with the Closing, the Representative Stockholder listed in Column I of Annex II attached hereto shall surrender the number of shares of Pubco Common Stock set forth opposite the Representative Stockholder's name in Column III on Annex II for cancellation. In connection with such share cancellation, the Representative Stockholder agrees to execute and deliver any documents and instruments reasonably necessary to effect such cancellation, including originally executed certificate(s) and stock powers, with proper endorsements and/or medallion certified signatures as may be required by Pubco's transfer agent.

6.9 Public Disclosure. Except to the extent previously disclosed or to the extent the parties believe that they are required by applicable law or regulation to make disclosure, prior to Closing, no party shall issue any statement or communication to the public regarding the transaction contemplated herein without the consent of the other party, which consent shall not be unreasonably withheld. To the extent a party hereto believes it is required by law or regulation to make disclosure regarding the Transaction, it shall, if possible, immediately notify the other party prior to such disclosure. Notwithstanding the foregoing, the parties hereto agree that Tonix will prepare and file a Current Report on Form 8-K pursuant to the Exchange Act to report the execution of this Agreement.

6.10 Information Statement for Change in Majority of Directors. As directed by Tonix, Pubco and the Representative Stockholder will use their best efforts to ensure that Pubco's current director will remain a director of Pubco until the expiration of the 10-day period beginning on the date of the filing of the information statement relating to a change in majority of directors of Pubco with the SEC pursuant to Rule 14f-1 promulgated under the Exchange Act ("Information Statement"), which Information Statement shall be prepared by Tonix and filed by the Tonix Officers (as defined hereafter) on behalf of Pubco after the Closing.

6.11 Assistance with Post-Closing SEC Reports and Inquiries. Upon the reasonable request of Tonix, after the Closing Date, the Representative Stockholder shall use his reasonable best efforts to provide such information available to him, including information, filings, reports, financial statements or other circumstances of Pubco occurring, reported or filed prior to the Closing, as may be necessary or required by Pubco for the preparation of the post-Closing Date reports that Pubco is required to file with the SEC to remain in compliance and current with its reporting requirements under the Securities Act, or filings required to address and resolve matters as may relate to the period prior to the Closing and any SEC comments relating thereto or any SEC inquiry thereof.

6.12 Payment of Pubco Liabilities. The Representative Stockholder hereby agrees to pay all of the liabilities of Pubco listed in Schedule 4.34 of the disclosures schedules attached hereto in their entirety on or before the Closing Date.

ARTICLE 7
CONDITIONS TO CLOSING

7.1 Conditions to Obligations of Tonix and the Tonix Shareholders. The obligations of Tonix and the Tonix Shareholders under this Agreement shall be subject to each of the following conditions:

(a) Closing Deliveries. At the Closing, Pubco and the Representative Stockholder shall have delivered or caused to be delivered to Tonix and the Tonix Shareholders the following:

(i) this Agreement duly executed by Pubco and the Representative Stockholder;

(ii) letters of resignation from Pubco's sole officer, with his resignation as to all of the offices he currently holds with Pubco to be effective on the Closing Date, and confirming that such officer has no claim against Pubco in respect of any outstanding remuneration or fees of whatever nature as of the Closing;

(iii) letter of resignation of Pubco's sole director, with the resignation of such director to be effective 10 days after the filing and mailing of the Information Statement;

(iv) resolutions duly adopted by the Board of Directors of Pubco approving the following events or actions, as applicable:

a. the execution, delivery and performance of this Agreement;

b. the Acquisition and the terms thereof;

c. adoption of bylaws in the form agreed by the parties;

d. fixing the number of authorized directors on the board of directors at seven (7);

e. the appointment of Seth Lederman as Chairman of the board of directors, and the appointment of Stuart Davidson, Patrick Grace, Ernest Mario, Charles Mather, Donald Landry and John Rhodes as additional directors, to serve on the Pubco board of directors, effective 10 days after the filing and mailing of the Information Statement; and

f. the appointment of the following persons as officers of Pubco, effective on the Closing Date, with the titles set forth opposite his or her name (the "Tonix Officers"):

Seth Lederman	Chief Executive Officer, President, Secretary and Chairman of the Board
Rhonda Rosen	Chief Financial Officer
Benjamin Selzer	Chief Operating Officer

(v) a certificate of good standing for Pubco from its jurisdiction of incorporation, dated not earlier than five (5) days prior to the Closing Date;

(vi) an instruction letter signed by the President of Pubco addressed to Pubco's transfer agent of record, in a form reasonably acceptable to Tonix and consistent with the terms of this Agreement, instructing the transfer agent to issue stock certificates representing the Pubco Shares to be delivered pursuant to this Agreement registered in the names of the Tonix Shareholders as set forth in Annex I;

(vii) the Return to Treasury Agreement duly executed by Pubco and the Representative Stockholder evidencing the cancellation of an aggregate of 1,500,000 shares of Pubco Common Stock owned by it in consideration for $100.00;

(viii) A certificate of Holladay Stock Transfer Inc., Pubco's transfer agent and registrar, certifying as of the business day prior to the Acquisition, and before taking into consideration the cancellation of Pubco Common Stock as indicated in Section 7.1(a)(vii) hereof, a true and complete list of the names and addresses of the record owners of all of the outstanding shares of Pubco Common Stock, together with the number of shares of Pubco Common Stock held by each record owner;

(ix) a certificate of the Secretary of Pubco, dated as of the Closing Date, certifying as to (i) the incumbency of officers of Pubco executing this Agreement and all exhibits and schedules hereto and all other documents, instruments and writings required pursuant to this Agreement (the "Transaction Documents"), (ii) a copy of the Certificate of Incorporation and By-Laws of Pubco, as in effect on and as of the Closing Date, and (iii) a copy of the resolutions of the Board of Directors of Pubco authorizing and approving Pubco's execution, delivery and performance of the Transaction Documents, all matters in connection with the Transaction Documents, and the transactions contemplated thereby;

(x) an opinion from Macdonald Tuskey, counsel to Pubco, with respect to the matters set forth in

Exhibit A attached hereto, addressed to Tonix and the Tonix Shareholders and dated as of the Closing Date;

(xi) all corporate records, board minutes and resolutions, tax and financial records, agreements, seals and any other information or documents reasonably requested by Tonix's representatives with respect to Pubco; and

(xii) such other documents as Tonix and/or the Tonix Shareholders may reasonably request in connection with the transactions contemplated hereby.

(b) Representations and Warranties to be True. The representations and warranties of Pubco and the Representative Stockholder herein contained shall be true in all material respects at the Closing with the same effect as though made at such time. Pubco and the Representative Stockholder shall have performed in all material respects all obligations and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by them at or prior to the Closing.

(c) No Assets and Liabilities. At the Closing, Pubco shall have no liabilities, debts or payables (contingent or otherwise) other than those liabilities listed in Schedule 4.34 of the disclosure schedules hereto, no tax obligations, no material assets, and except as contemplated in this Agreement, no material changes to its business or financial condition shall have occurred since the date of this Agreement.

(d) SEC Filings. At the Closing, Pubco will be current in all SEC filings required by it to be filed.

(e) Outstanding Capital Stock. Pubco shall have at least 75,000,000 shares of Pubco Common Stock authorized of which no more than 4,000,000 shares shall be issued and outstanding in the aggregate at the Closing.

(f) No Adverse Effect. The business and operations of Pubco will not have suffered any Material Adverse Effect.

7.2 Conditions to Obligations of Pubco and the Representative Stockholder. The obligations of Pubco and the Representative Stockholder under this Agreement shall be subject to each of the following conditions:

(a) Closing Deliveries. On the Closing Date, Tonix and/or the Tonix Shareholders shall have delivered to Pubco the following:

(i) this Agreement duly executed by Tonix and the Tonix Shareholders;

(ii) resolutions duly adopted by the Board of Directors of Tonix authorizing and approving the execution, delivery and performance of this Agreement;

(iii) certificates representing the Tonix Equity Interests to be delivered pursuant to this Agreement duly endorsed or accompanied by duly executed stock powers or instruments of like tenor;

(iv) a certificate of the Secretary or other duly qualified officer of Tonix, dated as of the Closing Date, certifying as to (i) the incumbency of officers of Tonix executing this Agreement and all exhibits and schedules hereto and all other documents, instruments and writings required pursuant to this Agreement (the "Transaction Documents"), (ii) a copy of the Certificate of Incorporation and By-Laws of Tonix, as in effect on and as of the Closing Date, and (iii) a copy of the resolutions of the Board of Directors of Tonix authorizing and approving Tonix's execution, delivery and performance of the Transaction Documents, all matters in connection with the Transaction Documents, and the transactions contemplated thereby; and

(ii) all corporate records, board minutes and resolutions, tax and financial records, agreements, seals and such other documents as Pubco may reasonably request in connection with the transactions contemplated hereby.

(b) Representations and Warranties True and Correct. The representations and warranties of Tonix and the Tonix Shareholders herein contained shall be true in all material respects at the Closing with the same effect as though made at such time. Tonix and the Tonix Shareholders shall have performed in all material respects all obligations and complied in all material respects with all covenants and conditions required by this Agreement to be performed or complied with by them at or prior to the Closing.

(c) Consummation of Private Placement. Consummation of the Acquisition shall occur simultaneously with the closing of the Private Placement.

(d) No Adverse Effect. The business and operations of Tonix will not have suffered any Material Adverse Effect.

ARTICLE 8
SEC FILING; TERMINATION

8.1 This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of Pubco and Tonix Shareholders;

(b) by either Pubco or the Tonix Shareholders if the Transaction shall not have been consummated for any reason by October 15, 2011; provided, however, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the Transaction to occur on or before such date and such action or failure to act constitutes a breach of this Agreement;

(c) by either Pubco or the Tonix Shareholders if a governmental entity shall have issued an order, decree or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the Transaction, which order, decree, ruling or other action is final and non-appealable;

(d) by the Tonix Shareholders, upon a material breach of any representation, warranty, covenant or agreement on the part of Pubco or the Representative Stockholder set forth in this Agreement, or if any representation or warranty of Pubco shall have become materially untrue, in either case such that the conditions set forth in Section 7.1 would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such inaccuracy in the representations and warranties by Pubco or the Representative Stockholder or breach by Pubco or the Representative Stockholder is curable by Pubco or the Representative Stockholder prior to the Closing Date, then the Tonix Shareholders may not terminate this Agreement under this Section 8.1(d) for thirty (30) days after delivery of written notice from the Tonix Shareholders to Pubco and the Representative Stockholder of such breach, provided Pubco and the Representative Stockholder continue to exercise commercially reasonable efforts to cure such breach (it being understood that the Tonix Shareholders may not terminate this Agreement pursuant to this Section 8.1(d) if they shall have materially breached this Agreement or if such breach by Pubco or the Representative Stockholder is cured during such thirty (30) day period); or

(e) by Pubco or the Representative Stockholder, upon a material breach of any representation, warranty, covenant or agreement on the part of Tonix or the Tonix Shareholders set forth in this Agreement, or if any representation or warranty of Tonix or the Tonix Shareholders shall have become materially untrue, in either case such that the conditions set forth in Section 7.2 would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such inaccuracy in the representations and warranties by Tonix or the Tonix Shareholders or breach by Tonix or the Tonix Shareholders is curable by Tonix or the Tonix Shareholders prior to the Closing Date, then Pubco or the Representative Stockholder may not terminate this Agreement under this Section 8.1(e) for thirty (30) days after delivery of written notice from Pubco or the Representative Stockholder to Tonix and the Tonix Shareholders of such breach, provided Tonix and the Tonix Shareholders continue to exercise commercially reasonable efforts to cure such breach (it being understood that Pubco may not terminate this Agreement pursuant to this Section 8.1(e) if it shall have materially breached this Agreement or if such breach by Tonix or the Tonix Shareholders is cured during such thirty (30) day period).

8.2 Notice of Termination; Effect of Termination. Any termination of this Agreement under Section 8.1 above will be effective immediately upon (or, if the termination is pursuant to Section 8.1(d) or Section 8.1(e) and the proviso therein is applicable, thirty (30) days after) the delivery of written notice of the terminating party to the other parties hereto. In the event of the termination of this Agreement as provided in Section 8.1, this Agreement shall be of no further force or effect and the Transaction shall be abandoned, except as set forth in Section 8.1, Section 8.2 and Article 9 (General Provisions), each of which shall survive the termination of this Agreement.

ARTICLE 9
GENERAL PROVISIONS

9.1 Notices. Any and all notices and other communications hereunder shall be in writing and shall be deemed duly given to the party to whom the same is so delivered, sent or mailed at addresses and contact information set forth on the signature pages hereof (or at such other address for a party as shall be specified by like notice) Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) on the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto prior to 5:30 p.m. (Eastern Standard Time) on a business day, (b) on the next business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a business day or later than 5:30 p.m. (Eastern Standard Time) on any business day, (c) on the second business day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given.

9.2 Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References to Sections and Articles refer to sections and articles of this Agreement unless otherwise stated.

9.3 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify this Agreement to preserve each party's anticipated benefits under this Agreement.

9.4 Miscellaneous. This Agreement (together with all other documents and instruments referred to herein): (a) constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof; (b) except as expressly set forth herein, is not intended to confer upon any other person any rights or remedies hereunder and (c) shall not be assigned by operation of law or otherwise, except as may be mutually agreed upon by the parties hereto.

9.5 Separate Counsel. Each party hereby expressly acknowledges that it has been advised to seek its own separate legal counsel for advice with respect to this Agreement, and that no counsel to any party hereto has acted or is acting as counsel to any other party hereto in connection with this Agreement.

9.6 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of the Agreement), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. 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. If either party shall commence an action or proceeding to enforce any provisions of the Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

9.7 Counterparts and Signatures. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same Agreement. This Agreement, to the extent delivered by means of a facsimile machine or electronic mail (any such delivery, an "Electronic Delivery"), shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto, each other party hereto shall re-execute original forms hereof and deliver them in person to all other parties. No party hereto shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each such party forever waives any such defense, except to the extent such defense related to lack of authenticity.

9.8 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties upon approval by the party, if such party is an individual, and upon approval of the Boards of Directors of each of the parties that are corporate entities.

9.9 Parties In Interest. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective heirs, legal representatives, successors and assigns of the parties hereto.

9.10 Waiver. No waiver by any party of any default or breach by another party of any representation, warranty, covenant or condition contained in this Agreement shall be deemed to be a waiver of any subsequent default or breach by such party of the same or any other representation, warranty, covenant or condition. No act, delay, omission or course of dealing on the part of any party in exercising any right, power or remedy under this Agreement or at law or in equity shall operate as a waiver thereof or otherwise prejudice any of such party's rights, powers and remedies. All remedies, whether at law or in equity, shall be cumulative and the election of any one or more shall not constitute a waiver of the right to pursue other available remedies.

9.11 Expenses. At or prior to the Closing, the parties hereto shall pay all of their own expenses relating to the transactions contemplated by this Agreement, including, without limitation, the fees and expenses of their respective counsel and financial advisers.

* * * * * * * * * *

IN WITNESS WHEREOF, the parties have executed this Share Exchange Agreement as of the date first written above.

PUBCO:

TAMANDARE EXPLORATIONS INC.,
a Nevada corporation

By: */s/ DAVID J. MOSS*
David J. Moss
Chief Executive Officer

Address for Notices:

Address: 23046 Avenida de la Carlota, Suite 600
Laguna Hills, CA 92653
Tel:
Fax:

REPRESENTATIVE STOCKHOLDER:

/s/ DAVID J. MOSS
David J. Moss

Address for Notices:

Address: 23046 Avenida de la Carlota, Suite 600
Laguna Hills, CA 92653
Tel:
Fax:

SIGNATURE PAGE OF TONIX

TONIX PHARMACEUTICALS, INC.,
a Delaware corporation

By: */s/ SETH LEDERMAN*
Seth Lederman
President

Address for Notices:

Address: 509 Madison Avenue, Suite 306
New York, New York 10022
Tel: (212) 980-9155
Fax: (212) 923-5700

SIGNATURE PAGES OF TONIX SHAREHOLDERS

TONIX SHAREHOLDERS:

_____

By:

/s/ Seth Lederman

/s/ Eli Lederman

/s/ Ernest Mario

/s/ John Rhodes

/s/ Benjamin A. Selzer

/s/ Eric Dunn

/s/ Vijay Rajguru

/s/ Donald W. Landry

/s/ Brian B. Koo

/s/ John A. Garraty, Jr.

/s/ Theodore A. McGraw

/s/ Michael Sloma

/s/ Daniel Goodman

/s/ Seth Lederman
Lederman & Co., LLC

/s/ Seth Lederman
L&L Technologies, LLC

/s/ Mark Goldwasser
National Holding Corporation

/s/ Stuart Davidson
Lysander, LLC

/s/ Seth Lederman
Targent Pharmaceuticals, LLC

/s/ Rhonda Rosen

/s/ Patrick P. Grace

/s/ Susan Kerridge

/s/ Frank Condella

/s/ Richard N. Pierson, III

/s/ Robert Rachofsky

/s/ Charles Mather

/s/ Herbert W. Harris

/s/ Gerald Price

/s/ David Moss

/s/ Iredell W. Iglehart, III

/s/ Gregory M. Sullivan

/s/ Harvey Moldofsky

/s/ Stuart Davidson
Oystercatcher Trust

/s/ William David Ju
William David Ju, LLC

/s/ Seth Lederman
Seth M. Lederman 1999 Trust

/s/ James Stuart, Jr.
Lion Rock Investment, LLC

Address for Notices:

Address: _____
Tel: _____
Fax: _____

Please Check One:

The Tonix Shareholder hereby certifies that it is:

____ an "Accredited Investor" under Regulation D of the Securities Act (see Section 3.4 and Annex III of this Agreement); or

____ a Non-U.S. Person, that hereby confirms that the representations and warranties in Section 3.4(b) of this Agreement are true and correct as to such Tonix Shareholder, and hereby accepts and agrees to comply with the covenants in Section 3.4(b).

ANNEX I

(I)	(II)	(III)
Name of Tonix Shareholders	**Tonix Equity Interests Transferred to Pubco**	**Pubco Shares Issued to Tonix Shareholders (or Designees)**
Lederman & Co., LLC	Preferred B 536,026 Preferred A 375,000 Common 1,582,500	5,753,865
Seth Lederman, MD	Preferred B 155,455 Preferred A 375,000 Common 301,500	2,809,237
Eli Lederman, PhD	Preferred B 90,910 Preferred A 375,000	2,236,310
L&L Technologies, LLC	Preferred B 84,545 Common 1,706,250	1,894,857
National Holding Corporation	Preferred A 375,000 Common 75,000	1,865,406
Lysander, LLC	Preferred B 227,273	1,090,882
Ernest Mario, PhD	Preferred B 181,818 Common 200,000	1,047,245
Targent Pharmaceuticals, LLC	Preferred B 200,000	959,974
John Rhodes	Preferred B 136,364 Common 150,000	785,436
Benjamin A. Selzer	Preferred B 70,000 Common 225,000	532,350
Eric Dunn	Preferred B 90,909	436,352
Vijay Rajguru	Preferred B 90,909	436,352
Donald W. Landry, MD	Preferred B 74,954	359,770
Brian B. Koo	Preferred B 50,000	239,994
John A. Garraty, Jr.	Preferred B 45,455	218,178
Theodore A. McGraw	Preferred B 45,455	218,178
Lion Rock Investment, LLC	Preferred B 45,455	218,178
Michael Sloma	Preferred B 45,455	218,178
Rhonda Rosen	Common 225,000	196,359
Patrick P. Grace	Common 150,000	130,906

Oystercatcher Trust	Common 150,000	130,906
Susan Kerridge	Common 150,000	130,906
William David Ju, LLC	Preferred B 22,727	109,087
Frank Condella	Preferred B 22,727	109,087
Richard N. Pierson, III, MD	Preferred B 22,727	109,087
Robert Rachofsky	Preferred B 22,727	109,087
Charles Mather	Preferred B 13,636 Common 25,000	87,269
Seth M. Lederman 1999 Trust	Common 84,750	73,961
Herbert W. Harris, MD, PhD	Common 45,000	39,272
Gerald Price	Common 30,000	26,181
David Moss	Common 25,000	21,818
Iredell W. Iglehart, III, MD	Common 22,500	19,636
Gregory M. Sullivan, MD	Common 22,500	19,636
Harvey Moldofsky, MD	Common 22,500	19,636
Daniel Goodman, MD	Common 15,000	13,091
Total	**Preferred A 1,500,000** **Preferred B 2,275,527** **Common 5,207,500**	**22,666,667**

ANNEX II

(I)	(II)	(III)	(IV)
Name of Representative Stockholder	**Shares of Pubco Common Stock Owned Immediately Prior to Transaction**	**Shares of Pubco Common Stock Cancelled**	**Shares of Pubco Common Stock Owned Post-Transaction**
David Moss	3,250,000	1,500,000	1,771,818 *
Total:	**3,250,000**	**1,500,000**	**1,771,818 ***

***** Includes 21,818 shares of common stock to be received by Mr. Moss in exchange for 25,000 shares of Tonix common stock owned.

ANNEX III

ACCREDITED INVESTOR DEFINITION

Category A The undersigned is an individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse, excluding the value of such person's primary residence, presently exceeds $1,000,000.

Category B The undersigned is an individual (not a partnership, corporation, etc.) who had an income in excess of $200,000 in each of the two most recent years, or joint income with his or her spouse in excess of $300,000 in each of those years (in each case including foreign income, tax exempt income and full amount of capital gains and losses but excluding any income of other family members and any unrealized capital appreciation) and has a reasonable expectation of reaching the same income level in the current year.

Category C The undersigned is a director or executive officer of Pubco which is issuing and selling the securities.

Category D The undersigned is a bank; a savings and loan association; insurance company; registered investment company; registered business development company; licensed small business investment company ("SBIC"); or employee benefit plan within the meaning of Title 1 of ERISA and (a) the investment decision is made by a plan fiduciary which is either a bank, savings and loan association, insurance company or registered investment advisor, or (b) the plan has total assets in excess of $5,000,000 or (c) is a self directed plan with investment decisions made solely by persons that are accredited investors.

Category E The undersigned is a private business development company as defined in section 202(a)(22) of the Investment Advisors Act of 1940.

Category F The undersigned is either a corporation, partnership, Massachusetts business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring the Securities and with total assets in excess of $5,000,000.

Category G The undersigned is a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Securities, where the purchase is directed by a "sophisticated investor" as defined in Regulation 506(b)(2)(ii) under the Act.

Category H The undersigned is an entity (other than a trust) in which all of the equity owners are "accredited investors" within one or more of the above categories. If relying upon this Category alone, each equity owner must complete a separate copy of this Agreement.

EXHIBIT A

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of Nevada. The Company has full power to own its properties and conduct the business presently being conducted by them.

2. The Company has filed all reports required to be filed by it under the Securities Exchange Act of 1934, including pursuant to Section 13(a) or 15(d) thereof, since April 18, 2008 on a timely basis, or has received a valid extension of such time of filing.

3. The Company has the corporate power and authority and has taken all requisite corporate action necessary for (i) the authorization, execution and delivery of the Transaction Documents and (ii) the authorization of all obligations of the Company under the Transaction Documents. Each of the Transaction Documents constitutes valid and binding obligations of the Company enforceable against it in accordance with its terms, except that (a) such enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general and (b) the remedies of specific performance and injunctive and other forms of injunctive relief may be subject to equitable defenses.

4. The Company has good and marketable title to all properties and assets required for the operation of its business, free and clear of all liens, charges, encumbrances, claims, security interests, restrictions and defects of any material nature whatsoever.

5. The execution, delivery and performance of the Transaction Documents by the Company, do not and the fulfillment of the terms thereof by the Company, will not (i) result in a violation of the Company's Articles of Incorporation or By-Laws; (ii) conflict with, or constitute a material default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture, instrument, mortgage, deed of trust, lease, judgment, order, award, decree or other instrument or restriction to which the Company is a party or by which it is bound; or (iii) result in a violation of any federal or state law, rule or regulation applicable to the Company or by which any property or asset of the Company is bound or affected.

6. The Pubco Shares which are being issued on the date hereof pursuant to the Transaction Documents have been duly authorized and validly issued and are fully paid and nonassessable and free of preemptive or similar rights, and have been issued in compliance with applicable securities laws, rules and regulations.

7. The initial sale of the Pubco Shares as contemplated by the Transaction Documents is exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended.

8. The authorized capital stock of the Company consists of 75,000,000 shares of Common Stock, par value $.001 per share and no shares of Preferred Stock. As of the date hereof, and excluding any shares of Common Stock to be issued pursuant to the terms of the Transaction Documents and any shares of Common Stock to be issued upon the conversion or exercise of outstanding securities convertible or exercisable into shares of Common Stock, there are 4,000,000 shares of Common Stock and no shares of Preferred Stock issued and outstanding. All of the issued and outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid, non-assessable, free of all preemptive rights and were issued in compliance with the registration requirements (or valid exemptions therefrom) under the Securities Act of 1933, as amended.

9. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body or any governmental agency or self-regulatory organization pending or threatened against or affecting the Company, wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect or which would adversely affect the validity or enforceability of or the authority or ability of the Company to perform its obligations under the Transaction Documents.

10. No consent, license, permit, waiver, approval or authorization of, or designation, declaration, registration or filing with, any court, governmental or regulatory authority, or self-regulatory organization, is required in connection with the execution, delivery and performance by the Company of the Transaction Documents.

DISCLOSURE SCHEDULES
TO
SHARE EXCHANGE AGREEMENT

SCHEDULE 2.1
(List of Business Jurisdictions)

Delaware
New York

SCHEDULE 2.3
(Subsidiaries)

Krele, LLC, a Delaware limited liability company – 100% owned by Tonix Pharmaceuticals, Inc.

SCHEDULE 2.8
(Intellectual Property)

Patent/ Application	Number	Name	Jurisdiction
Patent	6,541,523	"Methods For Treating Or Preventing Fibromyalgia Using Very Low Doses Of Cyclobenzaprine"	U.S.A.
Patent	6,395,788	"Methods And Compositions For Treating Or Preventing Sleep Disturbances And Associated Illnesses Using Very Low Doses Of Cyclobenzaprine"	U.S.A.
Patent	6,358,944	"Methods And Compositions For Treating Generalized Anxiety Disorder"	U.S.A.
Application	12/948,828	"Methods And Compositions For Treating Symptoms Associated With Post-Traumatic Stress Disorder Using Cyclobenzaprine"	U.S.A.
Application	61/449,838	"Methods and Compositions for Treating Depression Using Cyclobenzaprine"	U.S.A.
Application	13/157,270	"Method for Improving Fatigue Using Low Dose Cyclobenzaprine"	U.S.A.
Patents	1202722	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Belgium, France, Ireland, Luxembourg, Monaco, Portugal, Switzerland and United Kingdom
Patent	299369	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Austria
Patent	60021266	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Germany
Patent	516749	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	New Zealand
Patent	2245944	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Spain
Patent	1047691	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Hong Kong
Application	PCT/US 10/02979	"Methods And Compositions For Treating Symptoms Associated With Post-Traumatic Stress Disorder Using Cyclobenzaprine"	PCT
Application	12/145,792	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism" (notice of allowance)	U.S.A.
Application	PCT/US 11/01529	"Method for Treating Cocaine Addiction"	PCT
Patent	2002354017	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Australia
Patent	2463987	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Canada
Patents	1441708	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Austria Belgium Switzerland Denmark Luxembourg Monaco Germany France Portugal and United Kingdom
Application	12/151,200	"Method For Treating Neurodegenerative Dysfunction"	U.S.A.
Application	2723688	"Method For Treating Neurodegenerative Dysfunction"	Canada

Application	2299822	“Method For Treating Neurodegenerative Dysfunction”	European Patent Office

Trademark/ Application	Number	Name	Jurisdiction
Application	85088881	Tonix Pharmaceuticals	U.S.A.

SCHEDULE 2.9
(Litigation)

None.

SCHEDULE 2.11
(Contracts)

Consulting Agreement, dated as of June 4, 2010, by and between Krele Pharmaceuticals, Inc. (now, Tonix Pharmaceuticals, Inc.) and Lederman & Co., LLC

Amendment to Consulting Agreement, dated as of December 9, 2010, by and between Tonix Pharmaceuticals, Inc. and Lederman & Co., LLC

Consulting Agreement, dated as of June 4, 2010, by and between Krele Pharmaceuticals, Inc. (now, Tonix Pharmaceuticals, Inc.) and L&L Technologies, LLC

Technology Transfer and Assignment Agreement, dated as of June 4, 2010, by and between Krele Pharmaceuticals, Inc. (now, Tonix Pharmaceuticals, Inc.) and Lederman & Co., LLC

Financial Public Relations Agreement, dated as of August 1, 2011, by and between Tonix Pharmaceuticals, Inc. and Porter, LeVay & Rose, Inc.

Feasibility and Option Agreement, dated as of June 20, 2007, by and between Krele Pharmaceuticals, Inc. (now, Tonix Pharmaceuticals, Inc.) and Lipocine, Inc.

Amendment to Feasibility and Option Agreement, dated as of October 4, 2010, by and between Tonix Pharmaceuticals, Inc. and Lipocine, Inc.

Engagement Agreement, dated as of October 6, 2010, by and between Tonix Pharmaceuticals, Inc. and Frost and Sullivan

API Supply and Development Agreement, dated as of April 7, 2011, by and between Tonix Pharmaceuticals, Inc. and JFC Technologies, Inc.

Employment Agreement, dated as of April 1, 2011, by and between Tonix Pharmaceuticals, Inc. and Rhonda Rosen

Employment Agreement, dated as of April 1, 2011, by and between Tonix Pharmaceuticals, Inc. and Benjamin A. Selzer

Employment Agreement, dated as of April 1, 2011, by and between Tonix Pharmaceuticals, Inc. and Susan Oliver (now, Susan Kerridge)

Amendment to Employment Agreement, dated as of July 27, 2011, by and between Tonix Pharmaceuticals, Inc. and Rhonda Rosen

Amendment to Employment Agreement, dated as of July 27, 2011, by and between Tonix Pharmaceuticals, Inc. and Benjamin A. Selzer

Amendment to Employment Agreement, dated as of July 27, 2011, by and between Tonix Pharmaceuticals, Inc. and Susan Oliver (now, Susan Kerridge)

Consulting Agreement, dated as of June 2, 2011, by and between Tonix Pharmaceuticals, Inc. and Pharmanet Canada, Inc.

SCHEDULE 2.12

(Material Changes)

On September 9, 2011, Tonix sold $500,000 principal amount of the Old Notes accredited investors. The Old Notes were due one year from the date of issuance, bear interest at the rate of 8% per annum and are automatically convertible into Debentures in the Private Placement.

SCHEDULE 2.17

(Certain Fees)

In connection with the Private Placement, Tonix has agreed to pay its placement agents, WFG Investments, Inc., Seagate Advisors Inc. and CSA Capital Limited an 8% commission of the gross proceeds delivered by purchasers introduced by such placement agents in the Private Placement. In addition, WFG Investments, Inc., Seagate Advisors Inc. and CSA Capital Limited shall earn warrants to purchase shares of Common Stock equal to 3%, 9% and 9%, respectively, of the gross proceeds delivered by purchasers introduced by such placement agents in the Private Placement divided by the purchase price per share in a Subsequent Financing (as defined in the Private Placement documents). In the event that the Subsequent Financing has not occurred within 12 months from the date of issuance of the Debentures, WFG Investments, Inc., Seagate Advisors Inc. and CSA Capital Limited will receive, in lieu of the warrants, shares of common stock equal to 3%, 9% and 9%, respectively, of the number of shares of Common Stock such purchasers introduced by such placement agents in the Private Placement are entitled to receive upon conversion of their Debentures.

In addition, we agreed to issue Dawson James Securities, Inc. 400,000 shares of Pubco common stock.

SCHEDULE 2.18
(Registration Rights)

None.

SCHEDULE 4.6

(Capitalization and Pubco Stock Issuances)

Pubco's authorized capital stock is comprised of 75,000,000 shares of common stock, par value $.001 and and no shares of preferred stock, of which 4,000,000 shares of common stock are issued and outstanding immediately prior to the consummation of the Acquisition.

Other than the issuances of Pubco's restricted common stock to the Tonix Shareholders at the Closing in connection with this Share Exchange Agreement, there are no contracts, commitments or obligations to issue shares of Pubco's common stock.

There have been no issuances of stock for Pubco since the Form 10-Q filed on August 15, 2011.

David J. Moss, the sole officer and director of Pubco, beneficially owns 1,771,818 shares of Pubco common stock upon consummation of this Agreement, which includes 1,750,000 shares owned prior to the Share Exchange and 21,818 shares to be received by Mr. Moss in exchange for 25,000 shares of Tonix common stock owned.

SCHEDULE 4.8
(Material Changes)

None.

SCHEDULE 4.26

(Pubco's Accountant)

MaloneBailey, LLP
10350 Richmond Ave., Suite 800
Houston, Texas 77042
Phone: 713.343.4200
Fax: 713.266.1815

SCHEDULE 4.33

(Pubco's Contracts)

Agreement Appointing Holladay Stock Transfer, Inc. as Transfer Agent and Registrar dated as of September 14, 2008 by and between Tamandare Explorations Inc. and Holladay Stock Transfer, Inc.

Promissory Note dated December 17, 2010 by and between Tamandare Explorations Inc. and David Moss.

Agreement for Virtual Office Services dated November 24, 2011 between Tamandare Explorations Inc. and Regus.

SCHEDULE 4.34

(Pubco's Schedule of Liabilities)

The $10,000 promissory note issued by Pubco to David Moss was forgiven by Mr. Moss immediately prior to the closing of the Share Exchange Agreement.

SCHEDULE 4.37
(Pubco's Transfer Agent)

Holladay Stock Transfer, Inc.
2939 North 67th Place, Suite C
Scottsdale, AZ 85251
(480) 481-3940
Account Manager:

Exhibit 10.02

PLEDGE AND SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of October 7, 2011 (this "Agreement"), is among Tamandare Explorations Inc., a Nevada corporation (the "Company"), all of the Subsidiaries of the Company (such subsidiaries, the "Guarantors" and together with the Company, the "Debtors") and the holders of the Company's Secured Convertible Debentures, in the original aggregate principal amount of up to $3,000,000 (collectively, the "Debentures") signatory hereto, their endorsees, transferees and assigns (collectively, the "Secured Parties").

W I T N E S S E T H:

WHEREAS, pursuant to the Subscription Agreement (as defined in the Debentures), the Secured Parties have severally agreed to extend the loans to the Company evidenced by the Debentures; and

WHEREAS, pursuant to a certain Subsidiary Guaranty, dated as of the date hereof (the "Guaranty"), the Guarantors have jointly and severally agreed to guarantee and act as surety for payment of such Notes;

WHEREAS, in order to induce the Secured Parties to extend the loans evidenced by the Debentures, each Debtor has agreed to execute and deliver to the Secured Parties this Agreement and to grant the Secured Parties, pari passu with each other Secured Party and through the Agent (as defined in Section 18 hereof), a security interest in certain property of such Debtor to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the Debentures and the Guarantors' obligations under the Guaranty.

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Certain Definitions**. As used in this Agreement, the following terms shall have the meanings set forth in this Section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (such as "account", "chattel paper", "commercial tort claim", "deposit account", "document", "equipment", "fixtures", "general intangibles", "goods", "instruments", "inventory", "investment property", "letter-of-credit rights", "proceeds" and "supporting obligations") shall have the respective meanings given such terms in Article 9 of the UCC.

(a) "Collateral" means the collateral in which the Secured Parties are granted a security interest by this Agreement and which shall include the following personal property of the Debtors, whether presently owned or existing or hereafter acquired or coming into existence, wherever situated, and all additions and accessions thereto and all substitutions and replacements thereof, and all proceeds, products and accounts thereof, including, without limitation, all proceeds from the sale or transfer of the Collateral and of insurance covering the same and of any tort claims in connection therewith, and all dividends, interest, cash, notes, securities, equity interest or other property at any time and from time to time acquired, receivable or otherwise distributed in respect of, or in exchange for, any or all of the Pledged Securities (as defined below):

(i) All goods, including, without limitation, (A) all machinery, equipment, computers, motor vehicles, trucks, tanks, boats, ships, appliances, furniture, special and general tools, fixtures, test and quality control devices and other equipment of every kind and nature and wherever situated, together with all documents of title and documents representing the same, all additions and accessions thereto, replacements therefor, all parts therefor, and all substitutes for any of the foregoing and all other items used and useful in connection with any Debtor's businesses and all improvements thereto; and (B) all inventory;

(ii) All contract rights and other general intangibles, including, without limitation, all partnership interests, membership interests, stock or other securities, rights under any of the Organizational Documents, agreements related to the Pledged Securities, licenses, distribution and other agreements, computer software (whether "off-the-shelf", licensed from any third party or developed by any Debtor), computer software development rights, leases, franchises, customer lists, quality control procedures, grants and rights, goodwill, trademarks, service marks, trade styles, trade names, patents, patent applications, copyrights, and income tax refunds;

(iii) All accounts, together with all instruments, all documents of title representing any of the foregoing, all rights in any merchandising, goods, equipment, motor vehicles and trucks which any of the same may represent, and all right, title, security and guaranties with respect to each account, including any right of stoppage in transit;

(iv) All documents, letter-of-credit rights, instruments and chattel paper;

(v) All commercial tort claims;

(vi) All deposit accounts and all cash (whether or not deposited in such deposit accounts);

(vii) All investment property;

(viii) All supporting obligations; and

(ix) All files, records, books of account, business papers, and computer programs; and

(x) the products and proceeds of all of the foregoing Collateral set forth in clauses (i)-(ix) above.

Without limiting the generality of the foregoing, the "Collateral" shall include all investment property and general intangibles respecting ownership and/or other equity interests in each Guarantor, including, without limitation, the shares of capital stock and the other equity interests listed on Schedule H hereto (as the same may be modified from time to time pursuant to the terms hereof), and any other shares of capital stock and/or other equity interests of any other direct or indirect subsidiary of any Debtor obtained in the future, and, in each case, all certificates representing such shares and/or equity interests and, in each case, all rights, options, warrants, stock, other securities and/or equity interests that may hereafter be received, receivable or distributed in respect of, or exchanged for, any of the foregoing and all rights arising under or in connection with the Pledged Securities, including, but not limited to, all dividends, interest and cash.

Notwithstanding the foregoing, nothing herein shall be deemed to constitute an assignment of any asset which, in the event of an assignment, becomes void by operation of applicable law or the assignment of which is otherwise prohibited by applicable law (in each case to the extent that such applicable law is not overridden by Sections 9-406, 9-407 and/or 9-408 of the UCC or other similar applicable law); provided, however, that to the extent permitted by applicable law, this Agreement shall create a valid security interest in such asset and, to the extent permitted by applicable law, this Agreement shall create a valid security interest in the proceeds of such asset.

(b) "Intellectual Property" means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, (ii) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, and all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, (iii) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, domain names and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common law rights related thereto, (iv) all trade secrets arising under the laws of the United States, any other country or any political subdivision thereof, (v) all rights to obtain any reissues, renewals or extensions of the foregoing, (vi) all licenses for any of the foregoing, and (vii) all causes of action for infringement of the foregoing.

(c) "Majority in Interest" means, at any time of determination, the majority in interest (based on then-outstanding principal amounts of Debentures at the time of such determination) of the Secured Parties.

(d) "Necessary Endorsement" means undated stock powers endorsed in blank or other proper instruments of assignment duly executed and such other instruments or documents as the Agent (as that term is defined below) may reasonably request.

(e) "Obligations" means all of the liabilities and obligations (primary, secondary, direct, contingent, sole, joint or several) due or to become due, or that are now or may be hereafter contracted or acquired, or owing to, of any Debtor to the Secured Parties, including, without limitation, all obligations under this Agreement, the Debentures, the Guaranty and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed 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 any of the Secured Parties as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time. Without limiting the generality of the foregoing, the term "Obligations" shall include, without limitation: (i) principal of, and interest on the Debentures and the loans extended pursuant thereto; (ii) any and all other fees, indemnities, costs, obligations and liabilities of the Debtors from time to time under or in connection with this Agreement, the Debentures, the Guaranty and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith; and (iii) all amounts (including but not limited to post-petition interest) in respect of the foregoing that would be payable but for the fact that the obligations to pay such amounts are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Debtor.

(f) "Organizational Documents" means with respect to any Debtor, the documents by which such Debtor was organized (such as a certificate of incorporation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) and which relate to the internal governance of such Debtor (such as bylaws, a partnership agreement or an operating, limited liability or members agreement).

(g) "Pledged Interests" shall have the meaning ascribed to such term in Section 4(j).

(h) "Pledged Securities" shall have the meaning ascribed to such term in Section 4(i).

(i) "UCC" means the Uniform Commercial Code of the State of New York and or any other applicable law of any state or states which has jurisdiction with respect to all, or any portion of, the Collateral or this Agreement, from time to time. It is the intent of the parties that defined terms in the UCC should be construed in their broadest sense so that the term "Collateral" will be construed in its broadest sense. Accordingly if there are, from time to time, changes to defined terms in the UCC that broaden the definitions, they are incorporated herein and if existing definitions in the UCC are broader than the amended definitions, the existing ones shall be controlling.

2. **Grant of Security Interest in Collateral**. As an inducement for the Secured Parties to extend the loans as evidenced by the Debentures and to secure the complete and timely payment, performance and discharge in full, as the case may be, of all of the Obligations, each Debtor hereby unconditionally and irrevocably pledges, grants and hypothecates to the Secured Parties a security interest in and to, a lien upon and a right of set-off against all of their respective right, title and interest of whatsoever kind and nature in and to, the Collateral (a "Security Interest" and, collectively, the "Security Interests").

3. **Delivery of Certain Collateral**. Contemporaneously or prior to the execution of this Agreement, each Debtor shall deliver or cause to be delivered to the Agent (a) any and all certificates and other instruments representing or evidencing the Pledged Securities set forth on Schedule 3(a), and (b) any and all certificates and other instruments or documents, set forth on Schedule 3(a), representing any of the other Collateral, in each case, together with all Necessary Endorsements. The Debtors are, contemporaneously with the execution hereof, delivering to Agent, or have previously delivered to Agent, a true and correct copy of each Organizational Document governing any of the Pledged Securities.

4. **Representations, Warranties, Covenants and Agreements of the Debtors**. Except as set forth under the corresponding section of the disclosure schedules delivered to the Secured Parties concurrently herewith (the "Disclosure Schedules"), which Disclosure Schedules shall be deemed a part hereof, each Debtor represents and warrants to, and covenants and agrees with, the Secured Parties as follows:

(a) Each Debtor has the requisite corporate, partnership, limited liability company or other power and authority to enter into this Agreement and otherwise to carry out its obligations hereunder. The execution, delivery and performance by each Debtor of this Agreement and the filings contemplated therein have been duly authorized by all necessary action on the part of such Debtor and no further action is required by such Debtor. This Agreement and, as for the Company, the Debentures, have been duly executed by each Debtor. This Agreement and the Debentures constitute the legal, valid and binding obligation of each Debtor, enforceable against each Debtor in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization and similar laws of

general application relating to or affecting the rights and remedies of creditors and by general principles of equity.

(b) The Debtors have no place of business or offices where their respective books of account and records are kept (other than temporarily at the offices of its attorneys or accountants) or places where Collateral is stored or located, except as set forth on Schedule A attached hereto. Except as specifically set forth on Schedule A, each Debtor is the record owner of the real property where such Collateral is located, and there exist no mortgages or other liens on any such real property. Except as disclosed on Schedule A, none of such Collateral is in the possession of any consignee, bailee, warehouseman, agent or processor.

(c) Except as set forth on Schedule B attached hereto, the Debtors are the sole owner of the Collateral (except for non-exclusive licenses granted by any Debtor in the ordinary course of business), free and clear of any liens, security interests, encumbrances, rights or claims, and are fully authorized to grant the Security Interests. Except as set forth on Schedule C attached hereto, there is not on file in any governmental or regulatory authority, agency or recording office an effective financing statement, security agreement, license or transfer or any notice of any of the foregoing (other than those that will be filed in favor of the Secured Parties pursuant to this Agreement) covering or affecting any of the Collateral. Except as set forth on Schedule C attached hereto and except pursuant to this Agreement, as long as this Agreement shall be in effect, the Debtors shall not execute and shall not knowingly permit to be on file in any such office or agency any other financing statement or other document or instrument (except to the extent filed or recorded in favor of the Secured Parties pursuant to the terms of this Agreement).

(d) No written claim has been received that any Collateral or any Debtor's use of any Collateral violates the rights of any third party. There has been no adverse decision to any Debtor's claim of ownership rights in or exclusive rights to use the Collateral in any jurisdiction or to any Debtor's right to keep and maintain such Collateral in full force and effect, and there is no proceeding involving said rights pending or, to the best knowledge of any Debtor, threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority.

(e) Each Debtor shall at all times maintain (i) its books of account and records relating to the Collateral at its principal place of business or at an agent of the Debtor appointed to maintain its books and records and (ii) its Collateral at the locations set forth on Schedule A attached hereto and may not relocate such books of account and records or tangible Collateral (other than its of demonstration, test equipment or inventory, with an individual value of less than $50,000, which may be relocated temporarily in the normal course of business) unless it delivers to the Secured Parties at least 30 days prior to such relocation (i) written notice of such relocation and the new location thereof (which must be within the United States) and (ii) evidence that appropriate financing statements under the UCC and other necessary documents have been filed and recorded and other steps have been taken to perfect the Security Interests to create in favor of the Secured Parties a valid, perfected and continuing perfected first priority lien in the Collateral.

(f) This Agreement creates in favor of the Secured Parties a valid security interest in the Collateral. Upon making the filings described in the immediately following paragraph, all security interests created hereunder in any Collateral which may be perfected by filing Uniform Commercial Code financing statements shall have been duly perfected. Except for the filing of the Uniform Commercial Code financing statements referred to in the immediately following paragraph, the recordation of the Intellectual Property Security Agreement (as defined in Section 4(p) hereof) with respect to copyrights and copyright applications in the United States Copyright Office referred to in paragraph (m), the execution and delivery of deposit account control agreements satisfying the requirements of Section 9-104(a)(2) of the UCC with respect to each deposit account of the Debtors, and the delivery of the certificates and other instruments provided in Section 3, no action is necessary to create, perfect or protect the security interests created hereunder. Without limiting the generality of the foregoing, except for the filing of said financing statements, the recordation of said Intellectual Property Security Agreement, and the execution and delivery of said deposit account control agreements, no consent of any third parties and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for (i) the execution, delivery and performance of this Agreement, (ii) the creation or perfection of the Security Interests created hereunder in the Collateral or (iii) the enforcement of the rights of the Agent and the Secured Parties hereunder.

(g) Each Debtor hereby authorizes the Agent to file one or more financing statements under the UCC, with respect to the Security Interests, with the proper filing and recording agencies in any jurisdiction deemed proper by it.

(h) The execution, delivery and performance of this Agreement by the Debtors does not (i) violate any of the provisions of any Organizational Documents of any Debtor or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to any Debtor or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, 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 any Debtor's debt or otherwise) or other understanding to which any Debtor is a party or by which any property or asset of any Debtor is bound or affected. If any, all required consents (including, without limitation, from stockholders or creditors of any Debtor) necessary for any Debtor to enter

into and perform its obligations hereunder have been obtained.

(i) The capital stock and other equity interests listed on Schedule H hereto (the "Pledged Securities") represent all of the capital stock and other equity interests of the Guarantors, and represent all capital stock and other equity interests owned, directly or indirectly, by the Company. All of the Pledged Securities are validly issued, fully paid and nonassessable, and the Company is the legal and beneficial owner of the Pledged Securities, free and clear of any lien, security interest or other encumbrance except for the security interests created by this Agreement.

(j) The ownership and other equity interests in partnerships and limited liability companies (if any) included in the Collateral (the "Pledged Interests") by their express terms do not provide that they are securities governed by Article 8 of the UCC and are not held in a securities account or by any financial intermediary.

(k) Each Debtor shall at all times maintain the liens and Security Interests provided for hereunder as valid and perfected first priority liens and security interests in the Collateral in favor of the Secured Parties until this Agreement and the Security Interest hereunder shall be terminated pursuant to Section 14 hereof. Each Debtor hereby agrees to defend the same against the claims of any and all persons and entities. Each Debtor shall safeguard and protect all Collateral for the account of the Secured Parties. At the request of the Agent, each Debtor will sign and deliver to the Agent on behalf of the Secured Parties at any time or from time to time one or more financing statements pursuant to the UCC in form reasonably satisfactory to the Agent and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Agent to be, necessary or desirable to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, each Debtor shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Security Interests hereunder, and each Debtor shall obtain and furnish to the Agent from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain the priority of the Security Interests hereunder.

(l) No Debtor will transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral, except for (i) non-exclusive licenses granted by a Debtor in its ordinary course of business (ii) the sale or rental or any property owned by a Debtor in the normal course of business; provided that any such proceeds related to the sale or rental of any such property shall immediately be deemed Collateral, or (iii) without the prior written consent of a Majority in Interest.

(m) Each Debtor shall keep and preserve its equipment, inventory and other tangible Collateral in good condition, repair and order and shall not operate or locate any such Collateral (or cause to be operated or located) in any area excluded from insurance coverage.

(n) Each Debtor shall maintain with financially sound and reputable insurers, insurance with respect to the Collateral, including Collateral hereafter acquired, against loss or damage of the kinds and in the amounts customarily insured against by entities of established reputation having similar properties similarly situated and in such amounts as are customarily carried under similar circumstances by other such entities and otherwise as is prudent for entities engaged in similar businesses but in any event sufficient to cover the full replacement cost thereof. Each Debtor shall cause each insurance policy issued in connection herewith to provide, and the insurer issuing such policy to certify to the Agent, that (a) the Agent will be named as lender loss payee and additional insured under each such insurance policy; (b) if such insurance be proposed to be cancelled or materially changed for any reason whatsoever, such insurer will promptly notify the Agent and such cancellation or change shall not be effective as to the Agent for at least thirty (30) days after receipt by the Agent of such notice, unless the effect of such change is to extend or increase coverage under the policy; and (c) the Agent will have the right (but no obligation) at its election to remedy any default in the payment of premiums within thirty (30) days of notice from the insurer of such default. If no Event of Default (as defined in the Debentures) exists and if the proceeds arising out of any claim or series of related claims do not exceed $150,000, loss payments in each instance will be applied by the applicable Debtor to the repair and/or replacement of property with respect to which the loss was incurred to the extent reasonably feasible, and any loss payments or the balance thereof remaining, to the extent not so applied, shall be payable to the applicable Debtor; provided, however, that payments received by any Debtor after an Event of Default occurs and is continuing or in excess of $150,000 for any occurrence or series of related occurrences shall be paid to the Agent on behalf of the Secured Parties and, if received by such Debtor, shall be held in trust for the Secured Parties and immediately paid over to the Agent unless otherwise directed in writing by the Agent. Copies of such policies or the related certificates, in each case, naming the Agent as lender loss payee and additional insured shall be delivered to the Agent at least annually and at the time any new policy of insurance is issued.

(o) Each Debtor shall, within ten (10) days of obtaining knowledge thereof, advise the Secured Parties promptly, in sufficient detail, of any material adverse change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Secured Parties' security interest, through the Agent, therein.

(p) Each Debtor shall promptly execute and deliver to the Agent such further deeds, mortgages, assignments, security agreements, financing statements or other instruments, documents, certificates and assurances and take such further action as the Agent may from time to time request and may in its sole discretion deem necessary to perfect, protect or enforce the Secured Parties' security interest in the Collateral including, without limitation, if applicable, the execution and delivery of a separate security agreement with respect to each Debtor's Intellectual Property ("Intellectual Property Security Agreement") in which the Secured Parties have been granted a security interest hereunder, substantially in a form reasonably acceptable to the Agent, which Intellectual Property Security Agreement, other than as stated therein, shall be subject to all of the terms and conditions hereof.

(q) Each Debtor shall permit the Agent and its representatives and agents to inspect the Collateral during normal business hours and upon reasonable prior notice, and to make copies of records pertaining to the Collateral as

may be reasonably requested by the Agent from time to time.

(r) Each Debtor shall take all steps reasonably necessary to diligently pursue and seek to preserve, enforce and collect any rights, claims, causes of action and accounts receivable in respect of the Collateral.

(s) Each Debtor shall promptly notify the Secured Parties in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by such Debtor that may materially affect the value of the Collateral, the Security Interest or the rights and remedies of the Secured Parties hereunder.

(t) All information heretofore, herein or hereafter supplied to the Secured Parties by or on behalf of any Debtor with respect to the Collateral is accurate and complete in all material respects as of the date furnished.

(u) The Debtors shall at all times preserve and keep in full force and effect their respective valid existence and good standing and any rights and franchises material to its business.

(v) No Debtor will change its name (other than to change a name which uses the term 'Four Rivers' to the use the term 'Verta Energy' in a new name, as part of a proposed, ongoing re-branding exercise; provided, that, the Company provide written notice to Secured Parties within 10 business days prior to any such name change and will pay any expenses in order to enable the Secured Parties to maintain their perfected lien in the Debtor whose name was changed), type of organization, jurisdiction of organization, organizational identification number (if it has one), legal or corporate structure, or identity, or add any new fictitious name unless it provides at least 30 days prior written notice to the Secured Parties of such change and, at the time of such written notification, such Debtor provides, to the extent applicable, any financing statements or fixture filings necessary to perfect and continue the perfection of the Security Interests granted and evidenced by this Agreement.

(w) Except in the ordinary course of business, no Debtor may consign any of its inventory or sell any of its inventory on bill and hold, sale or return, sale on approval, or other conditional terms of sale without the consent of the Agent which shall not be unreasonably withheld.

(x) No Debtor may relocate its chief executive office to a new location without providing 30 days prior written notification thereof to the Secured Parties and so long as, at the time of such written notification, such Debtor provides any financing statements or fixture filings necessary to perfect and continue the perfection of the Security Interests granted and evidenced by this Agreement.

(y) Each Debtor was organized and remains organized solely under the laws of the state set forth next to such Debtor's name in Schedule D attached hereto, which Schedule D sets forth each Debtor's organizational identification number or, if any Debtor does not have one, states that one does not exist.

(z) (i) The actual name of each Debtor is the name set forth in Schedule D attached hereto; (ii) no Debtor has any trade names except as set forth on Schedule E attached hereto; (iii) no Debtor has used any name other than that stated in the preamble hereto or as set forth on Schedule E for the preceding five years; and (iv) no entity has merged into any Debtor or been acquired by any Debtor within the past five years except as set forth on Schedule E.

(aa) At any time and from time to time that any Collateral consists of instruments, certificated securities or other items that require or permit possession by the secured party to perfect the security interest created hereby, the applicable Debtor shall deliver such Collateral to the Agent.

(bb) Each Debtor, in its capacity as issuer, hereby agrees to comply with any and all orders and instructions of Agent regarding the Pledged Interests consistent with the terms of this Agreement without the further consent of any Debtor as contemplated by Section 8-106 (or any successor section) of the UCC. Further, each Debtor agrees that it shall not enter into a similar agreement (or one that would confer "control" within the meaning of Article 8 of the UCC) with any other person or entity.

(cc) Each Debtor shall cause all tangible chattel paper constituting Collateral to be delivered to the Agent, or, if such delivery is not possible, then to cause such tangible chattel paper to contain a legend noting that it is subject to the security interest created by this Agreement. To the extent that any Collateral consists of electronic chattel paper, the applicable Debtor shall cause the underlying chattel paper to be "marked" within the meaning of Section 9-105 of the UCC (or successor section thereto).

(dd) If there is any investment property or deposit account included as Collateral that can be perfected by "control" through an account control agreement, the applicable Debtor shall cause such an account control agreement, in form and substance in each case satisfactory to the Agent, to be entered into and delivered to the Agent for the benefit

of the Secured Parties.

(ee) To the extent that any Collateral consists of letter-of-credit rights, the applicable Debtor shall cause the issuer of each underlying letter of credit to consent to an assignment of the proceeds thereof to the Secured Parties.

(ff) To the extent that any Collateral is in the possession of any third party, the applicable Debtor shall join with the Agent in notifying such third party of the Secured Parties' security interest in such Collateral and shall use its best efforts to obtain an acknowledgement and agreement from such third party with respect to the Collateral, in form and substance reasonably satisfactory to the Agent.

(gg) If any Debtor shall at any time hold or acquire a commercial tort claim, such Debtor shall promptly notify the Secured Parties in a writing signed by such Debtor of the particulars thereof and shall grant to the Secured Parties in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Agent.

(hh) Each Debtor shall immediately provide written notice to the Secured Parties of any and all accounts which arise out of contracts with any governmental authority and, to the extent necessary to perfect or continue the perfected status of the Security Interests in such accounts and proceeds thereof, shall execute and deliver to the Agent an assignment of claims for such accounts and cooperate with the Agent in taking any other steps required, in its judgment, under the Federal Assignment of Claims Act or any similar federal, state or local statute or rule to perfect or continue the perfected status of the Security Interests in such accounts and proceeds thereof.

(ii) Each Debtor shall cause each subsidiary of such Debtor to immediately become a party hereto (an "Additional Debtor"), by executing and delivering an Additional Debtor Joinder in substantially the form of Annex A attached hereto and comply with the provisions hereof applicable to the Debtors. Concurrent therewith, the Additional Debtor shall deliver replacement schedules for, or supplements to all other Schedules to (or referred to in) this Agreement, as applicable, which replacement schedules shall supersede, or supplements shall modify, the Schedules then in effect. The Additional Debtor shall also deliver such opinions of counsel, authorizing resolutions, good standing certificates, incumbency certificates, organizational documents, financing statements and other information and documentation as the Agent may reasonably request. Upon delivery of the foregoing to the Agent, the Additional Debtor shall be and become a party to this Agreement with the same rights and obligations as the Debtors, for all purposes hereof as fully and to the same extent as if it were an original signatory hereto and shall be deemed to have made the representations, warranties and covenants set forth herein as of the date of execution and delivery of such Additional Debtor Joinder, and all references herein to the "Debtors" shall be deemed to include each Additional Debtor. Nothing in this Agreement shall prohibit the Company or any other Debtor from transferring any Collateral to a Debtor or an Additional Debtor; provided that the Company, Debtor and Additional Debtor, as applicable, comply with the provisions of this Agreement.

(jj) Each Debtor shall vote the Pledged Securities to comply with the covenants and agreements set forth herein and in the Debentures.

(kk) Each Debtor shall register the pledge of the applicable Pledged Securities on the books of such Debtor. Each Debtor shall notify each issuer of Pledged Securities to register the pledge of the applicable Pledged Securities in the name of the Secured Parties on the books of such issuer. Further, except with respect to certificated securities delivered to the Agent, the applicable Debtor shall deliver to Agent an acknowledgement of pledge (which, where appropriate, shall comply with the requirements of the relevant UCC with respect to perfection by registration) signed by the issuer of the applicable Pledged Securities, which acknowledgement shall confirm that: (a) it has registered the pledge on its books and records; and (b) at any time directed by Agent during the continuation of an Event of Default, such issuer will transfer the record ownership of such Pledged Securities into the name of any designee of Agent, will take such steps as may be necessary to effect the transfer, and will comply with all other instructions of Agent regarding such Pledged Securities without the further consent of the applicable Debtor.

(ll) In the event that, upon an occurrence of an Event of Default, Agent shall sell all or any of the Pledged Securities to another party or parties (herein called the "Transferee") or shall purchase or retain all or any of the Pledged Securities, each Debtor shall, to the extent applicable: (i) deliver to Agent or the Transferee, as the case may be, the articles of incorporation, bylaws, minute books, stock certificate books, corporate seals, deeds, leases, indentures, agreements, evidences of indebtedness, books of account, financial records and all other Organizational Documents and records of the Debtors and their direct and indirect subsidiaries; (ii) use its best efforts to obtain resignations of the persons then serving as officers and directors of the Debtors and their direct and indirect subsidiaries, if so requested; and (iii) use its best efforts to obtain any approvals that are required by any governmental or regulatory body in order to permit the sale of the Pledged Securities to the Transferee or the purchase or retention of the Pledged Securities by Agent and allow the Transferee or Agent to continue the business of the Debtors and their direct and indirect subsidiaries.

(mm) Without limiting the generality of the other obligations of the Debtors hereunder, each Debtor shall promptly (i) cause to be registered at the United States Copyright Office all of its material United States copyrights, (ii) cause the security interest contemplated hereby with respect to all United States Intellectual Property registered at the

United States Copyright Office or United States Patent and Trademark Office to be duly recorded at the applicable office, and (iii) give the Agent notice whenever it acquires (whether absolutely or by license) or creates any additional material Intellectual Property.

(nn) Each Debtor will from time to time, at the joint and several expense of the Debtors, promptly execute and deliver all such further instruments and documents, and take all such further action as may be necessary or desirable, or as the Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Parties to exercise and enforce their rights and remedies hereunder and with respect to any Collateral or to otherwise carry out the purposes of this Agreement.

(oo) Schedule F attached hereto lists all of the patents, patent applications, trademarks, trademark applications, registered copyrights, and domain names owned by any of the Debtors as of the date hereof, other than those which shall not be retained and/or maintained, as described in Section 4(l) herein. Schedule F lists all material licenses in favor of any Debtor for the use of any patents, trademarks, copyrights and domain names as of the date hereof. All material patents and trademarks of the Debtors have been duly recorded at the United States Patent and Trademark Office (or such overseas equivalent offices in the case of overseas patents) and all material copyrights of the Debtors have been duly recorded at the United States Copyright Office (or such overseas equivalent offices in the case of overseas patents or copyrights).

(pp) Except as set forth on Schedule G attached hereto, none of the account debtors or other persons or entities obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or any similar federal, state or local statute or rule in respect of such Collateral.

5. **Effect of Pledge on Certain Rights**. If any of the Collateral subject to this Agreement consists of nonvoting equity or ownership interests (regardless of class, designation, preference or rights) that may be converted into voting equity or ownership interests upon the occurrence of certain events (including, without limitation, upon the transfer of all or any of the other stock or assets of the issuer), it is agreed that the pledge of such equity or ownership interests pursuant to this Agreement or the enforcement of any of Agent's rights hereunder shall not be deemed to be the type of event which would trigger such conversion rights notwithstanding any provisions in the Organizational Documents or agreements to which any Debtor is subject or to which any Debtor is party.

6. **Defaults**. The following events shall be "Events of Default":

(a) The occurrence of an Event of Default (as defined in the Debentures) under the Debentures;

(b) Any representation or warranty of any Debtor in this Agreement shall prove to have been incorrect in any material respect when made;

(c) The failure by any Debtor to observe or perform any of its obligations hereunder for ten (10) days after delivery to such Debtor of notice of such failure by or on behalf of a Secured Party unless such default is capable of cure but cannot be cured within such time frame and such Debtor is using best efforts to cure same in a timely fashion; or

(d) If any provision of this Agreement shall at any time for any reason be declared to be null and void, or the validity or enforceability thereof shall be contested by any Debtor, or a proceeding shall be commenced by any Debtor, or by any governmental authority having jurisdiction over any Debtor, seeking to establish the invalidity or unenforceability thereof, or any Debtor shall deny that any Debtor has any liability or obligation purported to be created under this Agreement.

7. **Duty To Hold In Trust**.

(a) Upon the occurrence of any Event of Default and at any time thereafter, each Debtor shall, upon receipt of any revenue, income, dividend, interest or other sums subject to the Security Interests, whether payable pursuant to the Debentures or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Parties and shall forthwith endorse and transfer any such sums or instruments, or both, to the Secured Parties, pro-rata in proportion to their respective then-currently outstanding principal amount of Debentures for application to the satisfaction of the Obligations (and if any Debenture is not outstanding, pro-rata in proportion to the initial purchases of the remaining Debentures).

(b) If any Debtor shall become entitled to receive or shall receive any securities or other property (including, without limitation, shares of Pledged Securities or instruments representing Pledged Securities acquired after the date hereof, or any options, warrants, rights or other similar property or certificates representing a dividend, or any distribution in connection with any recapitalization, reclassification or increase or reduction of capital, or issued in connection with any reorganization of such Debtor or any of its direct or indirect subsidiaries) in respect of the Pledged Securities (whether as an addition to, in substitution of, or in exchange for, such Pledged Securities or otherwise), such Debtor agrees to (i) accept the same as the agent of the Secured Parties; (ii) hold the same in trust on behalf of and for the benefit of the Secured Parties; and (iii) to deliver any and all certificates or instruments evidencing the same to Agent on or before the close of business on the fifth business day following the receipt thereof by such Debtor, in the exact form received together with the Necessary Endorsements, to be held by Agent subject to the terms of this Agreement as Collateral.

8. **Rights and Remedies Upon Default**.

(a) Upon the occurrence of any Event of Default and at any time thereafter, the Secured Parties, acting through the Agent, shall have the right to exercise all of the remedies conferred hereunder and under the Debentures, and the Secured Parties shall have all the rights and remedies of a secured party under the UCC. Without limitation, the Agent, for the benefit of the Secured Parties, shall have the following rights and powers:

(i) The Agent shall have the right to take possession of the Collateral and, for that purpose, enter, with the aid and assistance of any person, any premises where the Collateral, or any part thereof, is or may be placed and remove the same, and each Debtor shall assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at such Debtor's premises or elsewhere, and make available to the Agent, without rent, all of such Debtor's respective premises and facilities for the purpose of the Agent taking possession of, removing or putting the Collateral in saleable or disposable form.

(ii) Upon notice to the Debtors by Agent, all rights of each Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise and all rights of each Debtor to receive the dividends and interest which it would otherwise be authorized to receive and retain, shall cease. Upon such notice, Agent shall have the right to receive, for the benefit of the Secured Parties, any interest, cash dividends or other payments on the Collateral and, at the option of Agent, to exercise in such Agent's discretion all voting rights pertaining thereto. Without limiting the generality of the foregoing, Agent shall have the right (but not the obligation) to exercise all rights with respect to the Collateral as it were the sole and absolute owner thereof, including, without limitation, to vote and/or to exchange, at its sole discretion, any or all of the Collateral in

connection with a merger, reorganization, consolidation, recapitalization or other readjustment concerning or involving the Collateral or any Debtor or any of its direct or indirect subsidiaries.

(iii) The Agent shall have the right to operate the business of each Debtor using the Collateral and shall have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Agent may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to any Debtor or right of redemption of a Debtor, which are hereby expressly waived. Upon each such sale, lease, assignment or other transfer of Collateral, the Agent, for the benefit of the Secured Parties, may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of any Debtor, which are hereby waived and released.

(iv) The Agent shall have the right (but not the obligation) to notify any account debtors and any obligors under instruments or accounts to make payments directly to the Agent, on behalf of the Secured Parties, and to enforce the Debtors' rights against such account debtors and obligors.

(v) The Agent, for the benefit of the Secured Parties, may (but is not obligated to) direct any financial intermediary or any other person or entity holding any investment property to transfer the same to the Agent, on behalf of the Secured Parties, or its designee.

(vi) The Agent may (but is not obligated to) transfer any or all Intellectual Property registered in the name of any Debtor at the United States Patent and Trademark Office and/or Copyright Office into the name of the Secured Parties or any designee or any purchaser of any Collateral.

(b) The Agent shall comply with any applicable law in connection with a disposition of Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Agent may sell the Collateral without giving any warranties and may specifically disclaim such warranties. If the Agent sells any of the Collateral on credit, the Debtors will only be credited with payments actually made by the purchaser. In addition, each Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Agent's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

(c) For the purpose of enabling the Agent to further exercise rights and remedies under this Section 8 or elsewhere provided by agreement or applicable law, each Debtor hereby grants to the Agent, for the benefit of the Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Debtor) to use, license or sublicense following an Event of Default, any Intellectual Property now owned or hereafter acquired by such Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

9. **Applications of Proceeds**. The proceeds of any such sale, lease or other disposition of the Collateral hereunder or from payments made on account of any insurance policy insuring any portion of the Collateral shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, fees and other costs incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Agent in enforcing the Secured Parties' rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations pro rata among the Secured Parties (based on then-outstanding principal amounts of Debentures at the time of any such determination), and to the payment of any other amounts required by applicable law, after which the Secured Parties shall pay to the applicable Debtor any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Parties are legally entitled, the Debtors will be liable for the deficiency, together with interest thereon, at the rate of 18% per annum or the lesser amount permitted by applicable law (the "Default Rate"), and the reasonable fees of any attorneys employed by the Secured Parties to collect such deficiency. To the extent permitted by applicable law, each Debtor waives all claims, damages and demands against the Secured Parties arising out of the repossession, removal, retention or sale of the Collateral, unless due solely to the gross negligence or willful misconduct of the Secured Parties as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction.

10. **Securities Law Provision**. Each Debtor recognizes that Agent may be limited in its ability to effect a sale to the public of all or part of the Pledged Securities by reason of certain prohibitions in the Securities Act of 1933, as amended, or other federal or state securities laws (collectively, the "Securities Laws"), and may be compelled to resort to one or more sales to a restricted group of purchasers who may be required to agree to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. Each Debtor agrees that sales so made may be at prices and on terms less favorable than if the Pledged Securities were sold to the public, and that Agent has no obligation to delay the sale of any Pledged Securities for the period of time necessary to register the Pledged Securities for sale to the public under the Securities Laws. Each Debtor shall cooperate with Agent in its attempt to satisfy any requirements under the Securities Laws (including, without limitation, registration thereunder if requested by Agent) applicable to the sale of the Pledged Securities by Agent.

11. **Costs and Expenses**. Each Debtor agrees to pay all reasonable out-of-pocket fees, costs and expenses incurred in connection with any filing required hereunder, including without limitation, any financing statements pursuant to the UCC, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Agent. The Debtors shall also pay all other claims and charges which in the reasonable opinion of the Agent is reasonably likely to prejudice, imperil or otherwise affect the Collateral or the Security Interests therein. The Debtors will also, upon demand, pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Agent, for the benefit of the Secured Parties, may incur in connection with the creation, perfection, protection, satisfaction, foreclosure, collection or enforcement of the Security Interest and the preparation, administration, continuance, amendment or enforcement of this Agreement and pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents,

which the Agent, for the benefit of the Secured Parties, and the Secured Parties may incur in connection with (i) the enforcement of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, or (iii) the exercise or enforcement of any of the rights of the Secured Parties under the Debentures. Until so paid, any fees payable hereunder shall be added to the principal amount of the Debentures and shall bear interest at the Default Rate.

12. **Responsibility for Collateral**. The Debtors assume all liabilities and responsibility in connection with all Collateral, and the Obligations shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason. Without limiting the generality of the foregoing, (a) neither the Agent nor any Secured Party (i) has any duty (either before or after an Event of Default) to collect any amounts in respect of the Collateral or to preserve any rights relating to the Collateral, or (ii) has any obligation to clean-up or otherwise prepare the Collateral for sale, and (b) each Debtor shall remain obligated and liable under each contract or agreement included in the Collateral to be observed or performed by such Debtor thereunder. Neither the Agent nor any Secured Party shall have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Agent or any Secured Party of any payment relating to any of the Collateral, nor shall the Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Agent or any Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Agent or to which the Agent or any Secured Party may be entitled at any time or times.

13. **Security Interests Absolute**. All rights of the Secured Parties and all obligations of the Debtors hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or enforceability of this Agreement, the Debentures or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Debentures or any other agreement entered into in connection with the foregoing; (c) any exchange, release or nonperfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guarantee, or any other security, for all or any of the Obligations; (d) any action by the Secured Parties to obtain, adjust, settle and cancel in its sole discretion any insurance claims or matters made or arising in connection with the Collateral; or (e) any other circumstance which might otherwise constitute any legal or equitable defense available to a Debtor, or a discharge of all or any part of the Security Interests granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Parties shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. Each Debtor expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Secured Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Parties, then, in any such event, each Debtor's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. Each Debtor waives all right to require the Secured Parties to proceed against any other person or entity or to apply any Collateral which the Secured Parties may hold at any time, or to marshal assets, or to pursue any other remedy. Each Debtor waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

14. **Term of Agreement**. This Agreement and the Security Interests shall terminate on the date on which all payments under the Debentures have been indefeasibly paid in full and all other Obligations have been paid or discharged; provided, however, that all indemnities of the Debtors contained in this Agreement (including, without limitation, Annex B hereto) shall survive and remain operative and in full force and effect regardless of the termination of this Agreement.

15. **Power of Attorney; Further Assurances**.

(a) Each Debtor authorizes the Agent, and does hereby make, constitute and appoint the Agent and its officers, agents, successors or assigns with full power of substitution, as such Debtor's true and lawful attorney-in-fact, with power, in the name of the Agent or such Debtor, to, after the occurrence and during the continuance of an Event of Default, (i) endorse any note, checks, drafts, money orders or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Agent; (ii) to sign and endorse any financing statement pursuant to the UCC or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; (v) to transfer any Intellectual Property or provide licenses respecting any Intellectual Property; and (vi) generally, at the option of the Agent, and at the expense of the Debtors, at any time, or from time to time, to execute and deliver any and all documents and instruments and to do all acts and things which the Agent deems necessary to protect, preserve and realize upon the Collateral and the Security Interests granted therein in order to effect the intent of this Agreement and the Debentures all as fully and effectually as the Debtors might or could do; and each Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done

by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding. The designation set forth herein shall be deemed to amend and supersede any inconsistent provision in the Organizational Documents or other documents or agreements to which any Debtor is subject or to which any Debtor is a party. Without limiting the generality of the foregoing, after the occurrence and during the continuance of an Event of Default, each Secured Party is specifically authorized to execute and file any applications for or instruments of transfer and assignment of any patents, trademarks, copyrights or other Intellectual Property with the United States Patent and Trademark Office and the United States Copyright Office.

(b) On a continuing basis, each Debtor will make, execute, acknowledge, deliver, file and record, as the case may be, with the proper filing and recording agencies in any jurisdiction, including, without limitation, the jurisdictions indicated on Schedule C attached hereto, all such instruments, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by the Agent, to perfect the Security Interests granted hereunder and otherwise to carry out the intent and purposes of this Agreement, or, where applicable, for assuring and confirming to the Agent the grant or perfection of a perfected security interest in all the Collateral under the UCC.

(c) Each Debtor hereby irrevocably appoints the Agent as such Debtor's attorney-in-fact, with full authority in the place and instead of such Debtor and in the name of such Debtor, from time to time in the Agent's discretion, to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including the filing, in its sole discretion, of one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of such Debtor where permitted by law, which financing statements may (but need not) describe the Collateral as "all assets" or "all personal property" or words of like import, and ratifies all such actions taken by the Agent. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

16. **Notices**. All notices, requests, demands and other communications hereunder shall be subject to the notice provision of the Subscription Agreement (as such term is defined in the Debentures).

17. **Other Security**. To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm, corporation or other entity, then the Agent shall have the right, in its sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Parties' rights and remedies hereunder.

18. **Appointment of Agent**. The Secured Parties hereby appoint Sandor Capital Master Fund L.P. to act as their agent ("Sandor" or "Agent") for purposes of exercising any and all rights and remedies of the Secured Parties hereunder. Such appointment shall continue until revoked in writing by a Majority in Interest, at which time a Majority in Interest shall appoint a new Agent, provided that Sandor may not be removed as Agent unless Sandor shall then hold less than $50,000 in principal amount of Debentures; provided, further, that such removal may occur only if each of the other Secured Parties shall then hold not less than an aggregate of $100,000 in principal amount of Debentures. The Agent shall have the rights, responsibilities and immunities set forth in Annex B hereto.

19. **Miscellaneous**.

(a) No course of dealing between the Debtors and the Secured Parties, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Parties, any right, power or privilege hereunder or under the Debentures shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Parties with respect to the Collateral, whether established hereby or by the Debentures or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement, together with the exhibits and schedules hereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into this Agreement and the exhibits and schedules hereto. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Debtors and the Secured Parties holding 67% or more of the principal amount of Debentures then outstanding, or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought.

(d) If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(e) 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.

(f) This Agreement shall be binding upon and inure to the benefit of the parties and their successors and

permitted assigns. The Company and the Guarantors may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Secured Party (other than by merger). Any Secured Party may assign any or all of its rights under this Agreement to any Person to whom such Secured Party assigns or transfers any Obligations, provided such transferee agrees in writing to be bound, with respect to the transferred Obligations, by the provisions of this Agreement that apply to the "Secured Parties."

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, all questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, each Debtor agrees that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and the Debentures (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York, Borough of Manhattan. Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, each Debtor hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such proceeding is improper. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such 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 manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

(i) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) All Debtors shall jointly and severally be liable for the obligations of each Debtor to the Secured Parties hereunder.

(k) Each Debtor shall indemnify, reimburse and hold harmless the Agent and the Secured Parties and their respective partners, members, shareholders, officers, directors, employees and agents (and any other persons with other titles that have similar functions) (collectively, "Indemnitees") from and against any and all losses, claims, liabilities, damages, penalties, suits, costs and expenses, of any kind or nature, (including fees relating to the cost of investigating and defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from this Agreement or the Collateral, except any such losses, claims, liabilities, damages, penalties, suits, costs and expenses which result from the gross negligence or willful misconduct of the Indemnitee as determined by a final, nonappealable decision of a court of competent jurisdiction. This indemnification provision is in addition to, and not in limitation of, any other indemnification provision in the Debentures, the Subscription Agreement (as such term is defined in the Debentures) or any other agreement, instrument or other document executed or delivered in connection herewith or therewith.

(l) Nothing in this Agreement shall be construed to subject Agent or any Secured Party to liability as a partner in any Debtor or any if its direct or indirect subsidiaries that is a partnership or as a member in any Debtor or any of its direct or indirect subsidiaries that is a limited liability company, nor shall Agent or any Secured Party be deemed to have assumed any obligations under any partnership agreement or limited liability company agreement, as applicable, of any such Debtor or any of its direct or indirect subsidiaries or otherwise, unless and until any such Secured Party exercises its right to be substituted for such Debtor as a partner or member, as applicable, pursuant hereto.

(m) To the extent that the grant of the security interest in the Collateral and the enforcement of the terms hereof require the consent, approval or action of any partner or member, as applicable, of any Debtor or any direct or indirect subsidiary of any Debtor or compliance with any provisions of any of the Organizational Documents, the Debtors hereby grant such consent and approval and waive any such noncompliance with the terms of said documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on the day and year first above written.

TAMANDARE EXPLORATIONS INC.

By:_____
Name:
Title:

TONIX PHARMACEUTICALS, INC.

By:_____
Name:
Title:

KRELE LLC

By:_____
Name:
Title:

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[SIGNATURE PAGE OF HOLDERS TO SECURITY AGREEMENT]

Name of Investing Entity: _____
Signature of Authorized Signatory of Investing entity: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

SCHEDULE A

Principal Place of Business of Debtors:

c/o TONIX Pharmaceuticals, Inc.
509 Madison Ave. – Suite 306
New York, NY 10022

Locations Where Collateral is Located or Stored:

c/o TONIX Pharmaceuticals, Inc.
509 Madison Ave. – Suite 306
New York, NY 10022

Property is leased and not owned by the Debtors

SCHEDULE B

None.

SCHEDULE C

None.

SCHEDULE D

Legal Names and Organizational Identification Numbers

Tamandare Explorations Inc., a Nevada corporation (Nevada business ID: NV20071330041 and Nevada Entity Number: E0792182007-8)

Tonix Pharmaceuticals, Inc., a Delaware corporation (Delaware File Number: 4366460)

Krele LLC, a Delaware limited liability company (Delaware File Number: 4860501)

SCHEDULE E

Names; Mergers and Acquisitions

Tonix Pharmaceuticals, Inc. was known as Krele Pharmaceuticals, Inc. prior to July 2010.

SCHEDULE F

Intellectual Property

Patent/ Application	Number	Name	Jurisdiction
Patent	6,541,523	"Methods For Treating Or Preventing Fibromyalgia Using Very Low Doses Of Cyclobenzaprine"	U.S.A.
Patent	6,395,788	"Methods And Compositions For Treating Or Preventing Sleep Disturbances And Associated Illnesses Using Very Low Doses Of Cyclobenzaprine"	U.S.A.
Patent	6,358,944	"Methods And Compositions For Treating Generalized Anxiety Disorder"	U.S.A.
Application	12/948,828	"Methods And Compositions For Treating Symptoms Associated With Post-Traumatic Stress Disorder Using Cyclobenzaprine"	U.S.A.
Application	61/449,838	"Methods and Compositions for Treating Depression Using Cyclobenzaprine"	U.S.A.
Application	13/157,270	"Method for Improving Fatigue Using Low Dose Cyclobenzaprine"	U.S.A.
Patents	1202722	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Belgium, France, Ireland, Luxembourg, Monaco, Portugal, Switzerland and United Kingdom
Patent	299369	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Austria
Patent	60021266	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Germany
Patent	516749	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	New Zealand
Patent	2245944	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Spain
Patent	1047691	"Uses of Compositions for Treating or Preventing Sleep Disturbances Using Very Low Doses of Cyclobenzaprine"	Hong Kong
Application	PCT/US 10/02979	"Methods And Compositions For Treating Symptoms Associated With Post-Traumatic Stress Disorder Using Cyclobenzaprine"	PCT
Application	12/145,792	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism" (notice of allowance)	U.S.A.
Application	PCT/US 11/01529	"Method for Treating Cocaine Addiction"	PCT
Patent	2002354017	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Australia
Patent	2463987	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Canada
Patents	1441708	"Compositions and Methods for Increasing Compliance with Therapies using Aldehyde Dehydrogenase Inhibitors and Treating Alcoholism"	Austria Belgium Switzerland Denmark Luxembourg Monaco Germany France Portugal and United Kingdom
Application	12/151,200	"Method For Treating Neurodegenerative Dysfunction"	U.S.A.
Application	2723688	"Method For Treating Neurodegenerative Dysfunction"	Canada
Application	2299822	"Method For Treating Neurodegenerative Dysfunction"	European Patent Office

Trademark/ Application	Number	Name	Jurisdiction
Application	85088881	Tonix Pharmaceuticals	U.S.A.

Websites owned by debtors:
www.tonixpharma.com
www.krele.com

SCHEDULE G

Account Debtors

None.

SCHEDULE H

Pledged Securities

100% of Tonix Pharmaceuticals, Inc., owned by the Company
100% of Krele LLC, owned by Tonix

ANNEX A
to
SECURITY
AGREEMENT

FORM OF ADDITIONAL DEBTOR JOINDER

Security Agreement dated as of October 7, 2011 made by
Tamandare Explorations Inc.
and its subsidiaries party thereto from time to time, as Debtors
to and in favor of
the Secured Parties identified therein (the "Security Agreement")

Reference is made to the Security Agreement as defined above; capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in, or by reference in, the Security Agreement.

The undersigned hereby agrees that upon delivery of this Additional Debtor Joinder to the Secured Parties referred to above, the undersigned shall (a) be an Additional Debtor under the Security Agreement, (b) have all the rights and obligations of the Debtors under the Security Agreement as fully and to the same extent as if the undersigned was an original signatory thereto and (c) be deemed to have made the representations and warranties set forth therein as of the date of execution and delivery of this Additional Debtor Joinder. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE UNDERSIGNED SPECIFICALLY GRANTS TO THE SECURED PARTIES A SECURITY INTEREST IN THE COLLATERAL AS MORE FULLY SET FORTH IN THE SECURITY AGREEMENT AND ACKNOWLEDGES AND AGREES TO THE WAIVER OF JURY TRIAL PROVISIONS SET FORTH THEREIN.

Attached hereto are supplemental and/or replacement Schedules to the Security Agreement, as applicable.

An executed copy of this Joinder shall be delivered to the Secured Parties, and the Secured Parties may rely on the matters set forth herein on or after the date hereof. This Joinder shall not be modified, amended or terminated without the prior written consent of the Secured Parties.

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be executed in the name and on behalf of the undersigned.

[Name of Additional Debtor]

By:
Name:
Title:

Address:

Dated:

ANNEX B
to
SECURITY
AGREEMENT

THE AGENT

1. **Appointment**. The Secured Parties (all capitalized terms used herein and not otherwise defined shall have the respective meanings provided in the Security Agreement to which this Annex B is attached (the "Agreement")), by their acceptance of the benefits of the Agreement, hereby designate Sandor Capital Master Fund L.P. ("Sandor" or "Agent") as the Agent to act as specified herein and in the Agreement. Each Secured Party shall be deemed irrevocably to authorize the Agent to take such action on its behalf under the provisions of the Agreement and any other Transaction Document (as such term is defined in the Subscription Agreement) and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Agent may perform any of its duties hereunder by or through its agents or employees.

2. **Nature of Duties**. The Agent shall have no duties or responsibilities except those expressly set forth in the Agreement. Neither the Agent nor any of its partners, members, shareholders, officers, directors, employees or agents shall be liable for any action taken or omitted by it as such under the Agreement or hereunder or in connection herewith or therewith, be responsible for the consequence of any oversight or error of judgment or answerable for any loss, unless caused solely by its or their gross negligence or willful misconduct as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have by reason of the Agreement or any other Transaction Document a fiduciary relationship in respect of any Debtor or any Secured Party; and nothing in the Agreement or any other Transaction Document, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of the Agreement or any other Transaction Document except as expressly set forth herein and therein.

3. **Lack of Reliance on the Agent**. Independently and without reliance upon the Agent, each Secured Party, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Company and its subsidiaries in connection with such Secured Party's investment in the Debtors, the creation and continuance of the Obligations, the transactions contemplated by the Transaction Documents, and the taking or not taking of any action in connection therewith, and (ii) its own appraisal of the creditworthiness of the Company and its subsidiaries, and of the value of the Collateral from time to time, and the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Secured Party with any credit, market or other information with respect thereto, whether coming into its possession before any Obligations are incurred or at any time or times thereafter. The Agent shall not be responsible to the Debtors or any Secured Party for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith, or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of the Agreement or any other Transaction Document, or for the financial condition of the Debtors or the value of any of the Collateral, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of the Agreement or any other Transaction Document, or the financial condition of the Debtors, or the value of any of the Collateral, or the existence or possible existence of any default or Event of Default under the Agreement, the Debentures or any of the other Transaction Documents.

4. **Certain Rights of the Agent**. The Agent shall have the right to take any action with respect to the Collateral, on behalf of all of the Secured Parties. To the extent practical, the Agent shall request instructions from the Secured Parties with respect to any material act or action (including failure to act) in connection with the Agreement or any other Transaction Document, and shall be entitled to act or refrain from acting in accordance with the instructions of a Majority in Interest; if such instructions are not provided despite the Agent's request therefor, the Agent shall be entitled to refrain from such act or taking such action, and if such action is taken, shall be entitled to appropriate indemnification from the Secured Parties in respect of actions to be taken by the Agent; and the Agent shall not incur liability to any person or entity by reason of so refraining. Without limiting the foregoing, (a) no Secured Party shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting hereunder in accordance with the terms of the Agreement or any other Transaction Document, and the Debtors shall have no right to question or challenge the authority of, or the instructions given to, the Agent pursuant to the foregoing and (b) the Agent shall not be required to take any action which the Agent believes (i) could reasonably be expected to expose it to personal liability or (ii) is contrary to this Agreement, the Transaction Documents or applicable law.

5. **Reliance**. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by the proper person or entity, and, with respect to all legal matters pertaining to the Agreement and

the other Transaction Documents and its duties thereunder, upon advice of counsel selected by it and upon all other matters pertaining to this Agreement and the other Transaction Documents and its duties thereunder, upon advice of other experts selected by it. Anything to the contrary notwithstanding, the Agent shall have no obligation whatsoever to any Secured Party to assure that the Collateral exists or is owned by the Debtors or is cared for, protected or insured or that the liens granted pursuant to the Agreement have been properly or sufficiently or lawfully created, perfected, or enforced or are entitled to any particular priority.

6. **Indemnification**. To the extent that the Agent is not reimbursed and indemnified by the Debtors, the Secured Parties will jointly and severally reimburse and indemnify the Agent, in proportion to their initially purchased respective principal amounts of Debentures, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in performing its duties hereunder or under the Agreement or any other Transaction Document, or in any way relating to or arising out of the Agreement or any other Transaction Document except for those determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction to have resulted solely from the Agent's own gross negligence or willful misconduct. Prior to taking any action hereunder as Agent, the Agent may require each Secured Party to deposit with it sufficient sums as it determines in good faith is necessary to protect the Agent for costs and expenses associated with taking such action.

7. **Resignation by the Agent.**

(a) The Agent may resign from the performance of all its functions and duties under the Agreement and the other Transaction Documents at any time by giving 30 days' prior written notice (as provided in the Agreement) to the Debtors and the Secured Parties. Such resignation shall take effect upon the appointment of a successor Agent pursuant to clauses (b) and (c) below.

(b) Upon any such notice of resignation, the Secured Parties, acting by a Majority in Interest, shall appoint a successor Agent hereunder.

(c) If a successor Agent shall not have been so appointed within said 30-day period, the Agent shall then appoint a successor Agent who shall serve as Agent until such time, if any, as the Secured Parties appoint a successor Agent as provided above. If a successor Agent has not been appointed within such 30-day period, the Agent may petition any court of competent jurisdiction or may interplead the Debtors and the Secured Parties in a proceeding for the appointment of a successor Agent, and all fees, including, but not limited to, extraordinary fees associated with the filing of interpleader and expenses associated therewith, shall be payable by the Debtors on demand.

8. **Rights with respect to Collateral**. Each Secured Party agrees with all other Secured Parties and the Agent (i) that it shall not, and shall not attempt to, exercise any rights with respect to its security interest in the Collateral, whether pursuant to any other agreement or otherwise (other than pursuant to this Agreement), or take or institute any action against the Agent or any of the other Secured Parties in respect of the Collateral or its rights hereunder (other than any such action arising from the breach of this Agreement) and (ii) that such Secured Party has no other rights with respect to the Collateral other than as set forth in this Agreement and the other Transaction Documents. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations under the Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of the Agreement including this Annex B shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

Exhibit 10.03

SUBSIDIARY GUARANTY

This GUARANTY (together with all amendments, if any, from time to time hereto, this "Guaranty") dated as of October 7, 2011, is made by and among each of the guarantors signatory hereto and each additional party that becomes a guarantor hereto pursuant to Section 9 hereof (each, a "Guarantor" and collectively, "Guarantors"), and Sandor Capital Master Fund L.P., individually and as Agent (in such capacity, "Agent") for itself and the other Purchasers from time to time signatory to the Subscription Agreement, as hereinafter defined ("Purchasers").

W I T N E S S E T H

WHEREAS, pursuant to that certain Subscription Agreement, dated as of the date hereof, by and between Tamandare Explorations Inc., a Nevada company (the "Company") and the Purchasers signatory thereto, the Purchasers have acquired secured convertible debentures (the "Debentures") from the Company (the "Subscription Agreement");

WHEREAS, pursuant to that certain Pledge and Security Agreement, dated as of the date hereof, by and among the Company, Tonix Pharmaceuticals, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Tonix"), Krele LLC, a Delaware limited liability company and a wholly-owned subsidiary of Tonix ("Krele", and collectively with the Company and Tonix, the "Debtors") and the Purchasers, the Purchasers appointed Agent as agent for the Purchasers;

WHEREAS, each of the Guarantors is a direct or indirect Subsidiary of the Company; and

WHEREAS, Guarantors directly or indirectly benefit from the purchase of Debentures from the Company pursuant to the Subscription Agreement, in order to induce Purchasers to acquire the Debentures, to enter into the Subscription Agreement and other Transaction Agreements, Guarantors have agreed to guarantee payment of the obligations of the Company under the Debentures ("Obligations");

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, and to induce Purchasers to purchase the Debentures under the Subscription Agreement, it is agreed as follows:

1. DEFINITIONS.

(a) Capitalized terms used herein (including terms used in the Recitals) shall have the meanings assigned to them in the Subscription Agreement, unless otherwise defined herein.

(b) References to this "Guaranty" shall mean this Guaranty, including all amendments, modifications and supplements and any annexes, exhibits and schedules to any of the foregoing, and shall refer to this Guaranty as the same may be in effect at the time such reference becomes operative.

2. THE GUARANTY.

(a) Guaranty of Guaranteed Obligations of Debtors. Each Guarantor hereby jointly and severally unconditionally guarantees to Agent and Purchasers, and their respective successors, endorsees, transferees and assigns, the prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of the Obligations of Debtors (other than such Guarantor) (hereinafter the "Guaranteed Obligations"). Guarantors agree that this Guaranty is a guaranty of payment and performance and not of collection, and that their obligations under this Guaranty shall be primary, absolute and unconditional, irrespective of, and unaffected by:

(i) the genuineness, validity, regularity, enforceability or any future amendment of, or change in this Guaranty, any other Transaction Agreements or any other agreement, document or instrument to which any Debtor (including any Guarantors) are or may become a party;

(ii) the absence of any action to enforce this Guaranty or any other Transaction Agreements or the waiver or consent by Agent and/or Purchasers with respect to any of the provisions thereof

(iii) the existence, value or condition of, or failure to perfect Agent's Lien against, any Collateral for the Guaranteed Obligations or any action, or the absence of any action, by Agent or any Purchaser in respect thereof (including, without limitation, the release of any such security); or

(iv) the insolvency of any Debtor; or

(v) any other action or circumstances which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor,

it being agreed by each Guarantor that its obligations under this Guaranty shall not be discharged until payment and performance in full of the Guaranteed Obligations ("Termination Date"). Each Guarantor shall be regarded, and shall be in the same position, as principal debtor with respect to the Guaranteed Obligations. Each Guarantor agrees that any notice or directive given at any time to Agent or any Purchaser which is inconsistent with the waiver in the immediately preceding sentence shall be null and void and may be ignored by Agent and Purchasers, and, in addition, may not be pleaded or introduced as evidence in any litigation relating to this Guaranty for the reason that such pleading or introduction would be at variance with the written terms of this Guaranty, unless Agent and Purchasers have specifically agreed otherwise in writing. It is agreed among each Guarantor, Agent and Purchasers that the foregoing waivers are of the essence of the transaction contemplated by the Transaction Agreements and that, but for this Guaranty and such waivers, Agent and Purchasers would decline to enter into the Subscription Agreement.

(b) Demand by Agent or Purchasers. In addition to the terms of the Guaranty set forth in Section 2(a) hereof, and in no manner imposing any limitation on such terms, it is expressly understood and agreed that, if, at any time, the outstanding principal amount of the Guaranteed Obligations (including all accrued interest thereon) is declared to be immediately due and payable, then Guarantors shall, without demand, pay to the holders of the Guaranteed Obligations the entire outstanding Guaranteed Obligations due and owing to such holders. Payment by Guarantors shall be made to Agent in immediately available funds to an account designated by Agent or at the address specified in writing from time to time by Agent, and shall be credited and applied to the Guaranteed Obligations.

(c) Enforcement of Guaranty. In no event shall Agent or Purchasers have any obligation (although it is entitled, at its option) to proceed against any Debtor or any Collateral pledged to secure Guaranteed Obligations before seeking satisfaction from any or all of the Guarantors, and Agent and Purchasers may proceed, prior or subsequent to, or simultaneously with, the enforcement of their rights hereunder, to exercise any right or remedy which it may have against any Collateral, as a result of any Lien it may have as security for all or any portion of the Guaranteed Obligations.

(d) Waiver. In addition to the waivers contained in Section 2(a) hereof, Guarantors waive, and agree that they shall not at any time insist upon, plead or in any manner whatever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshaling of assets or redemption laws, or exemption, whether now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance by Guarantors of their Guaranteed Obligations under, or the enforcement by Agent or Purchasers of, this Guaranty. Guarantors hereby waive diligence, presentment and demand (whether for non-payment or protest or of acceptance, maturity, extension of time, change in nature or form of the Guaranteed Obligations, acceptance of further security, release of further security, composition or agreement arrived at as to the amount of, or the terms of, the Guaranteed Obligations, notice of adverse change in any Debtor's financial condition or any other fact which might increase the risk to Guarantors) with respect to any of the Guaranteed Obligations or all other demands whatsoever and waive the benefit of all provisions of law which are or might be in conflict with the terms of this Guaranty. Guarantors represent, warrant and jointly and severally agree that, as of the date of this Guaranty, their obligations under this Guaranty are not subject to any offsets or defenses against Agent or

Purchasers or any other Debtor of any kind. Guarantors further jointly and severally agree that their obligations under this Guaranty shall not be subject to any counterclaims, offsets or defenses against Agent or any Purchaser or against any other Debtor of any kind which may arise in the future.

(e) Benefit of Guaranty. The provisions of this Guaranty are for the benefit of Agent and Purchasers and their respective successors, transferees, endorsees and assigns, and nothing herein contained shall impair, as between any Debtor and Agent or Purchasers, the obligations of any Debtor under the Transaction Agreements. In the event all or any part of the Guaranteed Obligations are transferred, indorsed or assigned by Agent or any Purchaser to any Person or Persons, any reference to "Agent" or "Purchaser" herein shall be deemed to refer equally to such Person or Persons.

(f) Reinstatement. This Guaranty shall remain in full force and effect and continue to be effective should any petition be filed by or against any Debtor or any Guarantor for liquidation or reorganization, should any Debtor or any Guarantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of such Debtor's or such Guarantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Guaranteed Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by Agent or any Purchaser, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Guaranteed Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(g) Deferral of Subrogation, Etc. Notwithstanding anything to the contrary in this Guaranty, or in any other Transaction Agreements, each Guarantor hereby:

(i) expressly and irrevocably waives, on behalf of itself and its successors and assigns (including any surety) until the Termination Date, any and all rights at law or in equity to subrogation, to reimbursement, to exoneration, to contribution, to indemnification, to set off or to any other rights that could accrue to a surety against a principal, to a guarantor against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, to a holder or transferee against a maker, or to the holder of any claim against any Person, and which such Guarantor may have or hereafter acquire against any Debtor in connection with or as a result of such Guarantor's execution, delivery and/or performance of this Guaranty, or any other documents to which such Guarantor is a party or otherwise; and

(ii) acknowledges and agrees (i) that this waiver is intended to benefit Agent and Purchasers and shall not limit or otherwise effect any Guarantor's liability hereunder or the enforceability of this Guaranty, and (ii) that Agent, Purchasers and their respective successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 2(g) and their rights under this Section 2(g) shall survive payment in full of the Guaranteed Obligations.

(h) Election of Remedies. If Agent may, under applicable law, proceed to realize benefits under any of the Transaction Agreements giving Agent a Lien upon any Collateral owned by any Debtor, either by judicial foreclosure or by non-judicial sale or enforcement, Agent may, at its sole option, determine which of such remedies or rights it may pursue without affecting any of such rights and remedies under this Guaranty. If, in the exercise of any of its rights and remedies, Agent shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against any Debtor, whether because of any applicable laws pertaining to "election of remedies" or the like, Guarantors hereby consent to such action by Agent and waive any claim based upon such action, even if such action by Agent shall result in a full or partial loss of any rights of subrogation which Guarantors might otherwise have had but for such action by Agent. Any election of remedies which results in the denial or impairment of the right of Agent to seek a deficiency judgment against any Debtor shall not impair each Guarantor's obligation to pay the full amount of the Guaranteed Obligations. In the event Agent shall bid at any foreclosure or trustee's sale or at any private sale permitted by law or the Transaction Agreements, Agent may bid all or less than the amount of the Guaranteed Obligations and the amount of such bid need not be paid by Agent but shall be credited against the Guaranteed Obligations. The amount of the successful bid at any such sale shall be conclusively deemed to be the fair market value of the collateral and the difference between such bid amount and the remaining balance of the Guaranteed Obligations shall be conclusively deemed to be the amount of the Guaranteed Obligations guaranteed under this Guaranty, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which Agent and Purchasers might otherwise be entitled but for such bidding at any such sale.

(i) Cumulative Liability. The liability of each Guarantor under this Guaranty is in addition to and shall be cumulative with all liabilities of such Guarantor to Agent and Purchasers under the Subscription Agreement and the other Transaction Agreements to which such Guarantor is a party or in respect of any Obligations or other obligation of any other Debtor, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

3. REPRESENTATIONS AND WARRANTIES. To induce Purchasers to purchase the Debentures under the Subscription Agreement, Guarantors jointly and severally make the representations and warranties as to each Debtor contained in the Subscription Agreement, as applicable, each of which is incorporated herein by reference, to Agent and each other Purchaser, each and all of which shall survive the execution and delivery of this Guaranty.

4. FURTHER ASSURANCES. Each Guarantor agrees, upon the written request of Agent, to execute and deliver to Agent, from time to time, any additional instruments or documents reasonably considered necessary by Agent to cause this Guaranty to be, become or remain valid and effective in accordance with its terms.

5. PAYMENTS FREE AND CLEAR OF TAXES. Any and all payments required to be made by each Guarantor hereunder shall be made to Agent and Purchasers free and clear of, and without deduction for, any and all present and future Taxes. If any Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder, (a) the sum payable shall be increased as much as shall be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5) Agent or Purchasers, as applicable, receive an amount equal to the sum they would have received had no such deductions been made, (b) such Guarantor shall make such deductions, and (c) such Guarantor shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law. Within thirty (30) days after the date of any payment of Taxes, each applicable Guarantor shall furnish to Agent the original or a certified copy of a receipt evidencing payment thereof. Each Guarantor shall jointly and severally indemnify and, within ten (10) days of demand therefor, pay Agent and each Purchaser for the full amount of Taxes (including any Taxes imposed by any jurisdiction on amounts payable under this Section 5) paid by Agent or such Purchaser, as appropriate, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted.

6. OTHER TERMS.

(a) Entire Agreement. This Guaranty, together with the other Transaction Agreements, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements relating to a guaranty of the loans and advances under the Transaction Agreements and/or the Guaranteed Obligations. No portion or provision of this Subsidiary Guaranty may be changed, modified, amended, waived, supplemented, discharged, canceled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged.

(b) Headings. The headings in this Guaranty are for convenience of reference only and are not part of the substance of this Guaranty.

(c) Severability. Whenever possible, each provision of this Guaranty shall be interpreted in such a manner to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

(d) Notices. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give or serve upon another any such communication with respect to this Guaranty, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be addressed to the party to be notified at the address set forth in the Subscription Agreement, and given in the manner required by the Subscription Agreement.

(e) Successors and Assigns. This Guaranty and all obligations of Guarantors hereunder shall be binding upon the successors and assigns of each Guarantor (including a debtor-in-possession on behalf of such Guarantor) and shall, together with the rights and remedies of Agent, for itself and for the benefit of Purchasers, hereunder, inure to the benefit of Agent and Purchasers, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner affect the rights of Agent and Purchasers hereunder. Guarantors may not assign, sell, hypothecate or otherwise transfer any interest in or obligation under this Guaranty.

(f) No Waiver; Cumulative Remedies; Amendments. Neither Agent nor any Purchaser shall by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Agent and then only to the extent therein set forth. A waiver by Agent, for the ratable benefit of Agent and Purchasers, of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Agent would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Agent or any Purchaser, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Guaranty may be waived, altered, modified, supplemented or amended except by an instrument in writing, duly executed by Agent and Guarantors.

(g) Termination. This Guaranty is a continuing Guaranty and shall remain in full force and effect until the Termination Date. Upon payment and performance in full of the Guaranteed Obligations, Agent shall deliver to Guarantors such documents as Guarantors may reasonably request to evidence such termination.

(h) Counterparts. This Guaranty may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

(i) GOVERNING LAW. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE TRANSACTION DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS GUARANTY AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

7. SECURITY. To secure payment of each Guarantor's obligations under this Guaranty, concurrently with the execution of this Guaranty, Guarantors have, among other things, entered into the Security Agreement.

8. ADDITIONAL GUARANTORS. From time to time subsequent to the date hereof, additional direct and indirect Subsidiaries of any Guarantor may become parties hereto, as additional Guarantors (each, an "Additional Guarantor"), by executing a counterpart of this Guaranty substantially in the form of Exhibit A attached hereto. Upon delivery of any such counterpart to Agent, notice of which is hereby waived by the Guarantors, each Additional Guarantor shall be a Guarantor and shall be as fully a party hereto as if

such Additional Guarantor were an original signatory hereto. Each Guarantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Guarantor hereunder nor by any election of Agent not to cause any Subsidiary of any Guarantor to become an Additional Guarantor hereunder. This Guaranty shall be fully effective as to any Guarantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Guarantor hereunder.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, this Subsidiary Guaranty has been duly executed by the parties hereto as of the date set first above written.

AGENT

SANDOR CAPITAL MASTER FUND L.P.

By: _____
Name:
Title:

GUARANTORS

TONIX PHARMACEUTICALS, INC.

By: _____
Name:
Title:

KRELE LLC

By: _____
Name:
Title:

EXHIBIT A

COUNTERPART TO SUBSIDIARY GUARANTY

This counterpart, dated _____, 201_, is delivered pursuant to Section 9 of that certain Subsidiary Guaranty dated as of October 7, 2011 (as from time to time amended, modified or supplemented, the "Guaranty" the terms defined therein and not otherwise defined herein being used as therein defined), among Guarantors and Sandor Capital Master Fund, L.P., as Agent. The undersigned hereby agrees (i) that this counterpart may be attached to the Guaranty, and (ii) that the undersigned will comply with and be subject to, including representations and warranties, all the terms and conditions of the Guaranty as if it were an original signatory thereto.

[NAME OF ADDITIONAL GUARANTOR]

By:

Exhibit 10.04

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is dated as of June 4, 2010 (the "Agreement"), between Krele Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Lederman & Co., LLC (the "Consultant").

WHEREAS, the parties wish to enter into a consulting arrangement on the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Services.

The Company shall retain the Consultant, and the Consultant accepts this engagement by the Company, upon the terms and subject to the conditions set forth in this Agreement for the period beginning on June 1, 2010 (the "Agreement Effective Date") and ending as provided in Section 4 (the "Consulting Period").

SECTION 2. Duties.

(a) During the Consulting Period the Consultant shall provide clinical development, strategic, management and operational consulting services and such other consulting services as shall be reasonably requested by the Company.

(b) The Consultant shall perform its duties and responsibilities to the best of its abilities in a diligent and professional manner.

SECTION 3. Compensation and Indemnification.

(a) The Company will issue to the Consultant three hundred thousand (300,000) shares (the "Restricted Consultant Shares") of the Company's common stock pursuant to the terms of the Company's 2010 Stock Plan (the "Plan"). Such Restricted Consultant Shares shall be subject to the vesting and repurchase restrictions and other terms set forth in the Plan and the Restricted Stock Agreement substantially in the form attached hereto as Exhibit A.

(b) Contingent upon the closing prior to December 31, 2010 of the issuance of at least $1,500,000 of the Company's Preferred Stock (the "Financing") and the Consultant's continued provision of services until such Financing occurs, in addition to the equity issued in accordance with Section 3(a), during the Consulting Period, the Consultant's compensation shall be $250,000 per annum, or such greater amount as the Board may designate from time to time (the "Consulting Fees"). Consulting Fees shall be payable in monthly installments, subject to the following sentence. Provided that the Consultant continues to provide service until the closing of the Financing, all Consulting Fees payable for the period from the Agreement Effective Date to the date that the Financing is consummated shall be paid in a lump sum within thirty days after the consummation of the Financing and in no event later than March 15, 2011. In the event, and upon the consummation of, an initial public offering of the Company's common stock (the "IPO") occurring prior to December 31, 2010 and the Consultant's continued provision of services until the closing of such IPO, the Consultant's compensation shall be increased to $300,000, and the Consultant shall thereupon be compensated for the difference between $821.92 and the per diem amount of the Consulting Fees in effect immediately prior to the consummation of the IPO, multiplied by the number of days elapsing from the Agreement Effective Date through the date of the IPO. Such adjustment shall be paid in a single lump sum at the same time that the Consultant's next regular monthly Consulting Fee installment would be paid, but in no event later than March 15, 2011. In no event shall the Consultant be able to designate the taxable year of such payments.

(c) The Company shall, in accordance with policies then in effect with respect to payments of business expenses, pay or reimburse the Consultant for all reasonable out-of-pocket business expenses actually incurred by the Consultant during the Consulting Period in performing services hereunder; provided, however that to the extent required to comply with the provisions of Section 409A ("Code Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), (1) no reimbursement of expenses incurred by the Consultant during any taxable year shall be made after the last day of the following taxable year of the Consultant, (2) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a taxable year of the Consultant shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, to the Consultant in any other taxable year, and (3) the right to reimbursement of such expenses shall not be subject to liquidation or exchange for another benefit. All expenses shall be accounted for in such reasonable detail as the Company may require.

(d) Consultant shall be entitled to indemnification in connection with its services under this Agreement to the maximum extent provided by the Delaware General Corporation Law.

SECTION 4. Term and Termination.

(a) *General*. The Consulting Period shall commence on the Agreement Effective Date and shall end on the second anniversary of the Agreement Effective Date (the "Initial Term"), and shall be renewed annually thereafter for one (1) year terms, unless and until either party provides ninety (90) days' advance written notice prior to the end of the then-current Consulting Period that such party declines to so extend the Consulting Period; provided, however, that the Consulting Period shall terminate prior to such date upon the occurrence of any of the events set forth in clause (b) below. The date on which this Agreement terminates or expires in accordance with its terms is referred to herein as the "Termination Date."

(b) *Termination by the Company for Cause. Termination by the Consultant for any Reason*. The Consulting Period may be terminated by the Company at any time for Cause (as defined below), or by the Consultant for any reason.

(c) *Definitions.*

Cause. For purposes of this Agreement, "Cause" means:

(A) negligence, recklessness or willful misconduct by the Consultant in the performance of its duties;

(B) a conviction of or a plea of guilty or nolo contendere by the Consultant to a crime involving fraud, embezzlement, theft, other financial dishonesty or moral turpitude;

(C) the material breach by the Consultant of this Agreement or of any other agreement or contract with the Company, or any of its affiliates; or

(D) the Board's reasonable determination that the Consultant has engaged in a violation of state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination).

The Company shall not be entitled to terminate for Cause unless the Company provides to the Consultant written notice stating in reasonable detail the basis for termination and an opportunity of at least thirty (30) days in duration (such duration to be determined in good faith by the Company), to cure, unless (i) the Company reasonably determines that providing such opportunity to cure to the Consultant is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, or (ii) the facts and circumstances underlying such termination are not able to be cured, in which case the Company may terminate without providing an opportunity to cure.

SECTION 5. Payments Upon Termination.

(a) *Termination for Cause. Termination by the Consultant; Natural Expiration of the Consulting Period*. If the Consulting Period is terminated (i) by the Company for Cause, (ii) by the Consultant for any reason, or (iii) upon the natural expiration of the Consulting Period pursuant to Section 4(a) above, then the Consultant shall be entitled to receive its Consulting Fees only to the extent that such amount has accrued through the Termination Date (the "Accrued Obligations"). For the avoidance of doubt, the Accrued Obligations shall be paid promptly upon the termination of the Consulting Period, in accordance with applicable law.

(b) *No Other Benefits.* Except as otherwise required by law or as specifically provided herein, all of the Consultant's rights to fees hereunder (if any) accruing after the Termination Date shall cease upon the Termination Date. The Consultant shall not be entitled to any other payments or benefits.

(c) *Compliance With Code Section 409A.* Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and shall operate so that the payments and benefits set forth herein shall either be exempt from the requirements of Code Section 409A or shall comply with the requirements of such provision; provided, however, that in no event shall the Company be liable to the Consultant for or with respect to any taxes, penalties or interest which may be imposed upon the Consultant pursuant to Code Section 409A. For purposes of this Agreement, the terms "termination of service" and variations thereof shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) ("Separation From Service"). To the extent that any payment under this Agreement constitutes a "deferral of compensation" subject to Code Section 409A (a "409A Payment") that is to be paid upon a Separation From Service, then, (A) in the event that a termination of Consultant's services does not constitute a Separation From Service, such 409A Payment shall begin at such time as the Consultant has otherwise experienced such a Separation from Service, and the date of such Separation from Service shall be deemed to be the termination date of this Agreement, and (B) if on the date of the Consultant's Separation from Service, the Consultant is deemed to be a "specified employee" of a public company, as such term is defined in Treasury Regulation Section 1.409A-l(i), as determined from time to time by the Company, then such 409A Payment shall not be made to the Consultant until six (6) months and one day after the Consultant's Separation from Service, and shall be paid without adjustment for the delay in payment. The Consultant hereby acknowledges that it has been advised to seek and has sought the advice of a tax advisor with respect to the tax consequences to the Consultant of all payments pursuant to this Agreement, including any adverse tax consequences or penalty taxes under Code Section 409A and applicable state tax law. The Consultant hereby agrees to bear the entire risk of any such adverse federal and state tax consequences and penalty taxes in the event any payment pursuant to this Agreement is deemed to be subject to Code Section 409A, and that no representations have been made to the Consultant relating to the tax treatment of any payment pursuant to this Agreement under Code Section 409A and the corresponding provisions of any applicable state income tax laws.

SECTION 6. Nondisclosure and Nonuse of Confidential Information.

(a) The Consultant shall not disclose or use at any time without the written consent of the Company, either during the Consulting Period or thereafter, any Confidential Information (as defined below) of which the Consultant is or becomes aware, whether or not such information is developed by it, except to the extent that such disclosure or use is directly related to and required by the Consultant's performance in good faith of duties hereunder or is required to be disclosed by law, court order, or similar compulsion; provided, however, that such disclosure shall be limited to the extent so required or compelled; and provided, further, that the Consultant shall give the Company notice of such disclosure and cooperate with the Company in seeking suitable protection. The Consultant acknowledges that the Company's Confidential Information has been generated at great effort and expense by the Company and its predecessors and affiliates and has been maintained in a confidential manner by the Company, its predecessors and affiliates. The Consultant does not claim any rights to or lien on any Confidential Information. The Consultant will immediately notify the Company of any unauthorized possession, use, disclosure, copying, removal or destruction, or attempt thereof, of any Confidential Information by anyone of which the Consultant becomes aware and of all details thereof. The Consultant shall take all reasonably appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Consultant shall deliver to the Company on the Termination Date, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof regardless of the form thereof (including electronic and optical copies)) relating to the Confidential Information or the Work Product (as defined below) of the Company or any of its affiliates which the Consultant may then possess or have under its control.

(b) As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company or any affiliate in connection with its business, including, but not limited to, information, observations and data obtained by the Consultant while consulting for the Company or any predecessors thereof (including those obtained prior to the date of this Agreement) concerning (i) the business or affairs of the Company (or such predecessors), (ii) technologies, products or services, (iii) data, test results, designs, methods, formulae, production methods, know-how, show-how, techniques, systems, processes, specifications, drawings, reports, software programs, works of authorship, research and development, (iv) inventions, new developments and trade secrets, whether patentable or unpatentable and whether or not reduced to practice, (v) existing and prospective licensees, partners, customers, clients and suppliers, (vi) agreements with licensees, partners, customers, clients, suppliers and other entities or individuals, (vii) projects, plans and proposals, (vii) fees, costs and pricing structures, (viii) accounting and business methods, (ix) business strategies, acquisition plans and candidates, financial or other performance data and personnel lists and data, and (x) all similar and related information in whatever form, unless the information is or becomes publicly known through lawful means.

SECTION 7. Inventions and Patents.

The Consultant agrees that all inventions, ideas, innovations, improvements, modifications, data, test results, technical

information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether patentable or unpatentable) which relates to the Company's or any of its affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Consultant (whether or not during usual business hours or on the premises of the Company or any affiliate and whether or not alone or in conjunction with any other person) while Consultant is serving the Company under this Agreement (including those conceived, developed or made prior to the date of this Agreement) together with all patent applications, letters patent, trademark, tradename and service mark applications or registrations, copyrights, reissues thereof and any other legal protection thereon that may be granted for or upon any of the foregoing (collectively referred to herein as the "Work Product"), belong in all instances to the Company or such affiliate. The Consultant shall promptly disclose such Work Product to the Chief Executive Officer and perform all actions reasonably requested by the Chief Executive Officer (whether during or after the Consulting Period) to establish and confirm the Company's ownership of such Work Product (including, without limitation, the execution and delivery of assignments, consents, powers of attorney and other instruments) and to provide reasonable assistance to the Company or any of its affiliates in connection with (a) the prosecution of any applications for patents, trademarks, trade names, service marks, reissues thereof or other legal protection thereon, (b) the maintenance, enforcement and renewal of any rights that may be obtained, granted or vest therein, and (c) the prosecution and defense of any actions, proceedings, oppositions or interferences relating thereto. If the Company is unable, after reasonable effort, to secure the signature of the Consultant on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Consultant, and the Consultant hereby irrevocably designates and appoints each executive officer of the Company as its agent and attorney-in-fact to execute any such papers on its behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Work Product, under the conditions described in this sentence.

SECTION 8. Non-Compete; Non-Solicitation; Non-Disparagement.

(a) The Consultant acknowledges that, in the course of consulting for the Company and/or its affiliates, it has and will become familiar with the Company's and its predecessors and affiliates' trade secrets and with other confidential information concerning the Company and its predecessors and affiliates and that its services have been and will be of special, unique and extraordinary value to the Company and its affiliates. Therefore, in order to protect the Company's interest in its Confidential Information, the Consultant agrees that during the Consulting Period and for one (1) year thereafter (collectively, the "Non-Compete Period," subject to automatic extension during the period of any violation of this Section 8), the Consultant shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in or represent any business competing with the businesses, products or services of the Company or its affiliates as such businesses, products and/or services exist or are in the process of being formed or acquired as of the Termination Date (the "Business"), within any Restricted Territory. As used in this Agreement, the term "Restricted Territory" means (i) the United States and (ii) any other country or territory in which the Company has engaged in, or is engaging in, the Business as of the Termination Date.

Nothing herein shall prohibit the Consultant from being a passive owner of not more than one percent (1%) of the outstanding stock of any class of a corporation which is publicly traded that is engaged in the Business, so long as the Consultant has no active participation in the business of such corporation.

(b) During the Non-Compete Period, the Consultant shall not directly or indirectly through another person or entity:

(i) induce or attempt to induce any employee of the Company or any affiliate to leave the employ of the Company or such affiliate, or in any way interfere with the relationship between the Company or any such affiliate, on the one hand, and any employee thereof, on the other hand;

(ii) solicit for hire or hire any person who was an employee of the Company or any affiliate until six (6) months after such individual's employment relationship with the Company or any affiliate has been terminated, provided that the Consultant may hire any such person (so long as such person is not a supervisor, manager or executive officer of the Company or any affiliate) who responds to a general advertisement offering employment;

(iii) solicit, induce or attempt to solicit or induce any customer (it being understood that the term "customer" as used throughout this Agreement includes any person (x) that is purchasing goods or receiving services from the Company and/or any affiliates or (y) that is directly or indirectly providing or referring customers to, or otherwise providing or referring business for, the Company or any affiliates), supplier, licensee, subcontractor or other business relation of the Company or any affiliate to cease or reduce doing business with the Company or such affiliate, or in any way interfere or attempt to interfere with the relationship between any such customer, supplier, licensee, subcontractor or business relation, on the one hand, and the Company or any such affiliate, on the other hand; or

(iv) induce or attempt to induce any customer, supplier, licensee, subcontractor or other business relation of the Company or affiliate to purchase services or goods similar to those sold as part of the Business.

(c) The Consultant understands that the foregoing restrictions may limit its ability to consult with companies with a business that is similar to the Business, but it nevertheless believes that it has received and will receive sufficient consideration and other benefits as a consultant to the Company and as otherwise provided hereunder to clearly justify such restrictions. The Consultant further understands that (i) the parties would not enter into this Agreement but for the covenants contained in this Section 8, and (ii) the provisions of Sections 6 through 8 are reasonable and necessary to preserve the legitimate business interests of the Company and its affiliates.

(d) The Consultant agrees that the restrictions are reasonable and necessary, are valid and enforceable under New York law, and do not impose a greater restraint than necessary to protect the Company's legitimate business interests. If, at the time of enforcement of Sections 6 through 8, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Consultant and the Company agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area so as to protect the Company to the greatest extent possible under applicable law.

(e) In order to protect the goodwill of the Company and its affiliates, to the fullest extent permitted by law, the Consultant, both during and after the Consulting Period, agrees not to publicly criticize, denigrate, or otherwise disparage any of the Company, its affiliates, and each such entity's employees, officers, directors, licensees, partners, consultants, other service providers, products, processes, policies, practices, standards of business conduct, or areas or techniques of research, development, manufacturing, or marketing. Nothing in this Section 8(e) shall prevent the Consultant or the Company from cooperating in any governmental proceeding or from providing truthful testimony pursuant to a legally-issued subpoena. The Consultant promises to provide the Company with written notice of any request to so cooperate or provide testimony within one day of being requested to do so, along with a copy of any such request.

SECTION 9. Enforcement.

Because the Consultant's services are unique and because the Consultant has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement by the Consultant, the Company and any of its affiliates or their successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, seek specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security) and may apply to any court of competent jurisdiction to require the Consultant to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of the covenants contained herein in this Agreement. The Consultant agrees not to claim that the Company or any of its affiliates has adequate remedies at law for a breach of any of Sections 6 through 8, as a defense against any attempt by the Company or any of its affiliates to obtain the equitable relief described in this Section 9.

SECTION 10. Independent Contractor

Consultant shall provide the consulting services hereunder strictly as an independent contractor and nothing contained herein shall be deemed or construed as evidencing hereunder a partnership, joint venture, agency, employer/employee, or other relationship between the Company and the Consultant. The Consultant shall be responsible for providing, at the Consultant's own expense, health, disability, unemployment, workers compensation, and other insurance, professional training and licenses for the Consultant's personnel. The Company shall not be responsible for paying, and the Consultant agrees to indemnify the Company for, any income taxes or employment-related taxes, including, without limitation, social security and estimated taxes, due by the Consultant that have been incurred as a result of the compensation paid to the Consultant under this Agreement. Neither the Consultant nor any of the Consultant's personnel shall be entitled or eligible, by reason of the contractual relationship created by this Agreement, to participate in any benefits or privileges extended by the Company to its employees, and the Consultant waives any right to or claim for any such benefits or privileges. The Consultant shall be solely responsible for the control and supervision of any of the personnel that the Consultant uses to perform its duties under this Agreement. The Consultant agrees to indemnify the Company for any claims, costs, losses, fees, penalties, interest or damages suffered by the Company resulting from the Consultant's failure to comply with this Section 10.

SECTION 11. Representations, Warranties and Additional Covenants of the Consultant.

The Consultant hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by the Consultant does not and shall not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Consultant is a party or any judgment, order or decree to which the Consultant is subject, (b) the Consultant is not a party to or bound by any employment agreement, (c) the Consultant is not a party to or bound by any consulting agreement, non-compete agreement, confidentiality agreement or similar agreement with any other person or entity that would affect the Company or the obligations of the Consultant hereunder and (d) upon the execution and delivery of this Agreement by the Company and the Consultant, this Agreement will be a valid and binding obligation of the Consultant, enforceable in accordance with its terms. The Consultant further represents and warrants that it has not disclosed, revealed or transferred to any third party any of the Confidential Information that it may have obtained prior to the date of this Agreement and that he has safeguarded and maintained the secrecy of the Confidentiality Information to which it has had access or of which it has knowledge. In addition, the Consultant represents and warrants that it has no ownership in nor any right to nor title in any of the Confidential Information and the Work Product.

SECTION 12. Notices.

All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given when delivered personally to the recipient, telecopied to the intended recipient at the telecopy number set forth therefor below, or one (1) business day after deposit with a nationally recognized overnight delivery service, in each case as follows:

If to the Company, to:

Krele Pharmaceuticals, Inc.
9 W. 57th St. – 26th FLR
New York, NY 10019
Telephone: (212) 644-2610
Fax: (212) 923-5700
Attention: Chief Executive Officer

If to the Consultant, to the address set forth on the signature page hereto;

or such other address as the recipient party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such communication shall deemed to have been delivered and received (a) when delivered, if personally delivered, sent by telecopier or sent by overnight courier, and (b) on the fifth business day following the date posted, if sent by mail. Instructions, notices or requests may be sent by email to the Consultant.

SECTION 13. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing and except to the extent otherwise provided in Section 8(d) (with respect to a breach of the provisions of Section 8), if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Survival. The provisions of Sections 4 through 10 shall survive any termination of this Agreement.

(c) Complete Agreement. This Agreement and those documents expressly referred to herein (including, but not limited to, the exhibit attached hereto) constitute the entire agreement among the parties and supersede any prior correspondence or documents evidencing negotiations between the parties, whether written or oral, and any and all understandings, agreements or representations by or among the parties, whether written or oral, that may have related in any way to the subject matter of this Agreement.

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Consultant and the Company and their respective successors, assigns, heirs, representatives and estate; provided, however, that the rights and obligations of the Consultant under this Agreement shall not be assigned without the prior written consent of the Company in its sole discretion. The Company may (i) assign any or all of its respective rights and interests hereunder to one or more of its affiliates, (ii) designate one or more of its affiliates to perform its respective obligations hereunder (in any or all of which cases the Company nonetheless shall remain responsible for the performance of all of their obligations hereunder), (iii) collaterally assign any or all of its respective rights and interests hereunder to one or more lenders of the Company or its affiliates, (iv) assign its respective rights hereunder in connection with the sale of all or substantially all of its business or assets (whether by merger, sale of stock or assets, recapitalization or otherwise) and (v) merge any of affiliates with or into the Company (or vice versa). The rights of the Company hereunder are enforceable by its affiliates, who are the intended third party beneficiaries hereof.

(e) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION), THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK TO BE APPLIED.

(f) Jurisdiction and Venue.

(i) The Company and the Consultant hereby irrevocably and unconditionally submit, for themselves and their property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and the Company and the Consultant hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Company and the Consultant irrevocably waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Company and the Consultant agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Consultant agrees not to commence a claim or proceeding hereunder in a court other than a New York State court or federal court located in the State of New York, except if the Consultant has first brought such claim or proceeding in such New York State court or federal court located in the State of New York, and such court or courts have denied jurisdiction over such claim or proceeding.

(ii) The Company and the Consultant irrevocably and unconditionally waive, to the fullest extent they may legally and effectively do so, any objection that they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof.

(iii) Notwithstanding clauses (i)-(ii), the parties intend to and hereby confer jurisdiction to enforce the covenants contained in Sections 6 through 8 upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold such covenants wholly or partially invalid or unenforceable by reason

of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Company's right to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(iv) The parties further agree that the mailing by certified or registered mail, return receipt requested to both (x) the other party and (y) counsel for the other party (or such substitute counsel as such party may have given written notice of prior to the date of such mailing), of any process required by any such court shall constitute valid and lawful service of process against them, without the necessity for service by any other means provided by law. Notwithstanding the foregoing, if and to the extent that a court holds such means to be unenforceable, each of the parties' respective counsel (as referred to above) shall be deemed to have been designated agent for service of process on behalf of its respective client, and any service upon such respective counsel effected in a manner which is permitted by New York law shall constitute valid and lawful service of process against the applicable party.

(g) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and the Consultant, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(h) Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(j) WAIVER OF JURY TRIAL. NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

* * * *

[Signature Page Follows]

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

KRELE PHARMACEUTICALS, INC.

By /s/ PATRICK P. GRACE
Name: Patrick P. Grace
Director

By /s/ DONALD W. LANDRY
Name: Donald W. Landry, MD, PhD
Director

Consultant:
LEDERMAN & CO., LLC

/s/ SETH LEDERMAN
Seth Lederman, MD
Managing Member

Address:
9 West 57th Street, 26th Floor
New York, NY 10019
Fax No.: (212) 923-5700

Exhibit A

Form of Restricted Stock Agreement

Exhibit 10.05

December 9, 2010

Lederman & Co., LLC
245 E. 93rd St. 14E
New York, NY 10022
Attn: Seth Lederman, Managing Member

Re: Consulting Agreement

Dear Dr. Lederman:

Reference is made to the Consulting Agreement (the "Consulting Agreement") dated as of June 4, 2010 between Lederman & Co., LLC ("Lederman & Co.") and Tonix Pharmaceuticals, Inc. ("Tonix"). Lederman & Co. hereby agrees that the definition of the term IPO for purposes of the Consulting Agreement shall be amended and restated in its entirety to be:

the closing of the sale of shares of the common stock of the Company to the public in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $15,000,000 of proceeds, net of the underwriting discount and commissions, to the Company

Except as expressly provided herein, the terms and conditions of the Consulting Agreement remain in full force and effect. Please confirm Lederman & Co.'s acknowledgement and acceptance of the terms hereof by returning a signed copy of this letter to me.

By: /s/ SUSAN F. OLIVER
Name: Susan F. Oliver
Title: Secretary

on behalf of Tonix Pharmaceuticals, Inc.

Acknowledged and Accepted

LEDERMAN & CO., LLC

By: /s/ SETH LEDERMAN
Name: Seth Lederman
Title: Managing Member

2 Park 80 Plaza West – Suite 200, 250 Pehle Avenue, Saddle Brook, NJ 07663

Tel: 201.291.2642 • Fax: 212.923.5700

Exhibit 10.06

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT is dated as of June 4, 2010 (the "Agreement"), between Krele Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and L&L Technologies, LLC (the "Consultant").

WHEREAS, the parties wish to enter into a consulting arrangement on the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Services.

The Company shall retain the Consultant, and the Consultant accepts this engagement by the Company, upon the terms and subject to the conditions set forth in this Agreement for the period beginning on June 1, 2010 (the "Agreement Effective Date") and ending as provided in Section 4 (the "Consulting Period").

SECTION 2. Duties.

(a) During the Consulting Period the Consultant shall provide scientific and medical consulting services to the Company and such other consulting services as shall be reasonably requested by the Company.

(b) The Consultant shall perform its duties and responsibilities to the best of its abilities in a diligent and professional manner.

SECTION 3. Compensation and Indemnification.

(a) The Company will issue to the Consultant one million one hundred seventy-six thousand (1,176,000) shares (the "Restricted Consultant Shares") of the Company's common stock pursuant to the terms of the Company's 2010 Stock Plan (the "Plan"). Such Restricted Consultant Shares shall be subject to the vesting and repurchase restrictions and other terms set forth in the Plan and the Restricted Stock Agreement substantially in the form attached hereto as Exhibit A.

(b) Contingent upon the closing prior to December 31, 2010 of the issuance of at least $1,500,000 of the Company's Preferred Stock (the "Financing") and the Consultant's continued provision of services until such Financing occurs, in addition to the equity issued in accordance with Section 3(a), during the Consulting Period, the Consultant's compensation shall be $96,000 per annum, or such greater amount as the Board may designate from time to time (the "Consulting Fees"). Consulting Fees shall be payable in monthly installments, subject to the following sentence. Provided that the Consultant continues to provide service until the closing of the Financing, all Consulting Fees payable for the period from the Agreement Effective Date to the date that the Financing is consummated shall be paid in a lump sum within thirty days after the consummation of the Financing and in no event later than March 15, 2011.

(c) The Company shall, in accordance with policies then in effect with respect to payments of business expenses, pay or reimburse the Consultant for all reasonable out-of-pocket business expenses actually incurred by the Consultant during the Consulting Period in performing services hereunder; provided, however that to the extent required to comply with the provisions of Section 409A ("Code Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), (1) no reimbursement of expenses incurred by the Consultant during any taxable year shall be made after the last day of the following taxable year of the Consultant, (2) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a taxable year of the Consultant shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, to the Consultant in any other taxable year, and (3) the right to reimbursement of such expenses shall not be subject to liquidation or exchange for another benefit. All expenses shall be accounted for in such reasonable detail as the Company may require.

(d) Consultant shall be entitled to indemnification in connection with its services under this Agreement to the maximum extent provided by the Delaware General Corporation Law.

SECTION 4. Term and Termination.

(a) *General*. The Consulting Period shall commence on the Agreement Effective Date and shall end on the second anniversary of the Agreement Effective Date (the "Initial Term"), and shall be renewed annually thereafter for one (1) year terms, unless and until either party provides ninety (90) days' advance written notice prior to the end of the then-current Consulting Period that such party declines to so extend the Consulting Period; provided, however, that the Consulting Period shall terminate prior to such date upon the occurrence of any of the events set forth in clause (b) below. The date on which this Agreement terminates or expires in accordance with its terms is referred to herein as the "Termination Date."

(b) *Termination by the Company for Cause. Termination by the Consultant for any Reason*. The Consulting Period may be terminated by the Company at any time for Cause (as defined below), or by the Consultant for any reason.

(c) *Definitions.*

Cause. For purposes of this Agreement, "Cause" means:

(A) negligence, recklessness or willful misconduct by the Consultant in the performance of its duties;

(B) a conviction of or a plea of guilty or nolo contendere by the Consultant to a crime involving fraud, embezzlement, theft, other financial dishonesty or moral turpitude;

(C) the material breach by the Consultant of this Agreement or of any other agreement or contract with the Company, or any of its affiliates; or

(D) the Board's reasonable determination that the Consultant has engaged in a violation of state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination).

The Company shall not be entitled to terminate for Cause unless the Company provides to the Consultant written notice stating in reasonable detail the basis for termination and an opportunity of at least thirty (30) days in duration (such duration to be determined in good faith by the Company), to cure, unless (i) the Company reasonably determines that providing such opportunity to cure to the Consultant is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, or (ii) the facts and circumstances underlying such termination are not able to be cured, in which case the Company may terminate without providing an opportunity to cure.

SECTION 5. Payments Upon Termination.

(a) *Termination for Cause. Termination by the Consultant; Natural Expiration of the Consulting Period*. If the Consulting Period is terminated (i) by the Company for Cause, (ii) by the Consultant for any reason, or (iii) upon the natural expiration of the Consulting Period pursuant to Section 4(a) above, then the Consultant shall be entitled to receive its Consulting Fees only to the extent that such amount has accrued through the Termination Date (the "Accrued Obligations"). For the avoidance of doubt, the Accrued Obligations shall be paid promptly upon the termination of the Consulting Period, in accordance with applicable law.

(b) *No Other Benefits*. Except as otherwise required by law or as specifically provided herein, all of the Consultant's rights to fees hereunder (if any) accruing after the Termination Date shall cease upon the Termination Date. The Consultant shall not be entitled to any other payments or benefits.

(c) *Compliance With Code Section 409A*. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and shall operate so that the payments and benefits set forth herein shall either be exempt from the requirements of Code Section 409A or shall comply with the requirements of such provision; provided, however, that in no event shall the Company be liable to the Consultant for or with respect to any taxes, penalties or interest which may be imposed upon the Consultant pursuant to Code Section 409A. For purposes of this Agreement, the terms "termination of service" and variations thereof shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) ("Separation From Service"). To the extent that any payment under this Agreement constitutes a "deferral of compensation" subject to Code Section 409A (a "409A Payment") that is to be paid upon a Separation From Service, then, (A) in the event that a termination of Consultant's services does not constitute a Separation From Service, such 409A Payment shall begin at such time as the Consultant has otherwise experienced such a Separation from Service, and the date of such Separation from Service shall be deemed to be the termination date of this Agreement, and (B) if on the date of the Consultant's Separation from Service, the Consultant is deemed to be a "specified employee" of a public company, as such term is defined in Treasury Regulation Section

1.409A-l(i), as determined from time to time by the Company, then such 409A Payment shall not be made to the Consultant until six (6) months and one day after the Consultant's Separation from Service, and shall be paid without adjustment for the delay in payment. The Consultant hereby acknowledges that it has been advised to seek and has sought the advice of a tax advisor with respect to the tax consequences to the Consultant of all payments pursuant to this Agreement, including any adverse tax consequences or penalty taxes under Code Section 409A and applicable state tax law. The Consultant hereby agrees to bear the entire risk of any such adverse federal and state tax consequences and penalty taxes in the event any payment pursuant to this Agreement is deemed to be subject to Code Section 409A, and that no representations have been made to the Consultant relating to the tax treatment of any payment pursuant to this Agreement under Code Section 409A and the corresponding provisions of any applicable state income tax laws.

SECTION 6. Nondisclosure and Nonuse of Confidential Information.

(a) The Consultant shall not disclose or use at any time without the written consent of the Company, either during the Consulting Period or thereafter, any Confidential Information (as defined below) of which the Consultant is or becomes aware, whether or not such information is developed by it, except to the extent that such disclosure or use is directly related to and required by the Consultant's performance in good faith of duties hereunder or is required to be disclosed by law, court order, or similar compulsion; provided, however, that such disclosure shall be limited to the extent so required or compelled; and provided, further, that the Consultant shall give the Company notice of such disclosure and cooperate with the Company in seeking suitable protection. The Consultant acknowledges that the Company's Confidential Information has been generated at great effort and expense by the Company and its predecessors and affiliates and has been maintained in a confidential manner by the Company, its predecessors and affiliates. The Consultant does not claim any rights to or lien on any Confidential Information. The Consultant will immediately notify the Company of any unauthorized possession, use, disclosure, copying, removal or destruction, or attempt thereof, of any Confidential Information by anyone of which the Consultant becomes aware and of all details thereof. The Consultant shall take all reasonably appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Consultant shall deliver to the Company on the Termination Date, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof regardless of the form thereof (including electronic and optical copies)) relating to the Confidential Information or the Work Product (as defined below) of the Company or any of its affiliates which the Consultant may then possess or have under its control.

(b) As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company or any affiliate in connection with its business, including, but not limited to, information, observations and data obtained by the Consultant while consulting for the Company or any predecessors thereof (including those obtained prior to the date of this Agreement) concerning (i) the business or affairs of the Company (or such predecessors), (ii) technologies, products or services, (iii) data, test results, designs, methods, formulae, production methods, know-how, show-how, techniques, systems, processes, specifications, drawings, reports, software programs, works of authorship, research and development, (iv) inventions, new developments and trade secrets, whether patentable or unpatentable and whether or not reduced to practice, (v) existing and prospective licensees, partners, customers, clients and suppliers, (vi) agreements with licensees, partners, customers, clients, suppliers and other entities or individuals, (vii) projects, plans and proposals, (vii) fees, costs and pricing structures, (viii) accounting and business methods, (ix) business strategies, acquisition plans and candidates, financial or other performance data and personnel lists and data, and (x) all similar and related information in whatever form, unless the information is or becomes publicly known through lawful means.

SECTION 7. Inventions and Patents.

The Consultant agrees that all inventions, ideas, innovations, improvements, modifications, data, test results, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether patentable or unpatentable) which relates to the Company's or any of its affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Consultant (whether or not during usual business hours or on the premises of the Company or any affiliate and whether or not alone or in conjunction with any other person) while Consultant is serving the Company under this Agreement (including those conceived, developed or made prior to the date of this Agreement) together with all patent applications, letters patent, trademark, tradename and service mark applications or registrations, copyrights, reissues thereof and any other legal protection thereon that may be granted for or upon any of the foregoing (collectively referred to herein as the "Work Product"), belong in all instances to the Company or such affiliate. The Consultant shall promptly disclose such Work Product to the Chief Executive Officer and perform all actions reasonably requested by the Chief Executive Officer (whether during or after the Consulting Period) to establish and confirm the Company's ownership of such Work Product (including, without limitation, the execution and delivery of assignments, consents, powers of attorney and other instruments) and to provide reasonable assistance to the Company or any of its affiliates in connection with (a) the prosecution of any applications for patents, trademarks, trade names, service marks, reissues thereof or other legal protection thereon, (b) the maintenance, enforcement and renewal of any rights that may be obtained, granted or vest therein, and (c) the prosecution and defense of any actions, proceedings, oppositions or interferences relating thereto. If the Company is unable, after reasonable effort, to secure the signature of the Consultant on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Consultant, and the Consultant hereby irrevocably designates and appoints each executive officer of the Company as its agent and attorney-in-fact to execute any such papers on its behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Work Product, under the conditions described in this sentence.

SECTION 8. Non-Compete; Non-Solicitation; Non-Disparagement.

(a) The Consultant acknowledges that, in the course of consulting for the Company and/or its affiliates, it has and will become familiar with the Company's and its predecessors and affiliates' trade secrets and with other confidential information

concerning the Company and its predecessors and affiliates and that its services have been and will be of special, unique and extraordinary value to the Company and its affiliates. Therefore, in order to protect the Company's interest in its Confidential Information, the Consultant agrees that during the Consulting Period and for one (1) year thereafter (collectively, the "Non-Compete Period," subject to automatic extension during the period of any violation of this Section 8), the Consultant shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in or represent any business competing with the businesses, products or services of the Company or its affiliates as such businesses, products and/or services exist or are in the process of being formed or acquired as of the Termination Date (the “Business”), within any Restricted Territory. As used in this Agreement, the term "Restricted Territory" means (i) the United States and (ii) any other country or territory in which the Company has engaged in, or is engaging in, the Business as of the Termination Date.

Nothing herein shall prohibit the Consultant from being a passive owner of not more than one percent (1%) of the outstanding stock of any class of a corporation which is publicly traded that is engaged in the Business, so long as the Consultant has no active participation in the business of such corporation.

(b) During the Non-Compete Period, the Consultant shall not directly or indirectly through another person or entity:

(i) induce or attempt to induce any employee of the Company or any affiliate to leave the employ of the Company or such affiliate, or in any way interfere with the relationship between the Company or any such affiliate, on the one hand, and any employee thereof, on the other hand;

(ii) solicit for hire or hire any person who was an employee of the Company or any affiliate until six (6) months after such individual's employment relationship with the Company or any affiliate has been terminated, provided that the Consultant may hire any such person (so long as such person is not a supervisor, manager or executive officer of the Company or any affiliate) who responds to a general advertisement offering employment;

(iii) solicit, induce or attempt to solicit or induce any customer (it being understood that the term "customer" as used throughout this Agreement includes any person (x) that is purchasing goods or receiving services from the Company and/or any affiliates or (y) that is directly or indirectly providing or referring customers to, or otherwise providing or referring business for, the Company or any affiliates), supplier, licensee, subcontractor or other business relation of the Company or any affiliate to cease or reduce doing business with the Company or such affiliate, or in any way interfere or attempt to interfere with the relationship between any such customer, supplier, licensee, subcontractor or business relation, on the one hand, and the Company or any such affiliate, on the other hand; or

(iv) induce or attempt to induce any customer, supplier, licensee, subcontractor or other business relation of the Company or affiliate to purchase services or goods similar to those sold as part of the Business.

(c) The Consultant understands that the foregoing restrictions may limit its ability to consult with companies with a business that is similar to the Business, but it nevertheless believes that it has received and will receive sufficient consideration and other benefits as a consultant to the Company and as otherwise provided hereunder to clearly justify such restrictions. The Consultant further understands that (i) the parties would not enter into this Agreement but for the covenants contained in this Section 8, and (ii) the provisions of Sections 6 through 8 are reasonable and necessary to preserve the legitimate business interests of the Company and its affiliates.

(d) The Consultant agrees that the restrictions are reasonable and necessary, are valid and enforceable under New York law, and do not impose a greater restraint than necessary to protect the Company's legitimate business interests. If, at the time of enforcement of Sections 6 through 8, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Consultant and the Company agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area so as to protect the Company to the greatest extent possible under applicable law.

(e) In order to protect the goodwill of the Company and its affiliates, to the fullest extent permitted by law, the Consultant, both during and after the Consulting Period, agrees not to publicly criticize, denigrate, or otherwise disparage any of the Company, its affiliates, and each such entity's employees, officers, directors, licensees, partners, consultants, other service providers, products, processes, policies, practices, standards of business conduct, or areas or techniques of research, development, manufacturing, or marketing. Nothing in this Section 8(e) shall prevent the Consultant or the Company from cooperating in any governmental proceeding or from providing truthful testimony pursuant to a legally-issued subpoena. The Consultant promises to provide the Company with written notice of any request to so cooperate or provide testimony within one day of being requested to do so, along with a copy of any such request.

SECTION 9. Enforcement.

Because the Consultant’s services are unique and because the Consultant has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement by the Consultant, the Company and any of its affiliates or their successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, seek specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security) and may apply to any court of competent jurisdiction to require the Consultant to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of the covenants contained herein in this Agreement. The Consultant agrees not to claim that the Company or any of its affiliates has adequate remedies at law for a breach of any of

Sections 6 through 8, as a defense against any attempt by the Company or any of its affiliates to obtain the equitable relief described in this Section 9.

SECTION 10. Independent Contractor

Consultant shall provide the consulting services hereunder strictly as an independent contractor and nothing contained herein shall be deemed or construed as evidencing hereunder a partnership, joint venture, agency, employer/employee, or other relationship between the Company and the Consultant. The Consultant shall be responsible for providing, at the Consultant's own expense, health, disability, unemployment, workers compensation, and other insurance, professional training and licenses for the Consultant's personnel. The Company shall not be responsible for paying, and the Consultant agrees to indemnify the Company for, any income taxes or employment-related taxes, including, without limitation, social security and estimated taxes, due by the Consultant that have been incurred as a result of the compensation paid to the Consultant under this Agreement. Neither the Consultant nor any of the Consultant's personnel shall be entitled or eligible, by reason of the contractual relationship created by this Agreement, to participate in any benefits or privileges extended by the Company to its employees, and the Consultant waives any right to or claim for any such benefits or privileges. The Consultant shall be solely responsible for the control and supervision of any of the personnel that the Consultant uses to perform its duties under this Agreement. The Consultant agrees to indemnify the Company for any claims, costs, losses, fees, penalties, interest or damages suffered by the Company resulting from the Consultant's failure to comply with this Section 10.

SECTION 11. Representations, Warranties and Additional Covenants of the Consultant.

The Consultant hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by the Consultant does not and shall not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Consultant is a party or any judgment, order or decree to which the Consultant is subject, (b) the Consultant is not a party to or bound by any employment agreement, (c) the Consultant is not a party to or bound by any consulting agreement, non-compete agreement, confidentiality agreement or similar agreement with any other person or entity that would affect the Company or the obligations of the Consultant hereunder and (d) upon the execution and delivery of this Agreement by the Company and the Consultant, this Agreement will be a valid and binding obligation of the Consultant, enforceable in accordance with its terms. The Consultant further represents and warrants that it has not disclosed, revealed or transferred to any third party any of the Confidential Information that it may have obtained prior to the date of this Agreement and that he has safeguarded and maintained the secrecy of the Confidentiality Information to which it has had access or of which it has knowledge. In addition, the Consultant represents and warrants that it has no ownership in nor any right to nor title in any of the Confidential Information and the Work Product.

SECTION 12. Notices.

All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given when delivered personally to the recipient, telecopied to the intended recipient at the telecopy number set forth therefor below, or one (1) business day after deposit with a nationally recognized overnight delivery service, in each case as follows:

If to the Company, to:

Krele Pharmaceuticals, Inc.
9 W. 57th St. – 26th FLR
New York, NY 10019
Telephone: (212) 644-2610
Fax: (212) 923-5700
Attention: Chief Executive Officer

If to the Consultant, to the address set forth on the signature page hereto;

or such other address as the recipient party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such communication shall deemed to have been delivered and received (a) when delivered, if personally delivered, sent by telecopier or sent by overnight courier, and (b) on the fifth business day following the date posted, if sent by mail. Instructions, notices or requests may be sent by email to the Consultant.

SECTION 13. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing and except to the extent otherwise provided in Section 8(d) (with respect to a breach of the provisions of Section 8), if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Survival. The provisions of Sections 4 through 10 shall survive any termination of this Agreement.

(c) Complete Agreement. This Agreement and those documents expressly referred to herein (including, but not limited to, the exhibit attached hereto) constitute the entire agreement among the parties and supersede any prior correspondence or documents evidencing negotiations between the parties, whether written or oral, and any and all understandings, agreements or representations by or among the parties, whether written or oral, that may have related in any way to the subject matter of this Agreement.

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Consultant and the Company and their respective successors, assigns, heirs, representatives and estate; provided, however, that the rights and obligations of the Consultant under this Agreement shall not be assigned without the prior written consent of the Company in its sole discretion. The Company may (i) assign any or all of its respective rights and interests hereunder to one or more of its affiliates, (ii) designate one or more of its affiliates to perform its respective obligations hereunder (in any or all of which cases the Company nonetheless shall remain responsible for the performance of all of their obligations hereunder), (iii) collaterally assign any or all of its respective rights and interests hereunder to one or more lenders of the Company or its affiliates, (iv) assign its respective rights hereunder in connection with the sale of all or substantially all of its business or assets (whether by merger, sale of stock or assets, recapitalization or otherwise) and (v) merge any of affiliates with or into the Company (or vice versa). The rights of the Company hereunder are enforceable by its affiliates, who are the intended third party beneficiaries hereof.

(e) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION), THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK TO BE APPLIED.

(f) Jurisdiction and Venue.

(i) The Company and the Consultant hereby irrevocably and unconditionally submit, for themselves and their property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and the Company and the Consultant hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Company and the Consultant irrevocably waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Company and the Consultant agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Consultant agrees not to commence a claim or proceeding hereunder in a court other than a New York State court or federal court located in the State of New York, except if the Consultant has first brought such claim or proceeding in such New York State court or federal court located in the State of New York, and such court or courts have denied jurisdiction over such claim or proceeding.

(ii) The Company and the Consultant irrevocably and unconditionally waive, to the fullest extent they may legally and effectively do so, any objection that they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof.

(iii) Notwithstanding clauses (i)-(ii), the parties intend to and hereby confer jurisdiction to enforce the covenants contained in Sections 6 through 8 upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold such covenants wholly or partially invalid or unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Company's right to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(iv) The parties further agree that the mailing by certified or registered mail, return receipt requested to both (x) the other party and (y) counsel for the other party (or such substitute counsel as such party may have given written notice of prior to the date of such mailing), of any process required by any such court shall constitute valid and lawful service of process against them, without the necessity for service by any other means provided by law. Notwithstanding the foregoing, if and to the extent that a court holds such means to be unenforceable, each of the parties' respective counsel (as referred to above) shall be deemed to have been designated agent for service of process on behalf of its respective client, and any service upon such respective counsel effected in a manner which is permitted by New York law shall constitute valid and lawful service of process against the applicable party.

(g) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and the Consultant, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(h) Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an

original and all of which together shall constitute one and the same instrument.

(j) WAIVER OF JURY TRIAL. NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

* * * *

[Signature Page Follows]

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

KRELE PHARMACEUTICALS, INC.

By /s/ PATRICK P. GRACE
Name: Patrick P. Grace
Director

Consultant:
L&L TECHNOLOGIES, LLC

/s/ SETH LEDERMAN
Seth Lederman, MD
Manager

Address:
c/o Seth Lederman
245 E. 93rd St. – 14E
New York, NY 10128
Fax No.: (212) 923-5700

Exhibit A

Form of Restricted Stock Agreement

Exhibit 10.07

TECHNOLOGY TRANSFER AND ASSIGNMENT AGREEMENT ("***Agreement***"), dated as of June 4, 2010, by and between Lederman & Co., LLC, a Delaware limited liability company ("***Assignor***"); and Krele Pharmaceuticals, Inc., a Delaware corporation, with its principal business address at 9 West 57th, 26th Floor, New York, New York 10019 ("***Assignee***").

BACKGROUND

A. Assignor owns and possesses technology, data, information, trade secrets, know-how and other proprietary rights related to isometheptene mucate (the "***ICA IP***").

B. Assignor wishes to have the ICA IP further developed and commercialized by Assignee.

C. Assignor is willing to transfer and assign its entire right, title and interest in the ICA IP to Assignee subject to the terms and conditions of this Agreement.

In consideration of the mutual promises and covenants expressed herein, and other good and valuable consideration, the receipt and sufficient of which is hereby acknowledged, the parties agree as follow:

1. **ICA Asset Transfer and Assignment.**

(a) For purposes of this Agreement, "***ICA Assets***" means all proprietary rights in the ICA IP, including, without limitation, all patentable subject matter, all resulting patent applications and patents (if any), all copyright and trade secret rights, and all technical, scientific, medical and manufacturing information, documents, data (including market research data), designs, know-how, show-how, prototypes, software, trade secrets and other proprietary information relating to, claiming or covering the ICA IP and inventions described therein; all rights to commercialize such inventions; and all benefits and rights resulting therefrom.

(b) Assignor hereby transfers, assigns, conveys and delivers to Assignee its entire right, title and interest in and to the ICA Assets.

(c) Assignor hereby assumes all right, title, and interest in and to the ICA Assets.

2. Consideration. In consideration of Assignor's transfer of the ICA Assets to Assignee, Assignee shall issue to Assignor 1,500,000 shares of Assignee's common stock, $0.01 per value per share, in accordance with the terms of a subscription agreement, dated as of the date hereof ***(the "Subscription Agreement")***.

3. Representations.

(a) Assignor represents and warrants to Assignee as follows: (i) the execution, delivery and performance of this Agreement by Assignor does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound; (ii) Assignor has not granted any rights to any ICA Assets to any third person or entity; and (iii) Assignor is the owner of its entire right, title and interest in and to the ICA Assets, free and clear of all liens, encumbrances and contractual restrictions.

(b) Assignor further represents and warrants to Assignee as follows: (i) to Assignor's knowledge, the use the ICA Assets does not conflict with, or infringe, the rights of any third person or entity; and (ii) Assignor has not received any communications alleging that Assignor the use of the ICA Assets violates any of the patents, trademarks, service marks, tradenames, domain names, copyrights, trade secrets or other proprietary rights or processes of any other person or entity.

4. Covenants; Further Assurances.

(a) For purposes of this Agreement, "***Successors***" means, as applicable, a party's successors and assigns.

(b) Assignor (for itself and its Successors) hereby covenants with Assignee and its Successors, that Assignor and its Successors, will do execute and deliver, or will cause to be done, executed and delivered, all such further acts, transfers, assignments, conveyances, powers of attorney and assurances for the better assuring, conveying and confirming unto Assignee and its Successors, their entire right, title and interest in the ICA Assets as Assignee and its Successors shall require.

(c) Without limiting Section 4(b), Assignor covenants that (i) it will, upon request, provide Assignee promptly with all pertinent facts and documents relating to ICA IP as may be known and accessible to it; (ii) it will testify as to the same in any interference, litigation or proceeding related thereto; and (iii) it will promptly sign, execute, make and do all such deeds, documents, acts and things as Assignee may reasonably require: (A) to apply for, obtain, register and vest in the name of Assignee alone (unless Assignee otherwise directs) patents, copyrights, trademarks or other analogous protection in any country throughout the world relating to the ICA Assets and when so obtained or vested to renew and restore the same; (B) to defend any judicial, opposition or other proceedings in respect of such application and any judicial, opposition or other proceeding, petition or application for revocation of any such patent, copyright, trademark or other analogous protection; and (C) to evidence, perfect, maintain, defend and enforce all of Assignee's rights in patents, copyrights, trademarks, trade secrets, or other intellectual property rights relating to the ICA Assets in any and all countries.

(d) If Assignee is unable to secure the signature of Assignor on any application for patent, copyright, trademark or other analogous registration or other documents regarding any legal protection relating to an ICA Asset, Assignor hereby irrevocably designates and appoints Assignee and its duly authorized officers and agents as its agent and attorney-in-fact, to act for and in its behalf and stead to execute and file any such application or applications or other documents and to do all other lawfully permitted acts to further the prosecution and issuance of patent, copyright or trademark registrations or any other legal protection thereon with the same legal force and effect as if executed by Assignor. Assignee acknowledges that the scope of the agency and power of attorney created by this Section 4(d) is limited to the furtherance of the prosecution and issuance of patent, copyright or trademark registrations or other legal protection thereon.

(e) Assignor agrees that any breach of this Agreement by it will cause irreparable damage to Assignee and that in the event of such breach Assignee shall have, in addition to any and all remedies of law, the right to an injunction, specific performance or other equitable relief to prevent the violation of its obligations hereunder.

5. Miscellaneous.

(a) Choice of Law. This Agreement shall be construed, governed, interpreted and applied in accordance with the laws of the State of New York, without regard to conflict of laws principles.

(b) Severability. The provisions of this Agreement are severable, and in the event that any provisions of this Agreement shall be determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions of this Agreement, provided that the essential purpose of this Agreement is not frustrated.

(c) No Waiver. The failure of any party to assert a right under this Agreement or to insist upon compliance with any term or condition of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof.

(d) No Other Agreements. This Agreement and the Subscription Agreement represent the entire understanding between the parties, and supersede all other agreements, express or implied, between the parties concerning the subject matter hereof, and shall not be subject to any change or modification except by the execution of a written instrument subscribed to by the parties affected hereto.

(e) Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

(f) Assignment. This Agreement shall be binding upon the parties and their respective Successors. Without limiting the foregoing, Assignee shall have the right to assign this Agreement to its Successors, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by said Successors.

[signature page follows]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Agreement to be duly executed as of the date first above written.

LEDERMAN & CO., LLC

/s/ SETH LEDERMAN
By: Seth Lederman, MD
Title: Managing Member

KRELE PHARMACEUTICALS, INC.

/s/ PATRICK P. GRACE
Patrick P. Grace
Director

/s/ DONALD W. LANDRY
Donald W. Landry
Director

Exhibit 10.08

FINANCIAL PUBLIC RELATIONS
LETTER OF AGREEMENT
FOR
TONIX Pharmaceuticals, Inc.

We are pleased that you have retained Porter, LeVay and Rose, Inc. ("PLR") as public relations advisors for TONIX PHARMACEUTICALS, INC., a Delaware corporation (the "Company"). This letter describes the terms of our engagement, effective as of August 1, 2011 (the "Agreement").

1. SERVICES. In consideration of the fees set forth below, PLR will, on behalf of the Company, (i) create, prepare and disseminate information and written material, (ii) contact editors, consumers, businesses, and financial and trade media and (iii) perform such other duties as are usually performed by public relations advisors. PLR will also create, prepare, and disseminate information and written material, write or edit press releases, review draft copies of the Company's annual report, review existing slide presentations, prepare speeches, arrange for financial community meetings and maintain contact with members of the financial community. Additional services shall be available on a per-project basis relating to industry trade shows, special events, satellite tours or press conferences as are mutually decided by the parties to this Agreement.

2. FEES. During the Term of this Agreement, PLR will be entitled to a fee of Twelve Thousand Dollars ($12,000) per month payable on the first day of each month. An additional fee of Six Hundred Seventy-Five Dollars ($675) per day will be charged for all business conferences and meetings where the Company has the exclusive attention and use of PLR personnel. The first payment pursuant to this Agreement shall be due and payable on or before August 1, 2011. All fees paid pursuant to this Agreement are non-refundable.

The Company shall be responsible for all reasonable, prior approved, out-of-pocket expenses incurred by PLR on its behalf. The following expenses will be calculated at PLR's net cost plus a standard agency service fee of 18%: art work, production printing, production photography, advertising, mailings and sales presentations. For all other expenses incurred on the Company's behalf, PLR will bill the Company at its net cost with no additional markup.

All payments are due upon receipt of invoice. PLR may, in its sole discretion, charge interest of 1.5% per month (18% per year) on any amount due that is not paid within thirty (30) days of the date of invoice. PLR, in its sole discretion, may suspend all services provided under this agreement if any invoice remains unpaid within sixty (60) days of the date of the invoice and upon 10 days prior written notice to the Company of PLR's intent to suspend services. PLR will resume services upon satisfaction of all amounts outstanding.

3. TERM. It is understood that this Agreement shall be in effect as of August 1, 2011 and continue on a month-to-month basis until terminated by either party with fifteen (15) days prior written notice (the "Term").

4. RELIANCE ON INFORMATION. It is understood that as the public relations advisors for the Company, PLR must at all times rely upon the Company, its officers, directors and employees, as to the accuracy and completeness of information and material furnished to PLR by any of them. In connection with PLR's activities on behalf of the Company, the Company agrees to cooperate with PLR and to furnish it with information and data that it deems appropriate and will provide PLR with reasonable access to its officers, directors, employees as appropriate. The Company represents and warrants that all information provided to PLR during the Term shall be, to the best of the Company's knowledge, complete and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements are made.

5. CONFIDENTIALITY. All of the Company's information provided to PLR pursuant to this Agreement (the "Confidential Information") is confidential and PLR shall not disclose any Confidential Information to any person, except members of PLR's professional staff who are involved in this engagement and PLR's outside counsel. Notwithstanding the foregoing, the confidentiality obligations of this Section 5 do not apply to any Confidential Information that: (i) is known by PLR prior to its engagement hereunder without an obligation of confidentiality, (ii) is otherwise publicly available or known to the public through no fault of PLR, (iii) is or becomes lawfully available to PLR from a source other than the Company who has a lawful right to make such disclosure without breach of this Agreement or otherwise in violation of the Company's rights or (iv) is required to be disclosed by PLR by court order or similar process, upon prior written notice to the Company. If this Agreement is terminated for any reason and under any circumstances, PLR shall continue to hold all of the Confidential Information as confidential and will not use, disclose or communicate any of it to any persons for any reason whatsoever without the prior written consent of the Company.

6. INDEMNIFICATION. It is PLR's custom to receive indemnification from customers in connection with its services as a public relations advisor. Accordingly, the Company agrees to provide the indemnification set forth in Exhibit A hereto.

7. ASSIGNMENT. The benefits of this Agreement shall inure to the parties hereto, their respective successors and assigns and to the Indemnified Parties (as defined in Exhibit A) hereunder and their respective successors and assigns and representatives, and the obligations and liabilities assumed in this Agreement by the parties hereto shall be binding upon their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior written approval of the other party hereto. Any purported assignment in violation of the provisions of this Section 7 shall be null and void *ab initio*.

8. MISCELLANEOUS.

(a) PLR acknowledges and agrees that any and all work product (which includes intellectual property), including, without limitation, all artwork, photography, advertising, designs, presentations and other materials developed and/or created by PLR in the course of performing its services pursuant to the terms of this Agreement shall be deemed "works for hire" and shall be the sole and exclusive property of the Company and PLR hereby assigns to the Company all of its rights, title and interest in and to any such work product. PLR further agrees that the Company shall have the sole and exclusive right to use, reproduce, patent and/or copyright any such work product and PLR agrees to execute any and all documents reasonably requested by the Company to evidence the Company's sole and exclusive ownership of such work product.

(b) If it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that any term or provision hereof is invalid or unenforceable, (i) the remaining terms and provisions hereof shall be unimpaired and shall remain in full force and effect and (ii) the invalid or unenforceable provision or term shall be replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable term or provision.

(c) This Agreement embodies the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. No alteration, waiver, amendment, change or supplement hereto shall be binding or effective unless the same is set forth in writing and signed by a duly authorized representative of each party.

(d) Each party has all requisite corporate power and authority to enter into this Agreement and the transactions contemplated hereby. This Agreement has been duly and validly authorized by all necessary corporate action on the part of each party and has been duly executed and delivered by each party and constitutes a legal, valid and binding agreement of each party, enforceable in accordance with its terms.

(e) PLR shall provide its services pursuant to the terms of this Agreement in a competent, efficient and diligent manner consistent with industry standards for public relations advisors.

(f) In addition to any other remedy available at law, in equity or under this Agreement, in the event of a breach or threatened breach of Section 5, the Company will be entitled to injunctive relief without the necessity of posting bond or other security.

(g) Any notice required to be sent under this Agreement shall not be deemed given unless set forth in writing and (a) hand-delivered, (b) sent by overnight courier service or (c) mailed by certified mail, return receipt requested, to the address of the receiving party set forth herein, or such other address as may hereafter be specified in writing. Notices shall be effective (i) upon delivery if hand delivered, (ii) on the next business day if sent by overnight courier or (iii) three (3) days after mailing if sent by certified mail.

(h) This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to choice of law principles thereof. The parties consent to the jurisdiction of the courts of the State of New York.

(i) This Agreement may be executed and delivered (including by facsimile or other electronic transmission) in multiple counterparts, each of which shall be an original, so that all of which taken together shall constitute one and the same instrument. Please indicate your approval of this Agreement by signing the original copy of this letter and returning it for our files. We look forward to working with you.

PORTER, LE VAY & ROSE, INC.

BY: /s/ MICHAEL J.PORTER DATE: July 28, 2011
Michael J. Porter
President

Address: Seven Penn Plaza, Suite 810 New York, NY 1001

Accepted and agreed to as of the date first written below:

TONIX Pharmaceuticals, Inc.

By: /s/ SETH LEDERMAN
Seth Lederman, MD DATE: July 28, 2011
President & Chairman

Address: 509 Madison Avenue, Suite 306
New York, NY 10022

Exhibit A

Indemnification

(a) The Company agrees to indemnify PLR and its affiliates and their respective members, directors, officers, employees, agents and controlling persons (PLR and each such person being an "Indemnified Party"), to the fullest extent permitted by law, from and against any and all losses, claims, damages, expenses and liabilities (including, without limitation, the costs, expenses and disbursements, as and when incurred, of investigating, preparing or defending any such action, suit, investigation or proceeding), to which such Indemnified Party may become subject under any applicable federal or state law or otherwise, and related to or arising out of the engagement of PLR pursuant to, and its performance of the services contemplated by, this Agreement. Upon written request, the Company will reimburse any Indemnified Party for all reasonable expenses (including reasonable counsel fees and expenses) as they are incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim, or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party and whether or not such claim, action or proceeding is initiated or brought by the Company. The Company will not be liable under the foregoing indemnification provisions to the extent that any loss, claim, damage or liability is finally determined by a court of competent jurisdiction to have resulted from an Indemnified Party's bad faith, willful misconduct or negligence.

(b) If any action, claim or proceeding shall be brought or asserted against any Indemnified Party with respect to which indemnity may be sought hereunder, the Company shall assume the defense thereof with counsel reasonably satisfactory to the Indemnified Party; provided that the Indemnified Party shall have the right to employ separate counsel if (i) the Company shall have failed promptly to assume the defense of such action, claim or proceeding with counsel reasonably satisfactory to such Indemnified Party, (ii) the representation of such Indemnified Party by legal counsel selected by the Company would be inappropriate due to an actual or potential conflict of interest, or (iii) such Indemnified Party shall have been advised by counsel that there are legal defenses available to such Indemnified Party which are different from or in addition to those available to the Customer. In the event that such Indemnified Party so elects to employ separate counsel, the Company shall not, in connection with any such action, claim or proceeding, be liable for the fees and expenses of more than one separate firm of attorneys at any time representing such Indemnified Party or Parties (together with any local counsel). The Company shall not be liable for any settlement of any such action or proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed, but if any action or proceeding is settled with its written consent, or there shall be a judgment against an Indemnified Party in any such action or proceeding and the Indemnified Party is entitled to be indemnified pursuant to paragraph 6(a) hereof, the Company agrees to indemnify and hold harmless such Indemnified Party from and against any loss, claim, damage or liability by reason of such settlement or judgment. The Company agrees that, without PLR's prior written consent, which shall not be unreasonably withheld or delayed, it will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification has been or could be sought under the indemnification provisions of this Agreement (whether or not PLR or any other Indemnified Party is an actual or potential party to such claim, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action or proceeding, or such settlement, compromise or consent, expressly states that neither the existence of such settlement, compromise or consent, nor the terms thereof may be used in any manner in any litigation involving an Indemnified Party.

#####

Exhibit 10.09

** * * Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.*

FEASIBILITY AND OPTION AGREEMENT

THIS FEASIBILITY AND OPTION AGREEMENT (the *"**Agreement**")* is made and entered into as of June 20, 2007 by and between **LIPOCINE, INC.,** a Delaware corporation having its principal place of business at 675 Arapeen Drive, Suite 202, Salt Lake City, UT 84108 (*"**Lipocine**"*), and **KRELE PHARMACEUTICALS, INC.,** a Delaware corporation having its principal place of business at 1349 Lexington Avenue, Suite 2C, New York, NY 10128 *("**Krele").*** Lipocine and Krele may be referred to herein individually as a *"**Party**"*, or collectively as the *"**Parties**"*.

1. OVERVIEW

1.1 This Agreement provides for: (a) a feasibility and phase I study to be conducted by Lipocine with Krele funding, to study the feasibility of oral delivery of cyclobenzoprine (the *"**Product**"*) using Lipocine's delivery technology (the *"**Feasibility Study**"*), and (b) the grant to Krele of an exclusive option to negotiate and enter into an exclusive license under the applicable Lipocine technology and intellectual property to develop and commercialize the Product upon payment of **$[* * *]** towards the cost of the Feasibility Study. The Lipocine technology that will be used in the Feasibility Study and available under such option includes Lipocine's Lip'ral™ technology for improving absorption of poorly water-soluble compounds.

2. FEASIBILITY PROGRAM

2.1 Feasibility Program**.** Lipocine shall conduct a Feasibility Study to assess the feasibility of improved oral delivery of the Product for Krele in accordance with the Feasibility Study protocol attached to this Agreement as Exhibit I and incorporated herein (the ***"Protocol"***). Lipocine shall conduct the Feasibility Study exclusively for Krele in a diligent, professional and workmanlike manner. The cost and timelines for conducting the Feasibility Study are as specified in the Protocol. Upon the completion of the Feasibility Study, Lipocine shall deliver the final report as contemplated by the Protocol (the *"**Final Report**"*). Krele will promptly review the results of the Feasibility Study as set forth in the Final Report. If Krele determines that it desires to proceed with its option to license, Krele will so notify Lipocine in writing no later than thirty (30) days after receipt of the Final Report).

3. OPTION FOR EXCLUSIVE LICENSE

3.1 Option to License.

(a) Lipocine hereby grants to Krele the exclusive option (the *"**Option**"*) to obtain an exclusive, worldwide license under the Lipocine Intellectual Property (as defined below) for the further development and commercialization of the Product, on the terms and conditions set forth in this Section 3. Krele may elect to exercise the Option by providing Lipocine written notice of such election no later than thirty (30) days after receipt of the Final Report.

(a)

(b) If Krele exercises the Option, then the Parties will meet promptly thereafter and negotiate in good faith a license agreement that grants Krele or an affiliate the exclusive, worldwide license and rights under the Lipocine Intellectual Property to further develop, make, have made, offer for sale, sell, import and use the Product, which license agreement shall be on the terms set forth below and shall contain such other commercially reasonable terms as are customary in the industry for similar license agreements.

(c) During the term of the Feasibility Study and the Option Period (as defined in Section 3.1(d) below), Lipocine agrees to make available to Krele all data, know-how and information related to the Product and Lipocine Intellectual Property that is in Lipocine's possession or control and that is reasonably necessary or useful to Krele in order for Krele to exercise its Option and determine an appropriate regulatory strategy for the Product.

(d) The Parties understand and agree that if, despite the Parties' good faith negotiations, the Parties are not able to reach final agreement on a definitive license agreement on the terms provided herein within sixty (60) days after commencing such negotiations (or such longer period as agreed to by the Parties) (the "***Option Period***"), neither Party will be obligated to proceed further with such negotiations.

** * * Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.*

3.2 Scope of Exclusive License.

(a) The license rights covered by the Option will be an exclusive, worldwide license, including rights to sublicense, under the Lipocine Intellectual Property solely to develop, make, have made, offer for sale, sell, import and use the Product. Under the terms of such license, Krele, its affiliates, and/or its sublicensees will own exclusively all data, regulatory filings and regulatory approvals covering the Product. For purposes of this Agreement, *"**Lipocine Intellectual Property**"* means the patents and know-how rights owned or otherwise controlled by Lipocine that claim or cover, or directly relate to, the Lipocine oral delivery technology that is, or may be, used in the Product.

(b) During the term of the license agreement, in no event shall Lipocine license, transfer or sell the Lipocine Intellectual Property to a third party for the development, manufacture, use, sale or commercialization of cyclobenzaprine products.

(c) If development of the formulation selected by Krele reveals that the formulation is not optimal, in Krele's judgment, Krele has the option to have Lipocine redevelop one of the formulations from the Feasibility Study that Krele did not initially select with reimbursement of reasonably incurred costs to Lipocine.

3.3 Payments for Exclusive License. The Parties understand and agree that the payment provisions provided in this Section 3.3 relate to all Products based on cyclobenzaprine. For the avoidance of doubt, the milestone payments will be paid only once for the first Product that is bioequivalent to cyclobenzaprine 5 mg. Krele contemplates developing at least four Products that are bioequivalent to cyclobenzaprine 5 mg: for muscle spasm, sleep, generalized anxiety and fibromyalgia, and no additional milestones will be paid for such Products. If Krele develops Products that are bioequivalent to other products (for, example, a product that is bioequivalent to cyclobenzaprine 10 mg), such Products will be considered additional Products and Krele will pay **[* * *]**%) of the milestones set forth in Section 3.3(d) below for the second and third additional Products only.

(a) License Fee. In the event the Parties enter into a license agreement for the Lipocine Intellectual Property as provided herein, Krele will pay Lipocine a license fee of $**[* * *]** within ten (10) days of the effective date of the license agreement.

(b) Product Development Reimbursement. If Krele decides to engage Lipocine to assist Krele in the further development of the Product, then and only then, as provided in the license agreement, Krele will reimburse Lipocine for all of Lipocine's research and development expenses relating to Lipocine's activities in support of development of the Product as directed by Krele. Such research and development expenses will be more fully defined in a product development plan approved by Krele prior to Lipocine incurring any such costs.

(c) Sublicense Payments. Krele will pay to Lipocine payments equal to **[* * *]**%) of any pre-commercialization or commercialization consideration (e.g., upfront license fees, milestone payments, license maintenance fees, royalties, etc.) received by Krele from a sublicensee, including any such pre-commercialization consideration received as a result of NDA (or equivalent) approval or Product launch.

(d) Milestones. Krele will pay Lipocine milestone payments for the following events:

1) [* * *]

2) [* * *]

In addition, as provided in Section 3.3 above, if Krele develops Products that are bioequivalent to products other than cyclobenzaprine 5 mg, such Products will be considered additional Products and Krele will pay **[* * *]**%) of the milestones set forth above for the second and third additional Products only.

** * * Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.*

(e) Royalties. Krele will pay to Lipocine royalties based on sales of Product by Krele and its affiliates, which royalties equate to **[* * *]**% of net sales.

3.4 Understandings. The Parties understand and agree that consummation of the above proposed licensing transaction is contingent upon execution and delivery of the contemplated license agreement in a form satisfactory to both of the Parties, which will include the terms and conditions of Section 3.3 above as well as additional terms and conditions customary for a transaction of this nature, including without limitation, technology transfer provisions, customary representations and warranties, indemnification provisions and intellectual property prosecution and enforcement provisions, and neither Party shall be bound (except to negotiate in good faith and as otherwise provided herein) unless and until such license agreement is finally agreed upon and executed by both Parties.

4. **INTELLECTUAL PROPERTY MATTERS**

4.1 Prior Intellectual Property. All patents, trade secrets, information, know-how, inventions, technology, data and other intellectual property rights owned by either Party prior to the Effective Date shall remain the sole property of the respective Party. For the avoidance of doubt, Krele shall retain all or its and its affiliates' rights in patents, trade secrets, information, know-how, inventions, technology, data and other intellectual property rights that relate to very low dose cyclobenzoprine (VLD-cyclo) (the *"**Krele Intellectual Property**"*).

4.2 Developed Intellectual Property. All patents, trade secrets, inventions, technology, and other intellectual property rights (collectively, "***Intellectual Property***") arising from the performance of the Feasibility Study shall be jointly owned by Krele and Lipocine. Each of the Parties shall have the sole right to file patent applications related to their respective Intellectual Property and the Parties shall mutually determine which Party shall file patent applications for jointly-owned Intellectual Property. Each Party shall execute such assignments and other documents as the other Party may reasonably request to enable the Parties to perfect assignments to the other Party of the Intellectual Property as provided herein and to protect the Intellectual Property.

4.3 No Implied or Express License. Unless and until Krele exercises the Option and the Parties enter into the license agreement contemplated by such Option, Krele shall obtain no license or other rights under, and Lipocine grants no implied or express license to Krele under, the Lipocine Intellectual Property for any use or purpose. In addition, Lipocine shall have no license or other rights under, and Krele grants no implied or express license to Lipocine under, the Krele Intellectual Property for any use or purpose other than performance of the Feasibility Study on behalf of Krele as contemplated by the Protocol and this Agreement.

4.4 Use of Study Data and Name. Lipocine shall have the rights to use the data and results of the Feasibility Study (the *"**Study Data**"*) for internal and marketing purposes (and not drug development), such as use of the Study Data in proposals, presentations and similar materials supplied by Lipocine to its prospective partners or business partners for promotional or marketing purposes only; provided, however, that Lipocine shall redact all references to Krele and Krele Intellectual Property and any confidential or proprietary information from any Study Data supplied to the prospective customers or business partners of Lipocine and such prospective customers and business partners will not be granted any rights or licenses (implied or express) in the Krele Intellectual Property or Study Data. Upon execution of the license agreement, Krele shall have the right, but not any obligation, to use the name "Lipocine" and "Lip'ral" on internal and marketing materials related to the Feasibility Study and the results thereof, including any Products.

4.5 Ownership of Study Data. Notwithstanding anything to the contract in Section 4.2, Krele shall own all work product, information and data arising from the Feasibility Study regardless of whether the Option is exercised.

5. TERM AND TERMINATION

5.1 Agreement Term. Unless terminated earlier by either Party pursuant to this Section 3, this Agreement shall become effective upon the Effective Date and shall terminate on the earlier of expiration of the Option. This Agreement may be extended by written agreement signed by the Parties.

5.2 Termination for Uncured Breach. If a Party breaches a material obligation, the other Party may give written notice to such breaching Party specifying the breach and its intention to terminate this Agreement if such breach is not cured. If the breaching Party does not cure the breach within sixty (60) days of receipt of such notice, the other Party may terminate the Agreement upon written notice to the breaching Party.

5.3 Consequences of Termination. Termination or expiration of this Agreement will not relieve either Party of any obligations under this Agreement accrued prior to any such termination or expiration. The obligations of the Parties pursuant to Sections 4.1, 4.2, 4.3 and 6 shall survive expiration or termination of this Agreement for the period set forth therein, and if no period is set forth, perpetually.

5.4 Early Termination. Upon early termination of the Feasibility Study, for reasons other than safety concerns of study subjects or other reasonable scientific or regulatory concerns, or for uncured breach of the payment terms thereunder, the Option to license shall not survive.

6. CONFIDENTIALITY

6.1 Confidential Treatment. All Information of a Party that is disclosed by such Party to the other Party pursuant to this Agreement and labeled "confidential" or the equivalent (the "***Confidential Information***") shall be maintained in confidence by the recipient Party and its respective officers, employees, agents, assignees, and subcontractors for a period of ten (10) years from the date of termination of the Agreement. During such period, recipient Party shall not publish or otherwise disclose the Confidential Information of the disclosing Party to any other Party or entity and shall not use the Confidential Information of the disclosing Party for purposes other than as expressly permitted in this Agreement, without the written consent of the other Party.

6.2 Limited Third Party Disclosure. Each Party may disclose the Confidential Information of the other Party to a third party only after obtaining the prior written approval of the Party owning such Confidential Information for such disclosure and provided that each such Third Party shall have agreed in writing to be bound by obligations of non-use and nondisclosure equivalent in all respects to those assumed by the Parties hereunder.

6.3 Information Excluded from Confidentiality Provision. The foregoing obligations of confidentiality and non-use shall not apply to materials and information that the receiving Party can demonstrate:

(a) are or become publicly known or available through no fault or omission of the recipient;

(b) are learned or obtained by the recipient from a third party entitled to disclose or transfer such materials or information;

(c) are already known or possessed by the recipient before receipt or transfer from the disclosing Party, as shown by the recipient 's prior written records; or

(d) are developed independently by an employee or consultant of the recipient with no knowledge of the Confidential Information disclosed hereunder.

6.4 Other Permitted Disclosure. Notwithstanding any other provision of this Agreement, a Party may disclose the Confidential Information of the other Party to the limited extent that such disclosure:

(a) is in response to a valid order of a court or other governmental body;
or
(b) is required by law or regulation;

provided, however, that such Party shall first have given reasonable prior notice to the other Party and shall have made a reasonable effort, or shall cooperate with the other Party's efforts, as applicable, to obtain a protective order limiting the extent of such disclosure and requiring that the Confidential Information so disclosed be used only for the purposes for which such order was issued or as required by such law or regulation.

7. MISCELLANEOUS PROVISIONS

7.1 Execution in Counterparts. This Agreement may be executed in counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument.

7.2 Entire Agreement. This Agreement constitutes, on and as of the Effective Date, the entire agreement between the Parties with respect to the subject matter hereof, and all prior understanding and agreements, whether written or oral, between the Parties with respect to such subject matter are hereby superseded in their entireties.

7.3 Governing Law. This Agreement shall in all respects be governed by, and construed and enforced in accordance with, the laws of the State of New York without regard to its conflict of laws principles.

7.4 Relationship of the Parties. The Parties to this Agreement are independent contractors and not joint venturers or partners. Neither Party shall be deemed to be an agent of the other Party as a result of any transaction under or related to this Agreement nor shall in any way pledge the other Party's credit or incur any obligation on behalf of the other Party.

7.5 Waiver. The failure of either Party to insist upon strict compliance with any of the terms, covenants, or conditions herein shall not be deemed a waiver by such Party of such terms, covenants or conditions, nor shall any waiver or relinquishment

of any right at any one or more times be deemed a waiver or relinquishment of such right at any other times, nor shall any single or partial exercise of any right or remedy hereunder preclude any other or a future exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

7.6 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Any provision declared invalid or unenforceable by a court of competent jurisdiction shall be deleted and the remaining terms and conditions of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their authorized representatives.

LIPOCINE, INC.

/s/GERALD T. SIMMONS
Name: Gerald T. Simmons
Title: Corporate Business Development Officer

KRELE PHARMACEUTICALS, INC.

/s/ SETH LEDERMAN
Name: Seth Lederman
Title: Chairman

Exhibit 10.10

** * * Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.*

Tonix
Pharmaceuticals, Inc.
250 Pehle Ave.
Park 80 West, Plaza II - Suite 200
Saddle Brook, NJ
07663

October 4, 2010

Lipocine, Inc.
675 Arapeen Drive, Suite 202
Salt Lake City, Utah 84108

Dear Mahesh:

Reference is made to a certain Feasibility and Option Agreement dated as of June 20, 2007 (the "Agreement") between Lipocine, Inc. ("Lipocine") and Tonix Pharmaceuticals, Inc. (formerly known as Krele Pharmaceuticals, Inc.) ("Tonix").

The purpose of this letter is to amend certain provisions of the Agreement. Accordingly, it is hereby agreed as follows:

1. Upon execution of this letter by both parties, Tonix shall pay Lipocine the remaining $**[* * *]** due for Stage I of the Feasibility Program.

2. The preamble of the Agreement shall be amended to modify Tonix's principal place of business to 2 Park 80 Plaza West, Suite 200, Saddle Brook, NJ 07633.

3. Section 2 (Feasibility Program) shall be amended as follows:

(a) The reference to "Exhibit 1" in Section 2.1 shall be deleted and replaced with a reference to "Attachment 1".

(b) The following new Section 2.2 shall be added:

"**2.2 Stage II of the Feasibility Program.** Tonix shall make a decision to proceed to Stage II of the Feasibility Study (as described in the Protocol) by providing Lipocine with a written notice (the "Stage II Notice") by no later than five business days following receipt of a mutually acceptable form of license agreement for the license rights covered by the Option consistent with the terms and conditions in Article 3 of the Agreement. Lipocine shall provide Tonix with a draft of the form of license agreement within thirty (30) days following the date of this letter, and thereafter, Tonix and Lipocine shall expeditiously negotiate the form of license agreement in good faith. Provided that Lipocine has fulfilled its obligations pursuant to the prior sentence, if Tonix has not provided Lipocine with the Stage II Notice by September 30, 2011, the Agreement shall terminate unless extended by mutual agreement in writing."

4. The second through fourth sentences of Section 3.3 (Payments for Exclusive License) shall be deleted and replaced with the following:

"For the avoidance of doubt, the milestone payments will be paid only once for the first cyclobenzaprine Product of any strength. If Tonix develops cyclobenzaprine Products of a different strength than the first Product, such Products will be considered additional Products and Tonix will pay **[* * *]**%) of the milestones set forth in Section 3.3(d) below for the second and third additional Products only."

** * * Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.*

5. The last sentence of Section 3.3(d) (Milestones) shall be deleted and replaced with the following:

"In addition, as provided in Section 3.3 above, if Tonix develops cyclobenzaprine Products that are of a different strength than the first Product, such Products will be considered additional Products and Tonix will pay **[* * *]**%) of the milestones set forth above for the second and third additional Products only."

6. In order to consistently reflect the modifications in paragraph 3 above, page 2 of Attachment 1 (the Protocol) shall be deleted and replaced with the attached amended page 2.

7. The second Paragraph on Page 4 of Attachment I, (Cost & Payment Terms) shall be deleted and replaced with the following:

"The cost for Stage II of the feasibility program is $**[* * *]** (plus external costs) with IND. The total cost (plus external costs) w/o IND is $**[* * *]** paid as follows:...."

8. Except as expressly provided herein, and notwithstanding any prior notices or correspondence between the Parties, all terms, covenants and conditions of the Agreement shall remain in full force and effect, and this amendment and the Agreement shall be read as one instrument.

Kindly confirm that the foregoing represents our agreement by signing and returning to the undersigned the enclosed copy hereof, whereupon this letter shall constitute an amendment to the Agreement.

Very truly yours,

TONIX PHARMACEUTICALS, INC.

By: /s/ SETH LEDERMAN
Name: Seth Lederman
Title: Chairman
Date Signed: _____

ACCEPTED AND AGREED TO:

LIPOCINE, INC.

By: /s/ MAHESH V. PATEL
Name: .Mahesh V. Patel
Title: President and CEO

Date Signed: _____

ATTACHMENT 1

Improved Oral Delivery of Cyclobenzaprine – Feasibility Proposal

Background

Lipocine Inc. (Lipocine) has proprietary technology, Lip'ral™, for improved oral absorption of poorly water soluble drugs and elimination of food effects on absorption. The technology has been validated in clinical and preclinical studies with several different poorly water soluble drugs, and is protected by issued and pending patents.

Tonix Pharmaceuticals, Inc. (formerly known as Krele Pharmaceuticals, Inc., Tonix) has contracted Lipocine to conduct a feasibility evaluation for the improved oral delivery of Cyclobenzaprine, a muscle relaxant. Cyclobenzaprine is currently sold under the brand name Flexeril® and there are several generics. It is available as 5 mg, 7.5 mg and 10 mg tablets.

The specific objectives of the feasibility evaluation are:

1. Develop Lip'ral™ formulations of Cyclobenzaprine at slightly lower strength than the marketed product; select two formulations for a Phase I study.

2. Manufacture, test and release the lots under GMP. Conduct a Phase I clinical study under a US IND to determine whether the Lipocine formulations are bioequivalent to Flexeril® 5 mg tablet or have faster absorption, faster elimination or the same or lower area under the curve (AUC) than cyclobenzaprine 5 mg.

The feasibility program involves pre-formulation, formulation development and stability evaluation with the goal of selecting two formulations for a Phase I study. It also includes manufacture, testing and release of clinical lots of the selected formulation and conducting a Phase I study to determine the pharmacokinetics of the Lipocine formulations relative to Flexeril®.

The tasks, timelines and cost of the feasibility program are presented in detail below.

Exhibit 10.11

FROST & SULLIVAN GROWTH CONSULTING

331 E. Evelyn Ave. Suite 100
Mt. View, CA 94041
www.frost.com

October 6, 2010

Seth Lederman, MD
Tonix Pharmaceuticals, Inc.
President
2 Park 80 West Plaza – Suite 200
Saddle Brook, NJ 07663

Delivered via email to: seth.lederman@tonixpharma.com

Dear Seth,

Frost & Sullivan understands that Tonix Pharmaceuticals (the Client) has decided to proceed with the consulting project entitled ***Assessment of the U.S. Fibromyalgia Market to Support S1 Filing (Phase 1 & Phase 2)***, as described in our proposal dated September 27, 2010 (the Project). We are extremely pleased with your decision and look forward to a successful project.

Throughout the course of the Project, Frost & Sullivan will update the Client at regular intervals about project status, consulting strategy, research findings, and other project-specific issues, through conference calls or status reports. We believe this is an important aspect of the overall process. Our team will adhere to all research objectives, deliverables and timelines outlined in the proposal, with the stipulation that we provide the Client with sufficient interim update reports to help fulfill its needs.

As noted in the proposal, the total fees for the both Project phases are as follows:

The **pricing for the work outlined in phase 1** of this proposal is bound to the following terms:

The following shows the total Project cost:

•	Professional fees: `	$ 25,000
•	Direct expense (i.e. IMS data):	$ 15,000
•	Travel	directly billed to Client
•	**TOTAL:**	**$ 40,000**

The **pricing for the work outlined in phase 2** of this proposal is bound to the following terms:

The following shows the total Project cost:

•	Professional fees:	$	61,400
•	Direct expense (data access):	$	5,000
•	Direct expense (KOL honoraria):	$	3,000
•	Travel		directly billed to Client
•	**TOTAL:**	**$**	**69,400**

The work will begin as soon as we receive your written authorization in the form of a signature at the bottom of this agreement letter.

Please review the following terms to ensure that they meet with your approval. If you are unsure of any of these terms, or if you would like to discuss them, Frost & Sullivan will be happy to do so.

1. Invoicing terms for phase 1 will be 100% of direct costs and 50% of professional fees upfront (=$27,500), and the remaining 50% of professional fees (= $12,500) upon completion of phase 1 as provided in the September 27, 2010 Proposal.

2. Invoicing terms for phase 2 will be 100% of direct costs and 50% of professional fees (=$38,700) at the beginning at phase2 which shall not be started later than 4 weeks after initiation of phase 1. Initiation of phase 2 will be confirmed by written approval on this document (see below), and the remaining 50% of professional fees (= $30,700) upon completion of phase 2 as provided in the September 27, 2010 Proposal.

3. All work requested by the Client outside the scope of this Agreement will be billed on a time and materials basis. Alternatively, depending on the scope of the additional work, a new contract will be negotiated. For the avoidance of doubt, assisting the Client with follow-up questions from the U.S. Securities and Exchange Commission concerning disclosure in the Client's Form S-1 related to the U.S. fibromyalgia markets shall be deemed to be included in the scope of work of this Agreement.

4. The stated Project fee includes findings in a Power Point format - three color-copies and one electronic copy of reports produced for the Project.

5. All written reports and materials submitted to the Client, including the Power Point presentation, shall become the sole and exclusive property of the Client and its assigns. Frost & Sullivan understands that all such work has been or shall be prepared by Frost & Sullivan as a consultant within the scope of its engagement by the Client, and constitute a "work made for hire" as defined and used in the Copyright Act of 1976, 17 U.S.C. § 101 et seq. They may be reproduced in printed and electronic format for internal or external reports, presentations, and other similar purposes by the Client. However, the Client may not resell the written reports to third parties without Frost & Sullivan's written consent.

6. Frost & Sullivan will strive always to provide first-rate work. However, there is no representation of certainty, express or implied, by Frost & Sullivan. This is because the markets we study have varying degrees of fragmentation. Client acknowledges this and accepts this point. Client waives any claim to consequential, or punitive damages against Frost & Sullivan based on their reliance on Frost & Sullivan's work.

7. Some data may be considered proprietary by companies to be interviewed, and they may be unwilling to divulge this data to Frost & Sullivan. Results will be on a "best efforts" basis.

8. Client shall have 10 business days following receipt of the final report in which to request clarifications or submit questions that are reasonable and within the original scope of the Project. The Client will be advised of this 10-day period within which changes/clarifications/questions can be made without added expense upon delivery of the draft report. Additional work beyond the scope of the Project will be billed on a time and expenses basis.

9. Either party may terminate this Agreement 30 days following written notice of a material breach by the other party if such breach is not cured with such 30-day period. Termination of this agreement must have a reasonable basis and Client agrees to pay Frost & Sullivan a pro rata fee for tasks accomplished, plus related direct expenses incurred, prior to notice of termination, less any professional fees paid in advance.

10. Frost & Sullivan shall not be liable for delays or failures in performing its obligations resulting from any cause beyond Frost & Sullivan's reasonable control. In the event of any material delay beyond Frost & Sullivan's reasonable control, Frost & Sullivan will notify the Client and specify the revised schedules as soon as practicable.

11. Frost & Sullivan's ability to meet the Project timeline outlined in the proposal may be contingent on Client's input / approval of certain research items (e.g., questionnaire and discussion guide outlines). If there are delays beyond the Project timeline by the Client in providing the needed input or approval that materially impact Project efficiency, Frost & Sullivan reserves the right to bill the Client for the delayed time. Frost & Sullivan will notify the Client in writing of the terms of any additional billing before rendering an invoice.

12. Both parties must agree upon any change, extension or reduction in the scope of the Project in writing. The revised scope will be reflected via either a revised letter of engagement or a time and expenses billing, which will reflect additional billing as required to complete additional work.

13. The Client may request Frost & Sullivan to present the results of the Project. Frost & Sullivan will bill the Client on a time and expenses basis, including preparation, presentation, and travel costs and time.

14. For purposes of this Agreement, "Confidential Information" means any information, technical data, trade secrets or know-how, regarding the Client's products or business, including research, product plans, product registrations, products, services, customers, customer lists, marketing information, software, developments, inventions, specifications, processes, formulas, technology, designs, drawings, marketing, finances or other business information disclosed by the Client or otherwise, directly or indirectly, in writing, orally or by drawings. Frost & Sullivan shall not, during or subsequent to the term of this Agreement, use the Confidential Information for any purpose whatsoever other than the performance of the Project on behalf of the Client or disclose the Confidential Information to any third party. It is understood that Confidential Information shall remain the sole property of the Client. Frost & Sullivan shall take all reasonable precautions to prevent any unauthorized disclosure of the Confidential Information. Confidential Information does not include information that is known to Frost & Sullivan at the time of disclosure to Frost & Sullivan as evidenced by written records of Frost & Sullivan, has become publicly known and made generally available through no wrongful act of Frost & Sullivan or has been rightfully received by Frost & Sullivan from a third party who is authorized to make such disclosure. Upon the termination of this Agreement, or upon the Client's earlier request, Frost & Sullivan shall return to the Client all of the Confidential Information that Frost & Sullivan may have in Frost & Sullivan's possession or control.

15. Neither party may assign or transfer this Agreement or delegate any of its obligations under this Agreement without the other party's written consent. Any attempted assignment, transfer or delegation without such prior written consent will be void.

16. Any claim, dispute, or controversy of whatever nature arising out of or relating to this Agreement shall be governed by and construed under the laws of the State of New York, without giving effect to any choice of law principles that would require the application of the laws of a different jurisdiction.

17. All waivers must be in writing. Any waiver or failure to enforce any provision of this Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.

18. This Agreement, together with the September 27 proposal, completely and exclusively states the agreement of the parties regarding the Project. This Agreement supersedes, and its terms govern, all prior proposals, agreements or other communications between the parties, oral or written, regarding the subject matter of this Agreement. This Agreement shall not be modified except by a subsequently dated written amendment signed on behalf of the Client and Frost & Sullivan by their duly authorized representatives.

Please sign at the bottom of this page and return fax to the attention of Maik Klasen at **(650) 475-1570**. We will commence work promptly at that time. Thank you for this opportunity to work with you.

Phase 1 Approval:

Signed:	/s/SETH LEDERMAN	Signed:	/s/ MAIK KLASEN
	TONIX Pharmaceuticals, Inc.		Frost & Sullivan
Printed:	Seth Lederman, MD	Printed:	Maik Klasen, PhD
Date:	October 6, 2010	Date:	
Title:	President	Title:	Senior Director
Telephone:	212 644-2610	Telephone:	650 – 475 4505

Phase 2 Approval:

Signed:		Signed:	
	TONIX Pharmaceuticals, Inc.		Frost & Sullivan
Printed:	Seth Lederman, MD	Printed:	Maik Klasen, Ph.D.
Date:		Date:	
Title:	President	Title:	Senior Director
Telephone:	212 644-2610	Telephone:	650 – 475 4505

Exhibit 10.12

API SUPPLY AND DEVELOPMENT AGREEMENT (TONIX)

This API Supply and Development Agreement ("Agreement") is entered into as of April 7, 2011 ("Effective Date") by JFC Technologies, Inc., with offices at 100 West Main Street, Bound Brook, New Jersey 08805 referred to (as "Supplier") and Tonix Pharmaceuticals, Inc., a Delaware corporation with offices at 509 Madison Avenue, Suite 306, New York, New York 10022 ("Tonix").

Supplier has the capabilities to develop and manufacture certain active pharmaceutical ingredients, and has expertise in manufacturing such materials on commercial scale. Tonix has proprietary rights in pharmaceutical products containing the active pharmaceutical ingredient, isometheptene mucate (the "API"), and Tonix desires to retain Supplier to manufacture and supply the API for use by Tonix in connection with the manufacture, sale, and distribution of pharmaceutical products, including pharmaceutical products comprised of the API, caffeine and acetaminophen ("ICA").

Supplier and Tonix hereby agree as follows:

1. Definitions.

The capitalized terms used in this Agreement have the following meanings:

"Affiliate" means any person or legal entity controlling, controlled by or under common control with a Party and shall include any corporation fifty percent (50%) or more of the voting power of which (or other comparable ownership interest for an entity other than a corporation) is owned, directly or indirectly, by a Party hereto or any corporation, person or entity that owns fifty percent (50%) or more of such voting power of a Party hereto.

"Agreement" has the meaning set forth in the first paragraph of this Agreement.

"Applicable Laws" means (a) any federal, state and local laws, rules, guidelines, regulations, approvals, and standards of the FDA and other applicable regulatory authorities that apply to the Manufacture of active pharmaceutical ingredient or the facilities at which such Manufacture is performed, including the U.S. Food, Drug and Cosmetic Act, as amended (the "Act"), and all regulations, rules and guidelines promulgated thereunder, and (b) applicable current good manufacturing practices ("cGMP"), in effect at the particular time, issued or required by the FDA and other applicable regulatory authorities.

"DMF" has the meaning set forth in Section 6(f) below.

"Effective Date" has the meaning in the first paragraph of this Agreement.

"Facility" shall mean the Supplier's manufacturing facility located at Bound Brook, NJ.

"FDA" means the United States Food and Drug Administration and any successor agency.

"Intellectual Property Rights" means all patents, patent applications, trademarks, trade secrets and any other intellectual property rights.

"Know-How" means all inventions, discoveries, practices, methods, knowledge, know-how, trade secrets, processes, formulas, assays, skills, experience, techniques and results of experimentation and testing, copyrights, trademarks, designs, concepts, technical information and data, manuals, standard operating procedures, instructions, specifications, software and algorithms, marketing, pricing, distribution, costs and sales data (whether patentable or otherwise).

"Krele" means Krele, LLC, an Affiliate of Tonix.

"Krele Supply Agreement" means a Supply Agreement, dated the Effective Date, by and between Krele and Supplier for the supply of API for use in ICA other than NDA Approved ICA.

"Manufacture" and "Manufacturing" and other forms of such words refer to the manufacturing, processing, handling, packaging, storage, disposal and quality control testing (including in-process, release and stability testing) of the API and the raw materials and components used in connection therewith.

"NDA" means a new drug application for ICA filed with the FDA.

"NDA Approved ICA" means ICA that is subject to an approved NDA by the FDA.

"Net Sales" means the gross amounts invoiced and received by Tonix or its Affiliates for the sale of NDA Approved ICA incorporating API to Third Parties, less the following deductions: (a) reasonable trade, quantity, and cash discounts; (b) refunds, rebates, retroactive price adjustments, chargebacks and any other similar and customary allowances; (c) taxes, duties, tariffs custom charges and other governmental charges imposed on the sale, delivery or use of ICA; (d) fees or commissions paid or allowed to brokers, distributors, dealers, sales representatives and agents; and (e) freight, insurance, customs and other similar charges or fees related to the shipping or handling of ICA; provided, that Net Sales shall only be calculated on NDA Approved ICA that incorporates API that was purchased from Supplier or that was purchased from a Third Party that sublicenses Supplier's Intellectual Property Rights pursuant to Section 2(b)(iii) below.

"Party" means Tonix or Supplier; and "Parties" means collectively, Tonix and Supplier.

"Purchase Order" has the meaning set forth in Section 3(b) below.

"Specifications" means the specifications contained in Appendix B and supplied by Tonix for API from time to time, including labeling and packaging specifications, minimum shelf life, and such additional specifications as may be indicated by Applicable Law.

"Supplier" has the meaning set forth in the first paragraph of this Agreement.

"Third Party" means any person other Supplier, Tonix or their Affiliates.

"Tonix" has the meaning set forth in the first paragraph of this Agreement.

2. Development; Intellectual Property Rights.

(a) Development Work. In connection with the Manufacture of API, and the approval of an NDA for the ICA, Tonix may perform some development work with respect to the API, at Tonix's discretion and expense, including polymorph and isomer analysis and such other work as Tonix shall determine in its sole discretion. In connection with such development work, Supplier shall supply Tonix with at least 100 grams of API, at no cost. All data resulting from the development work performed by Tonix shall be owned by Tonix; *provided,* that Tonix shall grant Supplier a royalty free license to use such data solely for the purpose of Manufacturing API for Tonix and its Affiliates and for third party companies that use the API for products that contain dichloralphenazone or dipyrone sodium.

(b) Intellectual Property.

(i) Each Party shall retain ownership rights in all Know-How and Intellectual Property Rights owned or controlled by it as of the Effective Date that relates to the API or ICA, in the case of Tonix. Each Party shall retain ownership rights in all Know-How and Intellectual Property related to the API or ICA, in the case of Tonix, solely acquired or solely conceived, generated, reduced to practice or otherwise made by one or more employees of such Party (or their Affiliates or subcontractors) during the term of this Agreement, including any Know-How conceived or reduced to practice in the course of performing development work or the Manufacture of API hereunder. Know-How that is first conceived, generated, reduced to practice or otherwise made jointly by one or more employees of each Party (or their Affiliates or subcontractors), and all Intellectual Property Rights that cover such joint Know-How shall be jointly owned by the Parties and each Party shall retain an undivided one-half interest therein. Each Party shall exercise its ownership rights in and to such jointly-owned Know-How and Intellectual Property Rights for any use, including the right to license and sublicense or otherwise to exploit, transfer or encumber its ownership interest, without an accounting or obligation to, or consent required from, the other Party, but subject to the license grants and covenants hereunder, including any exclusive rights hereunder.

(ii) During the term hereof, each Party grants the other Party and its Affiliates a non-exclusive, royalty-free license under its Know-How and Intellectual Property Rights that relate to API solely to perform the work and activities contemplated by this Agreement.

(iii) In addition, in consideration of the royalty set forth in Section 5(b) below, Supplier hereby grants Tonix and its Affiliates an exclusive, royalty-bearing, perpetual license, with the right to sublicense, under all Know-How and Intellectual Property rights owned or controlled by Supplier or its Affiliates that relate to API to develop, make, have made, use, import, export, offer for sale and sell ICA, including NDA Approved ICA.

3. Commercial Supply.

(a) Manufacture and Purchase.

(i) Subject to the terms and conditions of this Agreement and the Krele Supply Agreement, Supplier shall Manufacture and supply the API exclusively to Tonix, Krele, their Affiliates and their contract manufacturers for use in ICA, and Tonix shall purchase the API for use in ICA exclusively from Supplier, in such quantities as Tonix may order from time to time. Tonix shall use API exclusively in ICA or products that use API alone for use in headache treatment or pain management.

(ii) Supplier shall not provide API to any Third Party (other than a Third Party manufacturing pharmaceutical products on Tonix's behalf as expressly instructed by Tonix) for use in ICA, and before supplying API to any Third Party, Supplier shall confirm in writing or in e-mail that the Third Party will not use the API in ICA.

(iii) Tonix shall be under no obligation to purchase API hereunder if Tonix does not receive, for any reason, an NDA or other desired regulatory approvals for ICA, nor shall Tonix be under any obligation to purchase any minimum quantity of API.

(iv) Supplier shall Manufacture all API in accordance with all Applicable Laws.

(v) Unless otherwise agreed by Tonix in writing, Supplier shall Manufacture all API from the Facility.

(vi) Supplier warrants, covenants and agrees with Tonix that, at all times, Supplier will ensure that its manufacturing capacity shall be adequate to meet Tonix's forecasts. Supplier acknowledges that it is critical that Tonix and its Affiliates be ensured of a continuous supply of API. Accordingly, nothing herein shall restrict Tonix from identifying, establishing and validating alternative second source manufacturers of API. Notwithstanding anything to the contrary contained herein, if at any time Supplier is in breach of this Agreement or is unable to meet Tonix's demand for API, Tonix may purchase API from one or more alternative sources.

(b) Delivery. Supplier shall ship the API ex Works to Tonix (or Tonix's Third Party manufacturer), in accordance with Incoterms 2000 and the shipping instructions on Tonix's Purchase Order. With each shipment, Supplier shall include: (i) the API Safety Data Sheet for the API, (ii) the Certificate of Analysis (certifying conformity with the Specifications and that the API has passed the appropriate in-process, release and stability testing), (iii) a bill of lading, and (iv) if requested by Tonix, other records confirming that the API supplied were Manufactured in accordance with the Specifications and cGMPs, and meet all requirements for Manufacture, importation, sale and distribution under Applicable Laws.

(c) Shipments. Each Purchase Order shipped shall be filled with API from the same manufacturing lot (to the extent possible), and all paperwork and containers delivered and shipped by Supplier to Tonix shall specify the Purchase Order number, stock number and lot number. Upon delivery to Tonix (or Tonix's Third Party manufacturer), API shall be free and clear of any liens or encumbrances.

(d) Allocation of Limited Resources. Without excusing any of Supplier's obligations or limiting any rights Tonix may have under this Agreement, if Supplier is unable to meet the demands of its customers for API and must allocate available resources for supply of API among its customers, Supplier shall allocate such resources proportional to the annual sales volumes.

4. Forecasts; Purchase Orders.

(a) Forecast. Tonix will provide to Supplier by the end of each calendar quarter a non-binding written forecast of its estimated quarterly requirements for API for the following twelve months.

(b) Purchase Orders. Tonix shall, from time to time, submit to Supplier firm purchase orders for API (each a "Purchase Order"). Each Purchase Order shall set forth the quantities of API to be purchased, the delivery dates and shipping instructions. Supplier shall ship the full amount of each order within the shipment date(s) so requested. Each Purchase Order shall allow at least 45 days for delivery unless otherwise agreed to by the Parties. Each Purchase Order issued hereunder shall be governed by the terms of this Agreement, and none of the terms or conditions of Supplier's or Tonix's forms shall be applicable, except those specifying quantity ordered, delivery dates, special supply and packing instructions, and invoice information.

5. Price and Payment.

(a) API Price; Payment. The purchase price for the API shall be set forth in Appendix A. Tonix shall pay Supplier the purchase price for the API with terms of net 30 days from the shipment of API to the facility specified by Tonix. Supplier shall deliver an invoice to Tonix for each API shipment upon Supplier's shipment of API

(b) Royalties. In consideration of Supplier's license to Know-How and Intellectual Property Rights related to API, Tonix shall pay Supplier royalties on the Net Sales of ICA as provided on Appendix C.

(c) To the extent that USP establishes a monograph for the API that is based on the Specifications, Tonix shall pay a one time payment of $25,000.

6. Non-Conforming API. Tonix shall notify Supplier of any shortage, damage or non-conformity with the Specifications within forty five days after receipt of API, or if Tonix (or Tonix's Third Party manufacturer) discovers shortage, damage, or non-conformity or other hidden defects not reasonably detectable at delivery by visual inspection, and informs Supplier promptly after discovery, Supplier shall, at Tonix's election, either replace the API or credit or refund the amount billed and/or paid by Tonix for the API, including shipping costs.

7. Quality Control and Regulatory Matters.

(a) Facility Compliance, Permits, Licenses and Related Matters. At all times during the term hereof, Supplier shall ensure that its facilities for the Manufacture of API are FDA approved and are in compliance with all Applicable Laws, including without limitation, cGMP, and with the provisions of this Agreement. Supplier shall be responsible for, and bear the costs of, filing for all permits, establishment and facility licenses required by regulatory authorities, including the FDA. Written evidence, satisfactory to Tonix, of inspection and approval of Supplier and its facilities by the FDA and other applicable regulatory authorities shall be a condition to Tonix's obligations under this Agreement. Supplier shall be responsible under this Agreement for all costs and expenses related to its compliance with Applicable Laws.

(b) Quality Control Program. Supplier shall maintain a quality control program consistent with Applicable Law as required by the relevant regulatory authorities, which program, as amended or supplemented, Supplier shall describe to Tonix in writing from time to time, and no more than once a year, except that Supplier shall describe any material changes to the program in advance of the change. At Tonix's request, the Parties shall negotiate and execute a quality agreement.

(c) Approval for Manufacturing Changes. Supplier shall ensure that no change is made to the materials, equipment or methods of production or testing used in the Manufacture of API to be supplied to Tonix (including changes therein that would require changes to any regulatory approvals), without Tonix's prior written approval.

(d) Production Samples, Sample Retention and Stability Work. Supplier shall properly store and retain appropriate and adequate samples (identified by batch number) of API and all critical raw materials in conditions and for times consistent with Applicable Law. Supplier shall provide Tonix with such reasonable (as determined by standard commercial practice in the industry) quantities of production samples of API Manufactured by Supplier, as are required for the purposes of securing regulatory approvals and ensuring compliance with Applicable Law.

(e) Batch Failure. Supplier agrees to notify Tonix as soon as reasonably possible, but in any event within seven (7) business days of discovery, of any batch failure that could result in Supplier's inability to meet Tonix's requested delivery dates, or of learning of any failure of any batch of API Manufactured for delivery to Tonix to meet standards set forth in the Specifications.

(f) Recordkeeping and Review. Supplier shall retain complete records documenting performance under this Agreement, including batch records and other manufacturing reports necessary for the approval of Supplier as a supplier of API under any and all applicable regulatory requirements. Supplier shall make all such information records, and reports, including the raw data, available at the Facility for review and audit by Tonix. Tonix shall have the right to conduct reviews and audits, once each calendar year, or more frequently if reasonably necessary, of facilities and equipment used in the Manufacture of API at a reasonable agreed time.

(g) Inspections and Communications by Regulatory Authorities. Within five (5) working days of receipt, Supplier shall deliver to Tonix all notices of violation or deficiency letters, reports, data, information and correspondence received by the Supplier or an Affiliate from the FDA and other regulatory authorities with respect to the API and any Manufacturing issues relating thereto, as well as any written response information, data or correspondence delivered by such person to the regulatory authorities with respect to the API. Further, Supplier shall cooperate with Tonix in any response it may make to the regulatory authorities.

(h) Drug Master Files. Supplier shall submit all necessary information relating to the Manufacture of the API (including, without limitation, container and closure descriptions and sampling plans) to the FDA and any other applicable regulatory authorities in drug master files ("DMF(s)") prepared by Supplier. In respect to such DMFs: (i) the contents and format shall comply with applicable FDA or other regulatory requirements, including 21 C.F.R. 314.420; (ii) Supplier shall maintain such DMFs in a current status at all times, and Tonix shall be informed of the making of any changes to the DMFs in accordance with Applicable Law; (iii) Supplier shall authorize Tonix and its Affiliates to cross reference any information contained in such DMFs in connection with Tonix's submittal for regulatory approvals, including amendments or supplements thereto for use with ICA manufactured by Tonix or its Affiliates; and (iv) letters authorizing Tonix and its Affiliates to cross-reference the DMFs will be submitted to the FDA and any other applicable regulatory authorities on behalf of Tonix and its Affiliates by Supplier. JFC shall execute the above actions related to the DMF for a fee of $40,000, payable upon the FDA's acceptance and listing of the DMF.

8. Warranties.

(a) Product Warranty. Supplier warrants to Tonix that, at the time of delivery of each shipment of API, the API shall (i) have been Manufactured in accordance with Applicable Law, including cGMP, (ii) comply with the Specifications, (iii) not be adulterated or misbranded under the Act, (iv) be in good, useable and merchantable condition, and (v) not infringe any United States or foregoing patents or any other intellectual property rights. Supplier also represents and warrants to Tonix for itself and its Affiliates and its and their employees, officers, directors, agents, representatives and owners (collectively, "Related Persons") that Supplier and Related Persons shall at all times during the term of this Agreement remain properly qualified under and in compliance with all Applicable Laws.

(b) Mutual Representations and Warranties. Each Party represents and warrants to the other that: (i) this Agreement has been duly authorized, executed and delivered by it and is a valid, binding, and legally enforceable obligation of it, subject to applicable bankruptcy, insolvency, moratorium and other laws now or hereafter in effect affecting the rights of creditors generally and subject (as to the enforcement of remedies) to equitable principles; (ii) it is not engaged in any litigation or arbitration, or in any dispute or controversy reasonably likely to lead to litigation, arbitration or other proceeding, which would materially affect the validity of this Agreement or such Party's ability to fulfill its respective obligations under this

Agreement; (iii) the execution, delivery and performance of this Agreement will not result in a breach or violation of, or constitute a default under, any statute, regulation or other law or agreement or instrument to which it is a party or by which it is bound, its corporate charter documents or any order, rule or regulation of any court or governmental agency or body having jurisdiction of it or any of its properties; and (iv) no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by it of the transactions contemplated by this Agreement.

9. Indemnification; Insurance.

(a) Indemnification. Supplier shall indemnify, defend and hold Tonix and its Related Persons harmless from and against all claims, demands, actions, suits, liabilities, damages, losses and expenses (including reasonable attorneys' fees and litigation costs) ("Claims") brought against Tonix or its Related Persons arising out of: (i) Supplier's performance of its activities hereunder, including any patent infringement or product liability claims; (ii) Supplier's breach of this Agreement; or (iii) Supplier's breach of any representations, warranties or covenants hereunder; in each case except to the extent that such Claims occur as a result of Tonix's gross negligence or willful misconduct. Tonix shall notify Supplier within a reasonable time in writing of any action, claim or liability in respect of which it intends to make a claim, however, the failure to give timely notice will not release Supplier from liability, except to the extent it is actually prejudiced thereby. Supplier shall have the right, at its cost, to assume the defense of any such Third Party action or claim with counsel reasonably satisfactory to Tonix.

(b) Insurance. Supplier represents and warrants to Tonix that it is currently insured and covenants that at all times during the term of this Agreement it will maintain a commercial general liability insurance policy which: (a) is sufficient to adequately protect against the risks associated with its ongoing business, including the risks which might possibly arise in connection with the transactions contemplated by this Agreement, with limits of at least $1,000,000 per occurrence and $5,000,000 in the aggregate; and (b) provides that it cannot be terminated or cancelled without giving Tonix 30 days written notice. Supplier shall continue to maintain such insurance during the term of this Agreement and thereafter, until a commercially reasonable time after Tonix has ceased to market any Products.

10. Term; Termination.

(a) Term. This Agreement is effective as of the Effective Date and shall continue in effect for the longer of (i) ten years from the first commercial sale of NDA Approved ICA, and (ii) the last to expire patent owned or controlled by Supplier that covers the API, its composition, method of manufacture or use, and shall be automatically renewed for additional two year terms unless either Party provides the other Party with not less than one year's prior written notice of its intent not to renew. In addition, Tonix may terminate this Agreement at any time by providing Supplier with at least one year's prior written notice; *provided*, that if Tonix terminates the Agreement without cause, Tonix shall continue to pay the royalty set forth in Section 5(b) until the earlier of: (A) seven years following termination, or (B) Supplier's first sale of an isometheptene mucate product that does not contain dichloralphenazone to a Third Party.

(b) Termination for Default. The material failure by one Party to comply with any of its respective obligations in this Agreement ("Default"), including without limitation, a failure by Supplier to meet forecasted demand with compliant API, and shall entitle the other Party to give the defaulting Party written notice and opportunity to cure the Default. If such Default is not remedied within 60 days after receipt of such notice, the notifying Party shall be entitled, without prejudice to any other rights under this Agreement, to terminate this Agreement. This termination right shall not be affected in any way by a Party's waiver of or failure to take action with respect to any previous Default. In the event of termination for any reason, Supplier nevertheless agrees to continue to supply API to Tonix at the price agreed upon under Section 5(a) above until Tonix gives Supplier written notice that it has qualified an alternative source of supply for the API or for a maximum of one year, which ever is less.

(c) Survival. The Articles and Sections of this Agreement that by their nature would survive the expiration or termination of this Agreement will survive the expiration or termination of this Agreement, including, but not limited to Sections 2, 6, 7, 8, 9, 11 and 12.

11. Confidentiality.

(a) General. Each Party (the "Receiving Party") acknowledges that it will receive Confidential Information (as defined below) from the other Party (the "Disclosing Party"). All Confidential Information furnished prior to or during the term of this Agreement by or on behalf of a Disclosing Party to a Receiving Party shall be kept confidential by the Receiving Party. The Receiving Party shall not make use of any such Confidential Information, nor disclose any Confidential Information to any Person, except for purposes authorized by this Agreement, unless previously authorized in writing by the Disclosing Party to do so. However, the Receiving Party may disclose Confidential Information of the Disclosing Party to its officers, directors and employees who require the Confidential Information for the purposes contemplated by this Agreement, provided such officers, directors and employees are subject to the same obligations of confidentiality as are applicable to the Receiving Party with respect to such Confidential Information and provided further that the Receiving Party shall be fully responsible for the compliance with this Agreement by its officers, directors and employees and to regulatory authorities, including the FDA. For the purposes hereof, "Confidential Information" shall mean information relating to the API or other proprietary or confidential information, whether in written, electronic, oral or other tangible, or of the Disclosing Party, intangible form, furnished to the Receiving Party.

(b) Permitted Disclosure. The obligations of confidentiality and nonuse provided in Section 11(a) shall not apply to information which was in the Receiving Party's lawful possession prior to disclosure hereunder, as shown by its written records, or which comes into the public domain without involvement or fault of the Receiving Party. Information shall not be construed to be within this exception merely because it is referred to or generally included in disclosures of a broad nature, or because elements or components of confidential information fall within the exception.

12. Dispute Resolution; Arbitration. Any dispute arising from this Agreement shall be finally settled exclusively by arbitration conducted in New York, New York, under the Commercial Arbitration Rules for Large, Complex Disputes and otherwise in accordance with the then existing rules of the American Arbitration Association ("AAA") by three arbitrators unaffiliated with the parties, using the Expedited Procedures of the Commercial Rules of the AAA, irrespective of the amount in dispute. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction in accordance with the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Each Party expressly consents to jurisdiction and venue lying in New York, New York. All fees and expenses of the arbitration shall be borne

equally by the parties, except that each Party shall bear the expense of its own counsel, experts, witnesses and preparation and presentation. This Section shall not be construed to limit or preclude either Party from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as necessary or appropriate.

13. Miscellaneous.

(a) Independent Contractors. Supplier and Tonix are unrelated business entities and independent contractors under this Agreement. Nothing in this Agreement shall be construed to place the parties in the relationship of employer and employee, partners, principal and agent, or joint ventures. Neither Party shall have the power to bind or obligate the other Party. Except as expressly stated in this Agreement, neither Party shall hold itself out as representing the other Party.

(b) Assignment. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto. Except in connection with the sale of substantially all of a Party's assets or stock or otherwise by operation of law in connection with a merger, consolidation or reorganization, neither Party shall assign this Agreement without the express written agreement of the other Party, said consent not being unreasonably withheld or delayed.

(c) Amendment. No amendment or modification of this Agreement shall be binding on either Party unless it is in writing and signed by an authorized representative of both parties. The terms or conditions of any purchase order, order confirmation or other document to release or confirm orders shall not be applicable, except with respect to regular and ordinary order-specific terms, such as dates of delivery or quantities, and in the event of any conflict between any of them and this Agreement, the terms of this Agreement shall govern.

(d) Notices. Any notice to be given by either Party shall be in writing, sent by generally recognized overnight delivery courier service (such as DHL or Federal Express) that results in acceptance with a receipt to the attention of CEO in the case of Tonix and to the attention of James G. Schleck in the case of Supplier, at the address of each Party first set forth above or to such other address as a Party shall give notice to the other in like manner, and shall be deemed to have been given or made two (2) business days after so mailed or sent.

(f) Governing Law; Jurisdiction. This Agreement shall be deemed to have been entered into and shall be governed by and construed under the laws of the State of New York, U.S.A., except that no conflict of laws provision shall be applied to make the laws of any other jurisdiction applicable to this Agreement.

(g) Entire Agreement. This instrument states the entire agreement reached between the Parties hereto with respect to the transactions contemplated hereby. Any and all previous agreements and understandings between the Parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

(h) Severability. The provisions of this Agreement shall be deemed severable. In the event any provision of this Agreement is found in any jurisdiction to be in violation of public policy or illegal or unenforceable in law or equity, such finding shall in no event invalidate any other provision of this Agreement in that jurisdiction, and this Agreement shall be deemed amended to the minimum extent required to comply with the law of such jurisdiction.

(i) No Waiver. The failure of either Party hereto to enforce at any time, or for any period of time, any provision of this Agreement shall not be construed as a waiver of either such provision or the right of such Party thereafter to enforce each and every provision of this Agreement.

(j) Counterparts and Fax Signatures**.** This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, and all of which shall together constitute one and the same instrument. This Agreement may be executed and delivered by facsimile signatures.

IN WITNESS WHEREOF, Tonix and Supplier have executed this Agreement as of the date first set forth above.

Tonix Pharmaceuticals, Inc.

By: /s/ SETH LEDERMAN
Name: Seth Lederman
Title: President

JFC Technologies LLC

By: /s/ JAMES G. SCHLECK
Name: James G. Schlek
Title: President

APPENDIX A

API	Price
Isometheptene Mucate	$450/kilogram for annual volume of 0 to 499 kilograms $400/kilogram for annual volume of 500 to 2,000 kilograms

The prices above can be adjusted to reflect higher raw material costs if the magnitude of the raw material costs increases by a minimum of ten (10) percent.

APPENDIX B

Specifications

Isometheptene Mucate USP

Property	Specifications
Description	White Crystalline powder
Identification, I.R.	Agrees with the reference spectrum
Residue on Ignition	0.1% Maximum
pH of 5% Solution	6.0 to 7.5
Loss on Drying	1.0% Maximum
Residual Solvents:	
Isopropyl Alcohol	0.5% Maximum
Assay	99.0 to 103.0%
Impurities:	
Total Impurities	< 0.5%
6-Methyl-5-hepten-2-one (or Methyl Heptenone)	< 0.2%
6-Mwthyl-5-hepten-2-ol	< 0.2%
Unknown single impurity	< 0.1%
Tap Density	0.3 to 0.6 g/ml

Retest Date: Two years from the date of manufacture

APPENDIX C

Royalties

Royalties:

For Net Sales greater than $5,000,000 in the aggregate**,** Tonix shall pay Supplier a royalty equal to 4% of Tonix's Net Sales for Net Sales up to $100,000,000, 3% of Tonix's Net Sales for Net Sales of $100,000,000 up to $200,000,000, and 2% of Tonix's Net Sales for Net Sales equal to or greater than $200.000,000 ; *provided,* that if the API is covered by one or more United States' patents owned or controlled by Supplier as listed in the Orange Book, the royalty shall increase to 5% of Tonix's Net Sales for Net Sales up to $100,000,000, 4% of Tonix's Net Sales for Net Sales of $100,000,000 up to $200,000,000, 3% of Tonix's Net Sales for Net Sales of $200,000,000 up to $300,000,000, and 2% of Tonix's Net Sales for Net Sales of equal to or greater than $300,000,000.

Sublicense Fees:

If Tonix licenses its rights in ICA to a Third Party together with a sublicense to Supplier's Know-How and Intellectual Property Rights related to the manufacture, use or sale of API, Tonix shall pay Supplier 8% of all revenues Tonix receives for those rights (or 10% of such revenues received if the API is covered by one or more United States' patents owned or controlled by Supplier listed in the Orange Book), including royalty payments, license fees and milestone payments, but excluding research and development funding, marketing and promotional funding and any consideration received for an equity interest in, extension of credit to or other investment in Tonix or its Affiliates.

Reports; Payment Terms:

Within 60 days of each quarter end of each year following the first commercial sale of ICA, Tonix shall submit to Supplier a written report with respect to the preceding calendar quarter (the "Payment Report") stating: (i) any Sublicense Fees received from Third Parties during such quarter (as designated above); (ii) the gross sales and Net Sales of ICA sold by Tonix during such quarter; (iii) the currency exchange rates used in determining royalties; and (iv) a calculation of the amounts due to Supplier, if any, specifying the amount of each deduction taken in accordance with the definition of Net Sales.

Simultaneously with the submission of each Payment Report, Tonix shall make payments to Supplier in the amounts due for the calendar quarter covered, if any.

For purposes of computing the royalty payment on sales outside the United States, Net Sales shall be converted to United States dollars in a manner consistent with Tonix's accounting practices for its own financial reporting purposes, which are in conformity with US Generally Accepted Accounting Principles, provided that such practices use a widely accepted source of published exchange rates.

Tonix shall maintain full and accurate books of accounts and other records in sufficient detail so that License Fees can be properly ascertained and verified. Such books and records shall be maintained by Tonix for at least three (3) years following the year to which they pertain. Upon prior written notice, such records shall be open and available for review, during ordinary business hours and not more than once during a year, by Supplier or an independent certified public accountant retained by Supplier and acceptable to Tonix, for the purpose of ascertaining the correctness of payments hereunder and compliance with this Agreement. Any such inspection or audit shall be at the expense of Supplier; provided, if an inspection reveals a discrepancy is more than five percent (5%) of the amount actually due, Tonix shall reimburse Supplier for the costs of the inspection.

Exhibit 10.13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is dated as of April 1, 2011, between Tonix Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Rhonda Rosen (the "Executive").

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Employment.

The Company has employed the Executive, and the Executive has accepted employment with the Company, upon the terms and subject to the conditions set forth in this Agreement for the period beginning on April 1, 2011 (the "Agreement Effective Date") and ending as provided in Section 4 (the "Employment Period").

SECTION 2. Position and Duties.

(a) During the Employment Period, the Executive shall serve as the Chief Financial Officer and Chief Administrative Officer of the Company. The Executive shall have such duties and responsibilities as may be assigned to her from time to time by the Chief Executive Office and/or the Board of Directors of the Company (the "Board").

(b) The Executive shall report to the President of the Company and shall devote her best efforts and substantially all of her active business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) on a full-time basis to the business and affairs of the Company and its affiliates, as those duties may be assigned by the President and/or the Board. The Executive shall perform her duties and responsibilities to the best of her abilities in a diligent and professional manner. The Executive shall perform her duties on Mondays, Tuesdays and Thursdays at the Company's headquarters in New York City and shall perform her duties on Wednesdays and Fridays at her residence in New Jersey, or as otherwise reasonably requested by the President or Board of Directors. If the Company maintains an office in the State of New Jersey in the future, Executive shall be required to perform her duties on Wednesdays and Fridays at such New Jersey office. Notwithstanding the foregoing, the Executive may request one (1) change to this schedule each week upon not less than forty-eight (48) hours notice to the Company's President via email, which request will not be unreasonably denied. During the Employment Period, the Executive shall not engage in any outside business activity without the prior written approval of the Board, whether or not such activity is pursued for gain, profit or other pecuniary advantage.

(c) The foregoing restrictions shall not limit or prohibit the Executive from engaging in passive investment, and community, charitable and social activities not interfering with the Executive's performance and obligations hereunder.

SECTION 3. Base Salary and Benefits.

(a) From the Agreement Effective Date to the date on which the Company consummates the sale of at least Five Hundred Thousand Dollars ($500,000) in additional equity securities (the "Financing"), the Executive shall be employed on an at-will basis at a salary equal to the minimum wage for employees in the State of New York ($7.25, as of the date hereof) for each hour worked up to 40 hours per week and equal to time and one-half ($10.88, as of the date hereof) for each hour worked in excess of 40 hours per week (the "Pre-Financing Salary").

(b) In the event, and upon the consummation, of the Financing, the Executive's base salary shall be increased to Two Hundred Fifty Thousand Dollars ($250,000) per annum, or such other rate as the Board may designate from time to time (the "Pre-Public Salary"), and, if she remains employed until the date of such Financing, the Executive shall receive a lump sum payment in the amount of Fifty Thousand Dollars ($50,000) (the "Lump Sum Payment"). The Lump Sum Payment shall be paid at the same time that the Executive's first regular Pre-Public Salary installment would be paid, net of applicable withholding and payroll taxes.

(c) In the event, and upon the consummation, of the earlier of (i) the closing of the sale of shares of the common stock of the Company to the public in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least Ten Million Dollars ($10,000,000) of proceeds, net of the underwriting discount and commissions, to the Company or (ii) the merger of the Company with, or acquisition of the Company by, a company that is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended, or with or by such company's wholly-owned subsidiary accompanied by the Company's consummation of the sale of additional equity or debt securities resulting in at least Ten Million Dollars ($10,000,000) of proceeds, net of the underwriting discount and commissions (a "Fundamental Transaction"), the Executive's base salary shall be increased to Three Hundred Twenty Thousand Dollars ($320,000) per annum, or such other rate as the Board may designate from time to time (the "Base Salary"), and, if she remains employed until the date of such Fundamental Transaction, the Executive shall thereupon be compensated for the difference between the Base Salary and the Pre-Public Salary, such difference to be calculated based on One Hundred Ninety-One Dollars and Seventy-Eight Cents ($191.78) per calendar day, multiplied by the number of calendar days elapsing from the Financing through the consummation of the Fundamental Transaction, subject to a maximum aggregate payment of One Hundred Seventy Thousand Dollars ($170,000). The difference between the Pre-Public Salary payable to the Executive prior to the consummation of the Fundamental Transaction and the Base Salary shall be paid in a single lump sum at the same time that the Executive's first regular Base Salary installment would be paid, net of applicable withholding and payroll taxes.

(d) The Executive may be eligible to earn annual bonuses as shall be determined by the Board in its sole discretion. The Board shall determine the amount of each such annual bonus, if any, promptly following the close of the calendar year and shall pay such bonus by no later than March 15th of the year immediately following the year in which the bonus was earned.

(e) In addition, during the Employment Period, the Executive shall be entitled to participate in all employee benefit programs and plans for which executive employees of the Company are generally eligible from time to time.

(f) The Company shall, in accordance with policies then in effect with respect to payments of business expenses, pay or reimburse the Executive for all reasonable out-of-pocket business expenses actually incurred by the Executive during the Employment Period in performing services hereunder (including commuting expenses from the Company's New Jersey office to Company headquarters and expenses for living accommodations and meals while the Executive is working at the Company's headquarter offices); *provided, however* that to the extent required to comply with the provisions of Section 409A ("Code Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), (1) no reimbursement of expenses incurred by the Executive during any taxable year shall be made after the last day of the following taxable year of the Executive, (2) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, to the Executive in any other taxable year, and (3) the right to reimbursement of such expenses shall not be subject to liquidation or exchange for another benefit. All expenses shall be accounted for in such reasonable detail as the Company may require.

(g) During the Employment Period, the Executive shall be entitled to twenty (20) vacation days per year, as well as holidays, sick days and personal days in accordance with the Company's policies, as such policies may be amended from time to time. The Executive may not carry forward any unused vacation, holiday, sick or personal days into subsequent years.

SECTION 4. Term and Termination.

(a) *General*. The Employment Period shall commence on the Agreement Effective Date and shall end on the second anniversary of the Agreement Effective Date (the "Initial Term"), and shall be renewed annually thereafter for one (1) year terms, unless and until either party provides ninety (90) days' advance written notice prior to the end of the then-current Employment Period that such party declines to so extend the Employment Period; *provided, however*, that the Employment Period shall terminate prior to such date upon the occurrence of any of the events set forth in clauses (b), (c) or (d) below. The Executive's Termination Date shall mean the date of her Separation from Service as determined under Code Section 409A and Treasury Regulation Section 1.409A- 1(h).

(b) Notwithstanding anything else set forth herein, prior to the consummation of the Financing the Employment Period may be terminated by the Company with or without Cause without obligation other than the payment of the Accrued Obligations (as defined below).

(c) *Termination by the Company; Resignation by the Executive.* The Employment Period may be terminated by the Company at any time for Cause (as defined below), or by the Executive's resignation without Good Reason (as defined below). The Executive may resign for Good Reason in accordance with the last paragraph of Section 5(c). The Employment Period may be terminated by the Company at any time other than for Cause.

(d) *Termination due to Death or Disability*. The Employment Period shall be terminated upon the Executive's death or Separation from Service (as defined below) due to Disability (as defined below).

(e) *Definition of Cause*.

For purposes of this Agreement, "Cause" means:

(A) the failure by the Executive to perform such duties as are within the scope of this Agreement and as are reasonably requested in good faith by the President or the Board in the course of the Executive's performance of her duties hereunder;

(B) gross negligence, recklessness or willful misconduct by the Executive in the performance of her duties;

(C) a conviction of or a plea of guilty or nolo contendere by the Executive to a crime involving fraud, embezzlement, theft, other financial dishonesty or moral turpitude;

(D) the material breach by the Executive of this Agreement or of any other agreement or contract with the Company, or any of its affiliates; or

(E) the Board's reasonable determination that the Executive has engaged in a violation of state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination).

The Company shall not be entitled to terminate for Cause unless the Company provides to the Executive written notice documenting in reasonable detail the basis for termination and an opportunity of at least thirty (30) days in duration (such duration to be determined in good faith by the Company), to cure, unless (i) the Company reasonably determines that providing such opportunity to cure to the Executive is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, or (ii) the facts and circumstances underlying such termination are not able to be cured, in which case the Company may terminate without providing an opportunity to cure.

SECTION 5. Payments Upon Termination.

(a) *Termination for Cause. Termination by the Executive without Good Reason; Natural Expiration of the Employment Period*. If the Employment Period is terminated after the consummation of the Financing (i) by the Company for Cause, (ii) by the Executive without Good Reason and not on account of death or Disability, or (iii) upon the natural expiration of the Employment Period pursuant to Section 4(a) above, then the Executive shall be entitled to receive her Base Salary and other remuneration and benefits only to the extent that such amount has accrued through the Termination Date (the "Accrued Obligations"). For the avoidance of doubt, the Accrued Obligations shall be paid promptly upon the termination of the Employment Period, in accordance with applicable law, and shall not include any bonus that remains unpaid as of the Termination Date or that is accruing in the year of termination.

(b) *Termination due to death or Disability*. If the Employment Period is terminated after the consummation of the Financing due to the Executive's death or Disability, then the Executive (or her legal representative) shall be entitled to the Accrued Obligations, plus, if the Executive (or, if applicable, her legal representative) executes and does not revoke a general release of claims in a form reasonably satisfactory to the Company by the 53rd day following the Executive's Separation from Service due to death or Disability, then, subject to Section 10, the Executive (or, if appropriate, her estate) shall be entitled to receive a lump sum cash payment equal to two (2) months of Base Salary paid on the 60th day following her death or Separation from Service due to Disability, subject to applicable tax withholding requirements.

For purposes of this Agreement, Disability shall have the meaning accorded the term under Treasury Regulation Section 1.409A-3(i)(4).

(c) *Termination by the Company other than for Cause, or by the Executive for Good Reason*. If the Employment Period is terminated by the Company other than for Cause, or the Executive terminates employment for Good Reason, and such termination constitutes an Involuntary Separation from Service within the meaning of Treasury Regulation Sections 1.409A-l(n) and (h), then the Executive shall be entitled to the Accrued Obligations and, if the Executive executes and does not revoke a general release of claims in a form reasonably satisfactory to the Company by the 53rd day following her Separation from Service, then, subject to Section 10, the Executive (or, if appropriate, her estate) shall also be entitled to receive a lump sum cash payment equal to six (6) months of Base Salary (nine (9) months of Base Salary if the termination is in connection with, or following, a Fundamental Transaction) (the "Severance") paid on the 60th day following her Separation from Service, subject to applicable tax withholding requirements.

For purposes of this Agreement, "Good Reason" shall mean the Executive's Separation from Service within ninety (90) days after

the initial occurrence of (i) a material diminution in the Executive's authority, duties or responsibilities; (ii) a material reduction in the Executive's Base Salary (as adjusted); or (iii) the relocation of the Executive's primary work location to a location that is more than fifty (50) miles from the Executive's immediately prior work location; provided that the Executive shall not have Good Reason to separate from service unless the Executive provides written notice to the Company of the condition constituting Good Reason to terminate within thirty (30) days of the initial occurrence thereof, and the Company has a period of at least thirty (30) days after receipt of such notice to remedy said condition(s).

(d) *No Other Benefits*. Except as otherwise required by law (e.g., COBRA) or as specifically provided herein, all of the Executive's rights to salary, severance, fringe benefits and bonuses hereunder (if any) accruing after the Termination Date shall cease upon the Termination Date. Except as specifically provided herein, the Executive shall not be entitled to any severance payments or benefits under any severance policy or practice maintained by the Company or its affiliates.

(e) *Compliance With Code Section 409A*. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and shall operate so that the payments and benefits set forth herein either shall be exempt from the requirements of Code Section 409A or shall comply with the requirements of such provision; *provided, however*, that in no event shall the Company be liable to the Executive for or with respect to any taxes, penalties or interest which may be imposed upon the Executive pursuant to Code Section 409A. For purposes of this Agreement, the terms "termination," "termination of employment" and variations thereof shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) ("Separation From Service"). To the extent that any Severance payment constitutes a "deferral of compensation" subject to Code Section 409A (a "409A Payment"), then, (A) in the event that a termination of Executive's employment does not constitute a Separation From Service, such 409A Payment shall begin at such time as the Executive has otherwise experienced such a Separation from Service, and the date of such Separation from Service shall be deemed to be her Termination Date for purposes of Section 4(a) hereof, and (B) if on the date of the Executive's Separation from Service, the Executive is a "specified employee" of a public company, as such term is defined in Treasury Regulation Section 1.409A-l(i), as determined from time to time by the Company, then such 409A Payment shall not be made to the Executive until the earlier of (i) six (6) months and one day after the Executive's Separation from Service; or (ii) the date of her death, and shall be paid without adjustment for the delay in payment. The Executive hereby acknowledges that she has been advised to seek and has sought the advice of a tax advisor with respect to the tax consequences to the Executive of all payments pursuant to this Agreement, including any adverse tax consequences or penalty taxes under Code Section 409A and applicable state tax law. The Executive hereby agrees to bear the entire risk of any such adverse federal and state tax consequences and penalty taxes in the event any payment pursuant to this Agreement is deemed to be subject to Code Section 409A, and that no representations have been made to the Executive relating to the tax treatment of any payment pursuant to this Agreement under Code Section 409A and the corresponding provisions of any applicable state income tax laws.

SECTION 6. Nondisclosure and Nonuse of Confidential Information.

(a) The Executive shall not disclose or use at any time without the written consent of the Company, either during the Employment Period or thereafter, any Confidential Information (as defined below) of which the Executive is or becomes aware, whether or not such information is developed by her, except to the extent that such disclosure or use is directly related to and required by the Executive's performance in good faith of duties assigned to the Executive by the Company or is required to be disclosed by law, court order, or similar compulsion; *provided, however*, that such disclosure shall be limited to the extent so required or compelled; and provided, further, that the Executive shall give the Company notice of such disclosure and cooperate with the Company in seeking suitable protection. The Executive acknowledges that the Company's Confidential Information has been generated at great effort and expense by the Company and its predecessors and affiliates and has been maintained in a confidential manner by the Company, its predecessors and affiliates. The Executive does not claim any rights to or lien on any Confidential Information. The Executive will immediately notify the Company of any unauthorized possession, use, disclosure, copying, removal or destruction, or attempt thereof, of any Confidential Information by anyone of which the Executive becomes aware and of all details thereof. The Executive shall take all reasonably appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Executive shall deliver to the Company on the Termination Date, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof regardless of the form thereof (including electronic and optical copies)) relating to the Confidential Information or the Work Product (as defined below) of the Company or any of its affiliates which the Executive may then possess or have under her control.

(b) As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company or any affiliate in connection with its business, including, but not limited to, information, observations and data obtained by the Executive while employed by the Company or any predecessors thereof (including those obtained prior to the date hereof) concerning (i) the business or affairs of the Company (or such predecessors), (ii) technologies, products or services, (iii) data, test results, designs, methods, formulae, production methods, know-how, show-how, techniques, systems, processes, specifications, drawings, reports, software programs, works of authorship, research and development, (iv) inventions, new developments and trade secrets, whether patentable or unpatentable and whether or not reduced to practice, (v) existing and prospective licensees, partners, customers, clients and suppliers, (vi) agreements with licensees, partners, customers, clients, suppliers and other entities or individuals, (vii) projects, plans and proposals, (vii) fees, costs and pricing structures, (viii) accounting and business methods, (ix) business strategies, acquisition plans and candidates, financial or other performance data and personnel lists and data, and (x) all similar and related information in whatever form, unless the information is or becomes publicly known through lawful means.

SECTION 7. Inventions and Patents.

The Executive agrees that all inventions, ideas, innovations, improvements, modifications, data, test results, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether patentable or unpatentable) which relate to the Company's or any of its affiliates' actual or anticipated business, research and development or existing or future products or services and which are

conceived, developed or made by the Executive (whether or not during usual business hours or on the premises of the Company or any affiliate and whether or not alone or in conjunction with any other person) while employed by the Company (including those conceived, developed or made prior to the date of this Agreement) together with all patent applications, letters patent, trademark, tradename and service mark applications or registrations, copyrights, reissues thereof and any other legal protection thereon that may be granted for or upon any of the foregoing (collectively referred to herein as the "Work Product"), belong in all instances to the Company or such affiliate. The Executive shall promptly disclose such Work Product to the President and perform all actions reasonably requested by the President (whether during or after the Employment Period) to establish and confirm the Company's ownership of such Work Product (including, without limitation, the execution and delivery of assignments, consents, powers of attorney and other instruments) and provide reasonable assistance to the Company or any of its affiliates in connection with (a) the prosecution of any applications for patents, trademarks, trade names, service marks, reissues thereof or other legal protection thereon, (b) the maintenance, enforcement and renewal of any rights that may be obtained, granted or vest therein, and (c) the prosecution and defense of any actions, proceedings, oppositions or interferences relating thereto. If the Company is unable, after reasonable effort, to secure the signature of the Executive on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Executive, and the Executive hereby irrevocably designates and appoints each executive officer of the Company as his or her agent and attorney-in-fact to execute any such papers on his or her behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Work Product, under the conditions described in this sentence.

SECTION 8. Non-Compete; Non-Solicitation; Non-Disparagement.

(a) The Executive acknowledges that, in the course of employment with the Company and/or its affiliates, she has and will become familiar with the Company's and its predecessors and affiliates' trade secrets and with other confidential information concerning the Company and its predecessors and affiliates and that her services have been and will be of special, unique and extraordinary value to the Company and its affiliates. Therefore, in order to protect the Company's interest in its Confidential Information, the Executive agrees that during the Employment Period and for one (1) year thereafter (collectively, the "Non-Compete Period," subject to automatic extension during the period of any violation of this Section 8), she shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in or represent any business competing with the development, marketing, and/or sale of drugs intended for use in the treatment of attention deficit disorder, attention deficit and hyperactivity disorder, headaches, primary insomnia disorder, fibromyalgia, post-traumatic stress disorder or any other products and/or services of the Company or its affiliates that exist or are in the process of being formed or acquired as of the Termination Date (the "Business"), within any Restricted Territory. As used in this Agreement, the term "Restricted Territory" means (i) the United States and (ii) any other country or territory in which the Company has engaged in, or is engaging in, the Business as of the Termination Date. Nothing herein shall be construed to prevent the Executive from participating in and completing all necessary activities required to maintain the Executive's professional standards.

Nothing herein shall prohibit the Executive from being a passive owner of not more than one percent (1%) of the outstanding stock of any class of a corporation which is publicly traded that is engaged in the Business, so long as the Executive has no active participation in the business of such corporation.

(b) During the Non-Compete Period, the Executive shall not directly or indirectly through another person or entity:

(i) induce or attempt to induce any employee of the Company or any affiliate to leave the employ of the Company or such affiliate, or in any way interfere with the relationship between the Company or any such affiliate, on the one hand, and any employee thereof, on the other hand;

(ii) solicit for hire or hire any person who was an employee of the Company or any affiliate until six (6) months after such individual's employment relationship with the Company or any affiliate has been terminated, provided that the Executive may hire any such person (so long as such person is not a supervisor, manager or executive officer of the Company or any affiliate) who responds to a general advertisement offering employment;

(iii) solicit, induce or attempt to solicit or induce any customer (it being understood that the term "customer" as used throughout this Agreement includes any Person (x) that is purchasing goods or receiving services from the Company and/or any affiliates or (y) that is directly or indirectly providing or referring customers to, or otherwise providing or referring business for, the Company or any affiliates), supplier, licensee, subcontractor or other business relation of the Company or any affiliate to cease or reduce doing business with the Company or such affiliate, or in any way interfere or attempt to interfere with the relationship between any such customer, supplier, licensee, subcontractor or business relation, on the one hand, and the Company or any such affiliate, on the other hand; or

(iv) induce or attempt to induce any customer, supplier, licensee, subcontractor or other business relation of the Company or affiliate to purchase services or goods similar to those sold as part of the Business.

(c) The Executive understands that the foregoing restrictions may limit her ability to earn a livelihood in a business similar to the Business, but she nevertheless believes that she has received and will receive sufficient consideration and other benefits as an employee of the Company and as otherwise provided hereunder to clearly justify such restrictions which, in any event (given her education, skills and ability), the Executive does not believe would prevent her from otherwise earning a living. The Executive further understands that (i) the parties would not enter into this Agreement but for the covenants contained in this Section 8, and (ii) the provisions of Sections 6 through 8 are reasonable and necessary to preserve the legitimate business interests of the Company and affiliates.

(d) The Executive shall inform any prospective or future employer of any and all restrictions contained in this Agreement and provide such employer with a copy of such restrictions (but no other terms of this Agreement), prior to the commencement of that employment.

(e) The Executive agrees that the restrictions are reasonable and necessary, are valid and enforceable under New York law, and do not impose a greater restraint than necessary to protect the Company's legitimate business interests. If, at the time of enforcement of Sections 6 through 8, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Executive and the Company agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area so as to protect the Company to the greatest extent possible under applicable law.

(f) In order to protect the goodwill of the Company and its affiliates, to the fullest extent permitted by law, the Executive, both during and after the Employment Period, agrees not to publicly criticize, denigrate, or otherwise disparage any of the Company, its affiliates, and each such entity's employees, officers, directors, licensees, partners, consultants, other service providers, products, processes, policies, practices, standards of business conduct, or areas or techniques of research, development, manufacturing, or marketing. Nothing in this Section 8(f) shall prevent the Executive or the Company from cooperating in any governmental proceeding or from providing truthful testimony pursuant to a legally-issued subpoena. The Executive promises to provide the Company with written notice of any request to so cooperate or provide testimony within one (1) day of being requested to do so, along with a copy of any such request.

SECTION 9. Enforcement.

Because the Executive's services are unique and because the Executive has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement by the Executive, the Company and any of its affiliates or their successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, seek specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security) and may apply to any court of competent jurisdiction to require the Executive to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of the covenants contained herein in this Agreement. The Executive agrees not to claim that the Company or any of its affiliates has adequate remedies at law for a breach of any of Sections 6 through 8, as a defense against any attempt by the Company or any of its affiliates to obtain the equitable relief described in this Section 9.

SECTION 10. Severance Payments.

In addition to the foregoing, and not in any way in limitation thereof, or in limitation of any right or remedy otherwise available to the Company, if the Executive violates any provision of the foregoing Sections 6 through 8, any Severance payments then or thereafter due from the Company to the Executive pursuant to Section 5(c) shall be terminated forthwith and the Company's obligation to pay and the Executive's right to receive such Severance payments shall terminate and be of no further force or effect, if and when determined by a court of competent jurisdiction, in each case without limiting or affecting the Executive's obligations (or terminating the Non-Compete Period) under such Sections 6 through 8, or the Company's other rights and remedies available at law or equity.

SECTION 11. Representations, Warranties and Additional Covenants of the Executive.

The Executive hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by the Executive does not and shall not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Executive is a party or any judgment, order or decree to which the Executive is subject, (b) the Executive is not a party to or bound by any employment agreement, (c) the Executive is not a party to or bound by any consulting agreement, non-compete agreement, confidentiality agreement or similar agreement with any other person or entity that would affect the Company or the obligations of the Executive hereunder and (d) upon the execution and delivery of this Agreement by the Company and the Executive, this Agreement will be a valid and binding obligation of the Executive, enforceable in accordance with its terms. The Executive further represents and warrants that she has not disclosed, revealed or transferred to any third party any of the Confidential Information that she may have previously obtained and that she has safeguarded and maintained the secrecy of the Confidentiality Information to which she has had access or of which she has knowledge. In addition, the Executive represents and warrants that she has no ownership in nor any right to nor title in any of the Confidential Information and the Work Product.

SECTION 12. Notices.

All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given when delivered personally to the recipient, telecopied to the intended recipient at the telecopy number set forth therefor below, or one (1) business day after deposit with a nationally recognized overnight delivery service, in each case as follows:

If to the Company, to:

Tonix Pharmaceuticals, Inc.
509 Madison Avenue, Suite 306
New York, New York 10022
Attention: President

If to the Executive, to the address set forth on the signature page hereto;

or such other address as the recipient party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such communication shall deemed to have been delivered and received (a) when delivered, if personally delivered, sent by telecopier or sent by overnight courier, and (b) on the fifth business day following the date posted, if sent by mail. Instructions, notices or requests may be sent by email to the Executive.

SECTION 13. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing and except to the extent otherwise provided in Section 8(e) (with respect to a breach of the provisions of Section 8), if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Complete Agreement. This Agreement and those documents expressly referred to herein (including, but not limited to, the exhibit attached hereto) constitute the entire agreement among the parties and supersede any prior correspondence or documents evidencing negotiations between the parties, whether written or oral, and any and all understandings, agreements or representations by or among the parties, whether written or oral, that may have related in any way to the subject matter of this Agreement.

(c) Force Majeure. Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations as a result of events beyond its reasonable control, including, without limitation, fire, power failures, any act of war, riot, strikes, civil insurrection, earthquake, hurricane, tornado or other catastrophic natural events or acts of God.

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Executive and the Company and their respective successors, assigns, heirs, representatives and estate; *provided, however*, that the rights and obligations of the Executive under this Agreement shall not be assigned without the prior written consent of the Company in its sole discretion. The Company may (i) assign any or all of its respective rights and interests hereunder to one or more of its affiliates, (ii) designate one or more of its affiliates to perform its respective obligations hereunder (in any or all of which cases the Company nonetheless shall remain responsible for the performance of all of their obligations hereunder), (iii) collaterally assign any or all of its respective rights and interests hereunder to one or more lenders of the Company or its affiliates, (iv) assign its respective rights hereunder in connection with the sale of all or substantially all of its business or assets (whether by merger, sale of stock or assets, recapitalization or otherwise) and (v) merge any of affiliates with or into the Company (or vice versa). The rights of the Company hereunder are enforceable by its affiliates, who are the intended third party beneficiaries hereof.

(e) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION), THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK TO BE APPLIED.

(f) Jurisdiction and Venue.

(i) The Company and the Executive hereby irrevocably and unconditionally submit, for themselves and their property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and the Company and the Executive hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Company and the Executive irrevocably waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Company and the Executive agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Executive agrees not to commence a claim or proceeding hereunder in a court other than a New York State court or federal court located in the State of New York, except if the Executive has first brought such claim or proceeding in such New York State court or federal court located in the State of New York, and such court or courts have denied jurisdiction over such claim or proceeding.

(ii) The Company and the Executive irrevocably and unconditionally waive, to the fullest extent they may legally and effectively do so, any objection that they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof.

(iii) Notwithstanding clauses (i)-(ii), the parties intend to and hereby confer jurisdiction to enforce the covenants contained in Sections 6 through 8 upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold such covenants wholly or partially invalid or unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Company's right to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(iv) The parties further agree that the mailing by certified or registered mail, return receipt requested to both (x) the other party and (y) counsel for the other party (or such substitute counsel as such party may have given written notice of prior to the date of such mailing), of any process required by any such court shall constitute valid and lawful service of process against them, without the necessity for service by any other means provided by law. Notwithstanding the foregoing, if and to the extent that a court holds such means to be unenforceable, each of the parties' respective counsel (as referred to above) shall be deemed to have been designated agent for service of process on behalf of its respective client, and any service upon such respective counsel effected in a manner which is permitted by New York law shall constitute valid and lawful service of process against the applicable party.

(g) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and the Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(h) Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(j) WAIVER OF JURY TRIAL. NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

* * * *

[Signature Page Follows]

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

TONIX PHARMACEUTICALS, INC.

By /s/ SETH LEDERMAN
Seth Lederman, M.D.
President and Chairman

EXECUTIVE:

/s/ RHONDA ROSEN
Rhonda Rosen

Address:
43 Dickinson Road
Basking Ridge, NJ 07920

Exhibit 10.14

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is dated as of April 1, 2011, between Tonix Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Benjamin A. Selzer (the "Executive").

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Employment.

The Company has employed the Executive, and the Executive has accepted employment with the Company, upon the terms and subject to the conditions set forth in this Agreement for the period beginning on April 1, 2011 (the "Agreement Effective Date") and ending as provided in Section 4 (the "Employment Period").

SECTION 2. Position and Duties.

(a) During the Employment Period, the Executive shall serve as the Chief Operating Officer of the Company. The Executive shall have such duties and responsibilities as may be assigned to him from time to time by the Chief Executive Office and/or the Board of Directors of the Company (the "Board").

(b) The Executive shall report to the President of the Company and shall devote his best efforts and substantially all of his active business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) on a full-time basis to the business and affairs of the Company and its affiliates, as those duties may be assigned by the President and/or the Board. The Executive shall perform his duties and responsibilities to the best of his abilities in a diligent and professional manner. The Executive shall perform his duties principally at the Company's offices in New York City, and, to the extent reasonably requested by the President or the Board, shall provide services as needed at the Company's other offices. During the Employment Period, the Executive shall not engage in any outside business activity without the prior written approval of the Board, whether or not such activity is pursued for gain, profit or other pecuniary advantage.

(c) The foregoing restrictions shall not limit or prohibit the Executive from engaging in passive investment, and community, charitable and social activities not interfering with the Executive's performance and obligations hereunder.

SECTION 3. Base Salary and Benefits.

(a) From the Agreement Effective Date to the date on which the Company consummates the sale of at least Five Hundred Thousand Dollars ($500,000) in additional equity securities (the "Financing"), the Executive shall be employed on an at-will basis at a salary equal to the minimum wage for employees in the State of New York ($7.25, as of the date hereof) for each hour worked up to 40 hours per week and equal to time and one-half ($10.88, as of the date hereof) for each hour worked in excess of 40 hours per week (the "Pre-Financing Salary").

(b) In the event, and upon the consummation, of the Financing, the Executive's base salary shall be increased to Two Hundred Fifty Thousand Dollars ($250,000) per annum, or such other rate as the Board may designate from time to time (the "Pre-Public Salary"), and, if he remains employed until the date of such Financing, the Executive shall receive a lump sum payment in the amount of Fifty Thousand Dollars ($50,000) (the "Lump Sum Payment"). The Lump Sum Payment shall be paid at the same time that the Executive's first regular Pre-Public Salary installment would be paid, net of applicable withholding and payroll taxes.

(c) In the event, and upon the consummation, of the earlier of (i) the closing of the sale of shares of the common stock of the Company to the public in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least Ten Million Dollars ($10,000,000) of proceeds, net of the underwriting discount and commissions, to the Company or (ii) the merger of the Company with, or acquisition of the Company by, a company that is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended, or with or by such company's wholly-owned subsidiary accompanied by the Company's consummation of the sale of additional equity or debt securities resulting in at least Ten Million Dollars ($10,000,000) of proceeds, net of the underwriting discount and commissions (a "Fundamental Transaction"), the Executive's base salary shall be increased to Three Hundred Twenty Thousand Dollars ($320,000) per annum, or such other rate as the Board may designate from time to time (the "Base Salary"), and, if he remains employed until the date of such Fundamental Transaction, the Executive shall thereupon be compensated for the difference between the Base Salary and the Pre-Public Salary, such difference to be calculated based on One Hundred Ninety-One Dollars and Seventy-Eight Cents ($191.78) per calendar day, multiplied by the number of calendar days elapsing from the Financing through the consummation of the Fundamental Transaction, subject to a maximum aggregate payment of One Hundred Seventy Thousand Dollars ($170,000). The difference between the Pre-Public Salary payable to the Executive prior to the consummation of the Fundamental Transaction and the Base Salary shall be paid in a single lump sum at the same time that the Executive's first

regular Base Salary installment would be paid, net of applicable withholding and payroll taxes.

(d) The Executive may be eligible to earn annual bonuses as shall be determined by the Board in its sole discretion. The Board shall determine the amount of each such annual bonus, if any, promptly following the close of the calendar year and shall pay such bonus by no later than March 15th of the year immediately following the year in which the bonus was earned.

(e) In addition, during the Employment Period, the Executive shall be entitled to participate in all employee benefit programs and plans for which executive employees of the Company are generally eligible from time to time.

(f) The Company shall, in accordance with policies then in effect with respect to payments of business expenses, pay or reimburse the Executive for all reasonable out-of-pocket business expenses actually incurred by the Executive during the Employment Period in performing services hereunder; provided, however that to the extent required to comply with the provisions of Section 409A ("Code Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), (1) no reimbursement of expenses incurred by the Executive during any taxable year shall be made after the last day of the following taxable year of the Executive, (2) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, to the Executive in any other taxable year, and (3) the right to reimbursement of such expenses shall not be subject to liquidation or exchange for another benefit. All expenses shall be accounted for in such reasonable detail as the Company may require.

(g) During the Employment Period, the Executive shall be entitled to twenty (20) vacation days per year, as well as holidays, sick days and personal days in accordance with the Company's policies, as such policies may be amended from time to time. The Executive may not carry forward any unused vacation, holiday, sick or personal days into subsequent years.

SECTION 4. Term and Termination.

(a) *General*. The Employment Period shall commence on the Agreement Effective Date and shall end on the second anniversary of the Agreement Effective Date (the "Initial Term"), and shall be renewed annually thereafter for one (1) year terms, unless and until either party provides ninety (90) days' advance written notice prior to the end of the then-current Employment Period that such party declines to so extend the Employment Period; *provided, however*, that the Employment Period shall terminate prior to such date upon the occurrence of any of the events set forth in clauses (b), (c) or (d) below. The Executive's Termination Date shall mean the date of his Separation from Service as determined under Code Section 409A and Treasury Regulation Section 1.409A- 1(h).

(b) Notwithstanding anything else set forth herein, prior to the consummation of a Fundamental Transaction the Employment Period may be terminated by the Company with or without Cause without obligation other than the payment of the Accrued Obligations (as defined below).

(c) *Termination by the Company; Resignation by the Executive.* The Employment Period may be terminated by the Company at any time for Cause (as defined below), or by the Executive's resignation without Good Reason (as defined below). The Executive may resign for Good Reason in accordance with the last paragraph of Section 5(c). The Employment Period may be terminated by the Company at any time other than for Cause.

(d) *Termination due to Death or Disability*. The Employment Period shall be terminated upon the Executive's death or Separation from Service (as defined below) due to Disability (as defined below).

(e) *Definition of Cause:*

For purposes of this Agreement, "Cause" means:

(A) the failure by the Executive to perform such duties as are within the scope of this Agreement and as are reasonably requested in good faith by the President or the Board in the course of the Executive's performance of his duties hereunder;

(B) gross negligence, recklessness or willful misconduct by the Executive in the performance of his duties;

(C) a conviction of or a plea of guilty or nolo contendere by the Executive to a crime involving fraud, embezzlement, theft, other financial dishonesty or moral turpitude;

(D) the material breach by the Executive of this Agreement or of any other agreement or contract with the Company, or any of its affiliates; or

(E) the Board's reasonable determination that the Executive has engaged in a violation of state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination).

The Company shall not be entitled to terminate for Cause unless the Company provides to the Executive written notice documenting in reasonable detail the basis for termination and an opportunity of at least thirty (30) days in duration (such duration to be determined in good faith by the Company), to cure, unless (i) the Company reasonably determines that providing such opportunity to cure to the Executive is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, or (ii) the facts and circumstances underlying such termination are not able to be cured, in which case the Company may terminate without providing an opportunity to cure.

SECTION 5. Payments Upon Termination.

(a) *Termination for Cause. Termination by the Executive without Good Reason; Natural Expiration of the Employment Period.* If the Employment Period is terminated after the consummation of a Fundamental Transaction (i) by the Company for Cause, (ii) by the Executive without Good Reason and not on account of death or Disability, or (iii) upon the natural expiration of the Employment Period pursuant to Section 4(a) above, then the Executive shall be entitled to receive his Base Salary and other remuneration and benefits only to the extent that such amount has accrued through the Termination Date (the "Accrued Obligations"). For the avoidance of doubt, the Accrued Obligations shall be paid promptly upon the termination of the Employment Period, in accordance with applicable law, and shall not include any bonus that remains unpaid as of the Termination Date or that is accruing in the year of termination.

(b) *Termination due to death or Disability.* If the Employment Period is terminated after the consummation of a Fundamental Transaction due to the Executive's death or Disability, then the Executive (or his legal representative) shall be entitled to the Accrued Obligations, plus, if the Executive (or, if applicable, his legal representative) executes and does not revoke a general release of claims in a form reasonably satisfactory to the Company by the 53rd day following the Executive's Separation from Service due to death or Disability, then, subject to Section 10, the Executive (or, if appropriate, his estate) shall be entitled to receive a lump sum cash payment equal to two (2) months of Base Salary paid on the 60th day following his death or Separation from Service due to Disability, subject to applicable tax withholding requirements.

For purposes of this Agreement, Disability shall have the meaning accorded the term under Treasury Regulation Section 1.409A-3(i)(4).

(c) *Termination by the Company other than for Cause, or by the Executive for Good Reason.* If after the consummation of a Fundamental Transaction the Employment Period is terminated by the Company other than for Cause, or the Executive terminates employment for Good Reason, and such termination constitutes an Involuntary Separation from Service within the meaning of Treasury Regulation Sections 1.409A-l(n) and (h), then the Executive shall be entitled to the Accrued Obligations and, if the Executive executes and does not revoke a general release of claims in a form reasonably satisfactory to the Company by the 53rd day following his Separation from Service, then, subject to Section 10, the Executive (or, if appropriate, his estate) shall also be entitled to receive a lump sum cash payment equal to six (6) months of Base Salary (nine (9) months of Base Salary if the termination is in connection with, or following, a Fundamental Transaction) (the "Severance") paid on the 60th day following his Separation from Service, subject to applicable tax withholding requirements.

For purposes of this Agreement, "Good Reason" shall mean the Executive's Separation from Service within ninety (90) days after the initial occurrence of (i) a material diminution in the Executive's authority, duties or responsibilities; (ii) a material reduction in the Executive's Base Salary (as adjusted); or (iii) the relocation of the Executive's primary work location to a location that is more than fifty (50) miles from the Executive's immediately prior work location; provided that the Executive shall not have Good Reason to separate from service unless the Executive provides written notice to the Company of the condition constituting Good Reason to terminate within thirty (30) days of the initial occurrence thereof, and the Company has a period of at least thirty (30) days after receipt of such notice to remedy said condition(s).

(d) *No Other Benefits.* Except as otherwise required by law (e.g., COBRA) or as specifically provided herein, all of the Executive's rights to salary, severance, fringe benefits and bonuses hereunder (if any) accruing after the Termination Date shall cease upon the Termination Date. Except as specifically provided herein, the Executive shall not be entitled to any severance payments or benefits under any severance policy or practice maintained by the Company or its affiliates.

(e) *Compliance With Code Section 409A.* Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and shall operate so that the payments and benefits set forth herein either shall be exempt from the requirements of Code Section 409A or shall comply with the requirements of such provision; provided, however, that in no event shall the Company be liable to the Executive for or with respect to any taxes, penalties or interest which may be imposed upon the Executive pursuant to Code Section 409A. For purposes of this Agreement, the terms "termination," "termination of employment" and variations thereof shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) ("Separation From Service"). To the extent that any Severance payment constitutes a "deferral of compensation" subject to Code Section 409A (a "409A Payment"), then, (A) in the event that a termination of Executive's employment does not constitute a Separation From Service, such 409A Payment shall begin at such time as the Executive has otherwise experienced such a Separation from Service, and the date of such Separation from Service shall be deemed to be his Termination Date for purposes of Section 4(a) hereof, and (B) if on the date of the Executive's Separation from Service, the Executive is a "specified employee" of a public company, as such term is defined in Treasury Regulation Section 1.409A-l(i), as determined from time to time by the Company, then such 409A Payment shall not be made to the Executive until the earlier of (i) six (6) months and one day after the Executive's Separation from Service; or (ii) the date of his death, and shall be paid without adjustment for the delay in payment. The Executive hereby acknowledges that he has been advised to seek and has sought the advice of a tax advisor with respect to the tax consequences to the Executive of all payments pursuant to this Agreement, including any adverse tax consequences or penalty taxes under Code Section 409A and applicable state tax law. The Executive hereby agrees to bear the entire risk of any such adverse federal and state tax consequences and penalty taxes in the event any payment pursuant to this Agreement is deemed to be subject to Code Section 409A, and that no representations have been made to the Executive relating to the tax treatment of any payment pursuant to this Agreement under Code Section 409A and the corresponding provisions of any applicable state income tax laws.

SECTION 6. Nondisclosure and Nonuse of Confidential Information.

(a) The Executive shall not disclose or use at any time without the written consent of the Company, either during the Employment Period or thereafter, any Confidential Information (as defined below) of which the Executive is or becomes aware, whether or not such information is developed by her, except to the extent that such disclosure or use is directly related to and

required by the Executive's performance in good faith of duties assigned to the Executive by the Company or is required to be disclosed by law, court order, or similar compulsion; provided, however, that such disclosure shall be limited to the extent so required or compelled; and provided, further, that the Executive shall give the Company notice of such disclosure and cooperate with the Company in seeking suitable protection. The Executive acknowledges that the Company's Confidential Information has been generated at great effort and expense by the Company and its predecessors and affiliates and has been maintained in a confidential manner by the Company, its predecessors and affiliates. The Executive does not claim any rights to or lien on any Confidential Information. The Executive will immediately notify the Company of any unauthorized possession, use, disclosure, copying, removal or destruction, or attempt thereof, of any Confidential Information by anyone of which the Executive becomes aware and of all details thereof. The Executive shall take all reasonably appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Executive shall deliver to the Company on the Termination Date, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof regardless of the form thereof (including electronic and optical copies)) relating to the Confidential Information or the Work Product (as defined below) of the Company or any of its affiliates which the Executive may then possess or have under his control.

(b) As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company or any affiliate in connection with its business, including, but not limited to, information, observations and data obtained by the Executive while employed by the Company or any predecessors thereof (including those obtained prior to the date hereof) concerning (i) the business or affairs of the Company (or such predecessors), (ii) technologies, products or services, (iii) data, test results, designs, methods, formulae, production methods, know-how, show-how, techniques, systems, processes, specifications, drawings, reports, software programs, works of authorship, research and development, (iv) inventions, new developments and trade secrets, whether patentable or unpatentable and whether or not reduced to practice, (v) existing and prospective licensees, partners, customers, clients and suppliers, (vi) agreements with licensees, partners, customers, clients, suppliers and other entities or individuals, (vii) projects, plans and proposals, (vii) fees, costs and pricing structures, (viii) accounting and business methods, (ix) business strategies, acquisition plans and candidates, financial or other performance data and personnel lists and data, and (x) all similar and related information in whatever form, unless the information is or becomes publicly known through lawful means.

SECTION 7. Inventions and Patents.

The Executive agrees that all inventions, ideas, innovations, improvements, modifications, data, test results, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether patentable or unpatentable) which relate to the Company's or any of its affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Executive (whether or not during usual business hours or on the premises of the Company or any affiliate and whether or not alone or in conjunction with any other person) while employed by the Company (including those conceived, developed or made prior to the date of this Agreement) together with all patent applications, letters patent, trademark, tradename and service mark applications or registrations, copyrights, reissues thereof and any other legal protection thereon that may be granted for or upon any of the foregoing (collectively referred to herein as the "Work Product"), belong in all instances to the Company or such affiliate. The Executive shall promptly disclose such Work Product to the President and perform all actions reasonably requested by the President (whether during or after the Employment Period) to establish and confirm the Company's ownership of such Work Product (including, without limitation, the execution and delivery of assignments, consents, powers of attorney and other instruments) and provide reasonable assistance to the Company or any of its affiliates in connection with (a) the prosecution of any applications for patents, trademarks, trade names, service marks, reissues thereof or other legal protection thereon, (b) the maintenance, enforcement and renewal of any rights that may be obtained, granted or vest therein, and (c) the prosecution and defense of any actions, proceedings, oppositions or interferences relating thereto. If the Company is unable, after reasonable effort, to secure the signature of the Executive on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Executive, and the Executive hereby irrevocably designates and appoints each executive officer of the Company as his or her agent and attorney-in-fact to execute any such papers on his or her behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Work Product, under the conditions described in this sentence.

SECTION 8. Non-Compete; Non-Solicitation; Non-Disparagement.

(a) The Executive acknowledges that, in the course of employment with the Company and/or its affiliates, he has and will become familiar with the Company's and its predecessors and affiliates' trade secrets and with other confidential information concerning the Company and its predecessors and affiliates and that his services have been and will be of special, unique and extraordinary value to the Company and its affiliates. Therefore, in order to protect the Company's interest in its Confidential Information, the Executive agrees that during the Employment Period and for one (1) year thereafter (collectively, the "Non-Compete Period," subject to automatic extension during the period of any violation of this Section 8), he shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in or represent any business competing with the development, marketing, and/or sale of drugs intended for use in the treatment of attention deficit disorder, attention deficit and hyperactivity disorder, headaches, primary insomnia disorder, fibromyalgia, post-traumatic stress disorder or any other products and/or services of the Company or its affiliates that exist or are in the process of being formed or acquired as of the Termination Date (the "Business"), within any Restricted Territory. As used in this Agreement, the term "Restricted Territory" means (i) the United States and (ii) any other country or territory in which the Company has engaged in, or is engaging in, the Business as of the Termination Date. Nothing herein shall be construed to prevent the Executive from participating in and completing all necessary activities required to maintain the Executive's professional standards.

Nothing herein shall prohibit the Executive from being a passive owner of not more than one percent (1%) of the outstanding stock of any class of a corporation which is publicly traded that is engaged in the Business, so long as the Executive has no active participation in the business of such corporation.

(b) During the Non-Compete Period, the Executive shall not directly or indirectly through another person or entity:

(i) induce or attempt to induce any employee of the Company or any affiliate to leave the employ of the Company or such affiliate, or in any way interfere with the relationship between the Company or any such affiliate, on the one hand, and any employee thereof, on the other hand;

(ii) solicit for hire or hire any person who was an employee of the Company or any affiliate until six (6) months after such individual's employment relationship with the Company or any affiliate has been terminated, provided that the Executive may hire any such person (so long as such person is not a supervisor, manager or executive officer of the Company or any affiliate) who responds to a general advertisement offering employment;

(iii) solicit, induce or attempt to solicit or induce any customer (it being understood that the term "customer" as used throughout this Agreement includes any Person (x) that is purchasing goods or receiving services from the Company and/or any affiliates or (y) that is directly or indirectly providing or referring customers to, or otherwise providing or referring business for, the Company or any affiliates), supplier, licensee, subcontractor or other business relation of the Company or any affiliate to cease or reduce doing business with the Company or such affiliate, or in any way interfere or attempt to interfere with the relationship between any such customer, supplier, licensee, subcontractor or business relation, on the one hand, and the Company or any such affiliate, on the other hand; or

(iv) induce or attempt to induce any customer, supplier, licensee, subcontractor or other business relation of the Company or affiliate to purchase services or goods similar to those sold as part of the Business.

(c) The Executive understands that the foregoing restrictions may limit his ability to earn a livelihood in a business similar to the Business, but he nevertheless believes that he has received and will receive sufficient consideration and other benefits as an employee of the Company and as otherwise provided hereunder to clearly justify such restrictions which, in any event (given his education, skills and ability), the Executive does not believe would prevent him from otherwise earning a living. The Executive further understands that (i) the parties would not enter into this Agreement but for the covenants contained in this Section 8, and (ii) the provisions of Sections 6 through 8 are reasonable and necessary to preserve the legitimate business interests of the Company and affiliates.

(d) The Executive shall inform any prospective or future employer of any and all restrictions contained in this Agreement and provide such employer with a copy of such restrictions (but no other terms of this Agreement), prior to the commencement of that employment.

(e) The Executive agrees that the restrictions are reasonable and necessary, are valid and enforceable under New York law, and do not impose a greater restraint than necessary to protect the Company's legitimate business interests. If, at the time of enforcement of Sections 6 through 8, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Executive and the Company agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area so as to protect the Company to the greatest extent possible under applicable law.

(f) In order to protect the goodwill of the Company and its affiliates, to the fullest extent permitted by law, the Executive, both during and after the Employment Period, agrees not to publicly criticize, denigrate, or otherwise disparage any of the Company, its affiliates, and each such entity's employees, officers, directors, licensees, partners, consultants, other service providers, products, processes, policies, practices, standards of business conduct, or areas or techniques of research, development, manufacturing, or marketing. Nothing in this Section 8(f) shall prevent the Executive or the Company from cooperating in any governmental proceeding or from providing truthful testimony pursuant to a legally-issued subpoena. The Executive promises to provide the Company with written notice of any request to so cooperate or provide testimony within one (1) day of being requested to do so, along with a copy of any such request.

SECTION 9. Enforcement.

Because the Executive's services are unique and because the Executive has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement by the Executive, the Company and any of its affiliates or their successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, seek specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security) and may apply to any court of competent jurisdiction to require the Executive to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of the covenants contained herein in this Agreement. The Executive agrees not to claim that the Company or any of its affiliates has adequate remedies at law for a breach of any of Sections 6 through 8, as a defense against any attempt by the Company or any of its affiliates to obtain the equitable relief described in this Section 9.

SECTION 10. Severance Payments.

In addition to the foregoing, and not in any way in limitation thereof, or in limitation of any right or remedy otherwise available to the Company, if the Executive violates any provision of the foregoing Sections 6 through 8, any Severance payments then or thereafter due from the Company to the Executive pursuant to Section 5(c) shall be terminated forthwith and the Company's obligation to pay and the Executive's right to receive such Severance payments shall terminate and be of no further force or effect, if and when determined by a court of competent jurisdiction, in each case without limiting or affecting the Executive's obligations (or terminating the Non-Compete Period) under such Sections 6 through 8, or the Company's other rights and remedies available at law or equity.

SECTION 11. Representations, Warranties and Additional Covenants of the Executive.

The Executive hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by the Executive does not and shall not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Executive is a party or any judgment, order or decree to which the Executive is subject, (b) the Executive is not a party to or bound by any employment agreement, (c) the Executive is not a party to or bound by any consulting agreement, non-compete agreement, confidentiality agreement or similar agreement with any other person or entity that would affect the Company or the obligations of the Executive hereunder and (d) upon the execution and delivery of this Agreement by the Company and the Executive, this Agreement will be a valid and binding obligation of the Executive, enforceable in accordance with its terms. The Executive further represents and warrants that he has not disclosed, revealed or transferred to any third party any of the Confidential Information that he may have previously obtained and that he has safeguarded and maintained the secrecy of the Confidentiality Information to which he has had access or of which he has knowledge. In addition, the Executive represents and warrants that he has no ownership in nor any right to nor title in any of the Confidential Information and the Work Product.

SECTION 12. Notices.

All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given when delivered personally to the recipient, telecopied to the intended recipient at the telecopy number set forth therefor below, or one (1) business day after deposit with a nationally recognized overnight delivery service, in each case as follows:

If to the Company, to:

Tonix Pharmaceuticals, Inc.
509 Madison Avenue, Suite 306
New York, New York 10022
Attention: President

If to the Executive, to the address set forth on the signature page hereto;

or such other address as the recipient party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such communication shall deemed to have been delivered and received (a) when delivered, if personally delivered, sent by telecopier or sent by overnight courier, and (b) on the fifth business day following the date posted, if sent by mail. Instructions, notices or requests may be sent by email to the Executive.

SECTION 13. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing and except to the extent otherwise provided in Section 8(e) (with respect to a breach of the provisions of Section 8), if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Complete Agreement. This Agreement and those documents expressly referred to herein (including, but not limited to, the exhibit attached hereto) constitute the entire agreement among the parties and supersede any prior correspondence or documents evidencing negotiations between the parties, whether written or oral, and any and all understandings, agreements or representations by or among the parties, whether written or oral, that may have related in any way to the subject matter of this Agreement.

(c) Force Majeure. Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations as a result of events beyond its reasonable control, including, without limitation, fire, power failures, any act of war, riot, strikes, civil insurrection, earthquake, hurricane, tornado or other catastrophic natural events or acts of God.

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of

and be enforceable by the Executive and the Company and their respective successors, assigns, heirs, representatives and estate; provided, however, that the rights and obligations of the Executive under this Agreement shall not be assigned without the prior written consent of the Company in its sole discretion. The Company may (i) assign any or all of its respective rights and interests hereunder to one or more of its affiliates, (ii) designate one or more of its affiliates to perform its respective obligations hereunder (in any or all of which cases the Company nonetheless shall remain responsible for the performance of all of their obligations hereunder), (iii) collaterally assign any or all of its respective rights and interests hereunder to one or more lenders of the Company or its affiliates, (iv) assign its respective rights hereunder in connection with the sale of all or substantially all of its business or assets (whether by merger, sale of stock or assets, recapitalization or otherwise) and (v) merge any of affiliates with or into the Company (or vice versa). The rights of the Company hereunder are enforceable by its affiliates, who are the intended third party beneficiaries hereof.

(e) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION), THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK TO BE APPLIED.

(f) Jurisdiction and Venue.

(i) The Company and the Executive hereby irrevocably and unconditionally submit, for themselves and their property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and the Company and the Executive hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Company and the Executive irrevocably waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Company and the Executive agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Executive agrees not to commence a claim or proceeding hereunder in a court other than a New York State court or federal court located in the State of New York, except if the Executive has first brought such claim or proceeding in such New York State court or federal court located in the State of New York, and such court or courts have denied jurisdiction over such claim or proceeding.

(ii) The Company and the Executive irrevocably and unconditionally waive, to the fullest extent they may legally and effectively do so, any objection that they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof.

(iii) Notwithstanding clauses (i)-(ii), the parties intend to and hereby confer jurisdiction to enforce the covenants contained in Sections 6 through 8 upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold such covenants wholly or partially invalid or unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Company's right to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(iv) The parties further agree that the mailing by certified or registered mail, return receipt requested to both (x) the other party and (y) counsel for the other party (or such substitute counsel as such party may have given written notice of prior to the date of such mailing), of any process required by any such court shall constitute valid and lawful service of process against them, without the necessity for service by any other means provided by law. Notwithstanding the foregoing, if and to the extent that a court holds such means to be unenforceable, each of the parties' respective counsel (as referred to above) shall be deemed to have been designated agent for service of process on behalf of its respective client, and any service upon such respective counsel effected in a manner which is permitted by New York law shall constitute valid and lawful service of process against the applicable party.

(g) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and the Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(h) Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(j) WAIVER OF JURY TRIAL. NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

* * * *

[Signature Page Follows]

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

TONIX PHARMACEUTICALS, INC.

By: /s/ SETH LEDERMAN
Seth Lederman, M.D.
President and Chairman

EXECUTIVE:

/s/ BENJAMIN A. SELZER
Benjamin A. Selzer

Address:
305 West Broadway, #121
New York, NY 10013

Exhibit 10.15

EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is dated as of April 1, 2011, between Tonix Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Susan Oliver (the "Executive").

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Employment.

The Company has employed the Executive, and the Executive has accepted employment with the Company, upon the terms and subject to the conditions set forth in this Agreement for the period beginning on April 1, 2010 (the "Agreement Effective Date") and ending as provided in Section 4 (the "Employment Period").

SECTION 2. Position and Duties.

(a) During the Employment Period, the Executive shall serve as the Vice President, Marketing of the Company. The Executive shall have such duties and responsibilities as may be assigned to her from time to time by the Chief Executive Office and/or the Board of Directors of the Company (the "Board").

(b) The Executive shall report to the President of the Company and shall devote her best efforts and substantially all of her active business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) on a full-time basis to the business and affairs of the Company and its affiliates, as those duties may be assigned by the President and/or the Board. The Executive shall perform her duties and responsibilities to the best of her abilities in a diligent and professional manner at the Company's headquarters in New York City. During the Employment Period, the Executive shall not engage in any outside business activity without the prior written approval of the Board, whether or not such activity is pursued for gain, profit or other pecuniary advantage.

(c) The foregoing restrictions shall not limit or prohibit the Executive from engaging in passive investment, and community, charitable and social activities not interfering with the Executive's performance and obligations hereunder.

SECTION 3. Base Salary and Benefits.

(a) From the Agreement Effective Date to the date on which the Company consummates the sale of at least Five Hundred Thousand Dollars ($500,000) in additional equity securities (the "Financing"), the Executive shall be employed on an at-will basis at a salary equal to the minimum wage for employees in the State of New York ($7.25, as of the date hereof) for each hour worked up to 40 hours per week and equal to time and one-half ($10.88, as of the date hereof) for each hour worked in excess of 40 hours per week (the "Pre-Financing Salary").

(b) In the event, and upon the consummation, of the Financing, the Executive's base salary shall be increased to One Hundred Fifty Thousand Dollars ($150,000) per annum, or such other rate as the Board may designate from time to time (the "Pre-Public Salary"), and, if she remains employed until the date of such Financing, the Executive shall receive a lump sum payment in the amount of Thirty Thousand Dollars ($30,000) (the "Lump Sum Payment"). The Lump Sum Payment shall be paid at the same time that the Executive's first regular Pre-Public Salary installment would be paid, net of applicable withholding and payroll taxes.

(c) In the event, and upon the consummation, of the earlier of (i) the closing of the sale of shares of the common stock of the Company to the public in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least Ten Million Dollars ($10,000,000) of proceeds, net of the underwriting discount and commissions, to the Company or (ii) the merger of the Company with, or acquisition of the Company by, a company that is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended, or with or by such company's wholly-owned subsidiary accompanied by the Company's consummation of the sale of additional equity or debt securities resulting in at least Ten Million Dollars ($10,000,000) of proceeds, net of the underwriting discount and commissions (a "Fundamental Transaction"), the Executive's base salary shall be increased to Two Hundred Thousand Dollars ($200,000) per annum, or such other rate as the Board may designate from time to time (the "Base Salary"), and, if she remains employed until the date of such Fundamental Transaction, the Executive shall thereupon be compensated for the difference between the Base Salary and the Pre-Public Salary, such difference to be calculated based on One Hundred Thirty-Six Dollars and Ninety-Nine Cents ($136.99) per calendar day, multiplied by the number of calendar days elapsing from the Financing through the consummation of the Fundamental Transaction, subject to a maximum aggregate payment of Fifty Thousand Dollars ($50,000). The difference between the Pre-Public Salary payable to the Executive prior to the consummation of the Fundamental Transaction and the Base Salary shall be paid in a single lump sum at the same time that the Executive's first regular Base Salary installment would be paid, net of applicable withholding and payroll taxes.

(d) The Executive may be eligible to earn annual bonuses as shall be determined by the Board in its sole discretion. The Board shall determine the amount of each such annual bonus, if any, promptly following the close of the calendar year and shall pay such bonus by no later than March 15th of the year immediately following the year in which the bonus was earned.

(e) In addition, during the Employment Period, the Executive shall be entitled to participate in all employee benefit programs and plans for which executive employees of the Company are generally eligible from time to time.

(f) The Company shall, in accordance with policies then in effect with respect to payments of business expenses, pay or reimburse the Executive for all reasonable out-of-pocket business expenses actually incurred by the Executive during the Employment Period in performing services hereunder (other than commuting expenses from the Executive's home to Company offices and expenses for living accommodations and meals while the Executive is working at the Company's headquarter offices); provided, however that to the extent required to comply with the provisions of Section 409A ("Code Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), (1) no reimbursement of expenses incurred by the Executive during any taxable year shall be made after the last day of the following taxable year of the Executive, (2) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a taxable year of the Executive shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, to the Executive in any other taxable year, and (3) the right to reimbursement of such expenses shall not be subject to liquidation or exchange for another benefit. All expenses shall be accounted for in such reasonable detail as the Company may require.

(g) During the Employment Period, the Executive shall be entitled to twenty (20) vacation days per year, as well as holidays, sick days and personal days in accordance with the Company's policies, as such policies may be amended from time to time. The Executive may not carry forward any unused vacation, holiday, sick or personal days into subsequent years.

SECTION 4. Term and Termination.

(a) *General*. The Employment Period shall commence on the Agreement Effective Date and shall end on the second anniversary of the Agreement Effective Date (the "Initial Term"), and shall be renewed annually thereafter for one (1) year terms, unless and until either party provides ninety (90) days' advance written notice prior to the end of the then-current Employment Period that such party declines to so extend the Employment Period; provided, however, that the Employment Period shall terminate prior to such date upon the occurrence of any of the events set forth in clauses (b), (c) or (d) below. The Executive's Termination Date shall mean the date of her Separation from Service as determined under Code Section 409A and Treasury Regulation Section 1.409A- 1(h).

(b) Notwithstanding anything else set forth herein, prior to the consummation of the Financing the Employment Period may be terminated by the Company with or without Cause without obligation other than the payment of the Accrued Obligations (as defined below).

(c) *Termination by the Company; Resignation by the Executive.* The Employment Period may be terminated by the Company at any time for Cause (as defined below), or by the Executive's resignation for any reason. The Employment Period may be terminated by the Company at any time other than for Cause.

(d) *Termination due to Death*. The Employment Period shall be terminated upon the Executive's death.

(e) *Definitions.*

Cause. For purposes of this Agreement, "Cause" means:

(A) the failure by the Executive to perform such duties as are within the scope of this Agreement and as are reasonably requested in good faith by the President or the Board in the course of the Executive's performance of her duties hereunder;

(B) gross negligence, recklessness or willful misconduct by the Executive in the performance of her duties;

(C) a conviction of or a plea of guilty or nolo contendere by the Executive to a crime involving fraud, embezzlement, theft, other financial dishonesty or moral turpitude;

(D) the material breach by the Executive of this Agreement or of any other agreement or contract with the Company, or any of its affiliates; or

(E) the Board's reasonable determination that the Executive has engaged in a violation of state or federal law relating to the workplace environment (including, without limitation, laws relating to sexual harassment or age, sex or other prohibited discrimination).

The Company shall not be entitled to terminate for Cause unless the Company provides to the Executive written notice documenting in reasonable detail the basis for termination and an opportunity of at least thirty (30) days in duration (such duration to be determined in good faith by the Company), to cure, unless (i) the Company reasonably determines that providing such opportunity to cure to the Executive is reasonably likely to have a material adverse effect on its business, financial condition, results of operations, prospects or assets, or (ii) the facts and circumstances underlying such termination are not able to be cured, in which case the Company may terminate without providing an opportunity to cure.

SECTION 5. Payments Upon Termination.

(a) *Termination for Cause. Termination by the Executive; Natural Expiration of the Employment Period.* If the Employment Period is terminated after the consummation of the Financing (i) by the Company for Cause, (ii) by the Executive for any reason, or (iii) upon the natural expiration of the Employment Period pursuant to Section 4(a) above, then the Executive shall be entitled to receive her Base Salary and other remuneration and benefits only to the extent that such amount has accrued through the Termination Date (the "Accrued Obligations"). For the avoidance of doubt, the Accrued Obligations shall be paid promptly upon the termination of the Employment Period, in accordance with applicable law, and shall not include any bonus that remains unpaid as of the Termination Date or that is accruing in the year of termination.

(b) *Termination due to death.* If the Employment Period is terminated due to the Executive's death, then the Executive (or her legal representative) shall be entitled to the Accrued Obligations.

(c) *Termination by the Company other than for Cause.* If the Employment Period is terminated by the Company other than for Cause, and such termination constitutes an Involuntary Separation from Service within the meaning of Treasury Regulation Sections 1.409A-l(n) and (h), then the Executive shall be entitled to the Accrued Obligations and, if the Executive executes and does not revoke a general release of claims in a form reasonably satisfactory to the Company by the 53rd day following her Separation from Service, then, subject to Section 10, the Executive (or, if appropriate, her estate) shall also be entitled to receive a lump sum cash payment equal to three (3) months of Base Salary (the "Severance") paid on the 60th day following her Separation from Service, subject to applicable tax withholding requirements.

(d) *No Other Benefits.* Except as otherwise required by law (e.g., COBRA) or as specifically provided herein, all of the Executive's rights to salary, severance, fringe benefits and bonuses hereunder (if any) accruing after the Termination Date shall cease upon the Termination Date. The Executive shall not be entitled to any severance payments or benefits under any severance policy or practice maintained by the Company or its affiliates.

(e) *Compliance With Code Section 409A.* Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and shall operate so that the payments and benefits set forth herein either shall be exempt from the requirements of Code Section 409A or shall comply with the requirements of such provision; provided, however, that in no event shall the Company be liable to the Executive for or with respect to any taxes, penalties or interest which may be imposed upon the Executive pursuant to Code Section 409A. For purposes of this Agreement, the terms "termination," "termination of employment" and variations thereof shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h) ("Separation From Service"). To the extent that any Severance payment constitutes a "deferral of compensation" subject to Code Section 409A (a "409A Payment"), then, (A) in the event that a termination of Executive's employment does not constitute a Separation From Service, such 409A Payment shall begin at such time as the Executive has otherwise experienced such a Separation from Service, and the date of such Separation from Service shall be deemed to be her Termination Date for purposes of Section 4(a) hereof, and (B) if on the date of the Executive's Separation from Service, the Executive is a "specified employee" of a public company, as such term is defined in Treasury Regulation Section 1.409A-l(i), as determined from time to time by the Company, then such 409A Payment shall not be made to the Executive until the earlier of (i) six (6) months and one day after the Executive's Separation from Service; or (ii) the date of her death, and shall be paid without adjustment for the delay in payment. The Executive hereby acknowledges that she has been advised to seek and has sought the advice of a tax advisor with respect to the tax consequences to the Executive of all payments pursuant to this Agreement, including any adverse tax consequences or penalty taxes under Code Section 409A and applicable state tax law. The Executive hereby agrees to bear the entire risk of any such adverse federal and state tax consequences and penalty taxes in the event any payment pursuant to this Agreement is deemed to be subject to Code Section 409A, and that no representations have been made to the Executive relating to the tax treatment of any payment pursuant to this Agreement under Code Section 409A and the corresponding provisions of any applicable state income tax laws.

SECTION 6. Nondisclosure and Nonuse of Confidential Information.

(a) The Executive shall not disclose or use at any time without the written consent of the Company, either during the Employment Period or thereafter, any Confidential Information (as defined below) of which the Executive is or becomes aware, whether or not such information is developed by her, except to the extent that such disclosure or use is directly related to and required by the Executive's performance in good faith of duties assigned to the Executive by the Company or is required to be disclosed by law, court order, or similar compulsion; provided, however, that such disclosure shall be limited to the extent so required or compelled; and provided, further, that the Executive shall give the Company notice of such disclosure and cooperate with the Company in seeking suitable protection. The Executive acknowledges that the Company's Confidential Information has been generated at great effort and expense by the Company and its predecessors and affiliates and has been maintained in a confidential manner by the Company, its predecessors and affiliates. The Executive does not claim any rights to or lien on any Confidential Information. The Executive will immediately notify the Company of any unauthorized possession, use, disclosure, copying, removal or destruction, or attempt thereof, of any Confidential Information by anyone of which the Executive becomes aware and of all details thereof. The Executive shall take all reasonably appropriate steps to safeguard Confidential Information and to protect it against disclosure, misuse, espionage, loss and theft. The Executive shall deliver to the Company on the Termination Date, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof regardless of the form thereof (including electronic and optical copies)) relating to the Confidential Information or the Work Product (as defined below) of the Company or any of its affiliates which the Executive may then possess or have under her control.

(b) As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company or any affiliate in connection with its business, including, but not limited to, information, observations and data obtained by the Executive while employed by the Company or any predecessors thereof (including those obtained prior to the Closing Date) concerning (i) the business or affairs of the Company (or such predecessors), (ii) technologies, products or services, (iii) data, test results, designs, methods, formulae, production methods, know-how, show-how, techniques, systems, processes, specifications, drawings, reports, software programs, works of authorship, research and development, (iv) inventions, new developments and trade secrets, whether patentable or unpatentable and whether or not reduced to practice, (v) existing and prospective licensees, partners, customers, clients and suppliers, (vi) agreements with licensees, partners, customers, clients, suppliers and other entities or individuals, (vii) projects, plans and proposals, (vii) fees, costs and pricing structures, (viii) accounting and business methods, (ix) business strategies, acquisition plans and candidates, financial or other performance data and personnel lists and data, and (x) all similar and related information in whatever form, unless the information is or becomes publicly known through lawful means.

SECTION 7. Inventions and Patents.

The Executive agrees that all inventions, ideas, innovations, improvements, modifications, data, test results, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos and all similar or related information (whether patentable or unpatentable) which relate to the Company's or any of its affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by the Executive (whether or not during usual business hours or on the premises of the Company or any affiliate and whether or not alone or in conjunction with any other person) while employed by the Company (including those conceived, developed or made prior to the date of this Agreement) together with all patent applications, letters patent, trademark, tradename and service mark applications or registrations, copyrights, reissues thereof and any other legal protection thereon that may be granted for or upon any of the foregoing (collectively referred to herein as the "Work Product"), belong in all instances to the Company or such affiliate. The Executive shall promptly disclose such Work Product to the President and perform all actions reasonably requested by the President (whether during or after the Employment Period) to establish and confirm the Company's ownership of such Work Product (including, without limitation, the execution and delivery of assignments, consents, powers of attorney and other instruments) and provide reasonable assistance to the Company or any of its affiliates in connection with (a) the prosecution of any applications for patents, trademarks, trade names, service marks, reissues thereof or other legal protection thereon, (b) the maintenance, enforcement and renewal of any rights that may be obtained, granted or vest therein, and (c) the prosecution and defense of any actions, proceedings, oppositions or interferences relating thereto. If the Company is unable, after reasonable effort, to secure the signature of the Executive on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Executive, and the Executive hereby irrevocably designates and appoints each executive officer of the Company as his or her agent and attorney-in-fact to execute any such papers on his or her behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Work Product, under the conditions described in this sentence.

SECTION 8. Non-Compete; Non-Solicitation; Non-Disparagement.

(a) The Executive acknowledges that, in the course of employment with the Company and/or its affiliates, she has and will become familiar with the Company's and its predecessors and affiliates' trade secrets and with other confidential information concerning the Company and its predecessors and affiliates and that her services have been and will be of special, unique and extraordinary value to the Company and its affiliates. Therefore, in order to protect the Company's interest in its Confidential Information, the Executive agrees that during the Employment Period and for one (1) year thereafter (collectively, the "Non-Compete Period," subject to automatic extension during the period of any violation of this Section 8), she shall not directly or indirectly own, manage, control, participate in, consult with, render services for, or in any manner engage in or represent any business competing with the development, marketing, and/or sale of drugs intended for use in the treatment of attention deficit disorder, attention deficit and hyperactivity disorder, headaches, primary insomnia disorder, fibromyalgia, post-traumatic stress disorder or any other products and/or services of the Company or its affiliates that exist or are in the process of being formed or acquired as of the Termination Date (the "Business"), within any Restricted Territory. As used in this Agreement, the term "Restricted Territory" means (i) the United States and (ii) any other country or territory in which the Company has engaged in, or is engaging in, the Business as of the Termination Date. Nothing herein shall be construed to prevent the Executive from participating in and completing all necessary activities required to maintain the Executive's professional standards.

Nothing herein shall prohibit the Executive from being a passive owner of not more than one percent (1%) of the outstanding stock of any class of a corporation which is publicly traded that is engaged in the Business, so long as the Executive has no active participation in the business of such corporation.

(b) During the Non-Compete Period, the Executive shall not directly or indirectly through another person or entity:

(i) induce or attempt to induce any employee of the Company or any affiliate to leave the employ of the Company or such affiliate, or in any way interfere with the relationship between the Company or any such affiliate, on the one hand, and any employee thereof, on the other hand;

(ii) solicit for hire or hire any person who was an employee of the Company or any affiliate until six (6) months after such individual's employment relationship with the Company or any affiliate has been terminated, provided that the Executive may hire any such person (so long as such person is not a supervisor, manager or executive officer of the Company or any affiliate) who responds to a general advertisement offering employment;

(iii) solicit, induce or attempt to solicit or induce any customer (it being understood that the term "customer" as used throughout this Agreement includes any Person (x) that is purchasing goods or receiving services from the Company and/or any affiliates or (y) that is directly or indirectly providing or referring customers to, or otherwise providing or referring business for, the Company or any affiliates), supplier, licensee, subcontractor or other business relation of the Company or any affiliate to cease or reduce doing business with the Company or such affiliate, or in any way interfere or attempt to interfere with the relationship between any such customer, supplier, licensee, subcontractor or business relation, on the one hand, and the Company or any such affiliate, on the other hand; or

(iv) induce or attempt to induce any customer, supplier, licensee, subcontractor or other business relation of the Company or affiliate to purchase services or goods similar to those sold as part of the Business.

(c) The Executive understands that the foregoing restrictions may limit her ability to earn a livelihood in a business similar to the Business, but she nevertheless believes that she has received and will receive sufficient consideration and other benefits as an employee of the Company and as otherwise provided hereunder to clearly justify such restrictions which, in any event (given her education, skills and ability), the Executive does not believe would prevent her from otherwise earning a living. The Executive further understands that (i) the parties would not enter into this Agreement but for the covenants contained in this Section 8, and (ii) the provisions of Sections 6 through 8 are reasonable and necessary to preserve the legitimate business interests of the Company and affiliates.

(d) The Executive shall inform any prospective or future employer of any and all restrictions contained in this Agreement and provide such employer with a copy of such restrictions (but no other terms of this Agreement), prior to the commencement of that employment.

(e) The Executive agrees that the restrictions are reasonable and necessary, are valid and enforceable under New York law, and do not impose a greater restraint than necessary to protect the Company's legitimate business interests. If, at the time of enforcement of Sections 6 through 8, a court holds that the restrictions stated herein are unreasonable under the circumstances then existing, the Executive and the Company agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area so as to protect the Company to the greatest extent possible under applicable law.

(f) In order to protect the goodwill of the Company and its affiliates, to the fullest extent permitted by law, the Executive, both during and after the Employment Period, agrees not to publicly criticize, denigrate, or otherwise disparage any of the Company, its affiliates, and each such entity's employees, officers, directors, licensees, partners, consultants, other service providers, products, processes, policies, practices, standards of business conduct, or areas or techniques of research, development, manufacturing, or marketing. Nothing in this Section 8(f) shall prevent the Executive or the Company from cooperating in any governmental proceeding or from providing truthful testimony pursuant to a legally-issued subpoena. The Executive promises to provide the Company with written notice of any request to so cooperate or provide testimony within one (1) day of being requested to do so, along with a copy of any such request.

SECTION 9. Enforcement.

Because the Executive's services are unique and because the Executive has access to Confidential Information and Work Product, the parties hereto agree that money damages would be an inadequate remedy for any breach of this Agreement. Therefore, in the event of a breach or threatened breach of this Agreement by the Executive, the Company and any of its affiliates or their successors or assigns may, in addition to other rights and remedies existing in their favor at law or in equity, seek specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security) and may apply to any court of competent jurisdiction to require the Executive to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of the covenants contained herein in this Agreement. The Executive agrees not to claim that the Company or any of its affiliates has adequate remedies at law for a breach of any of Sections 6 through 8, as a defense against any attempt by the Company or any of its affiliates to obtain the equitable relief described in this Section 9.

SECTION 10. Severance Payments.

In addition to the foregoing, and not in any way in limitation thereof, or in limitation of any right or remedy otherwise available to the Company, if the Executive violates any provision of the foregoing Sections 6 through 8, any Severance payments then or thereafter due from the Company to the Executive pursuant to Section 5(c) shall be terminated forthwith and the Company's obligation to pay and the Executive's right to receive such Severance payments shall terminate and be of no further force or effect, if and when determined by a court of competent jurisdiction, in each case without limiting or affecting the Executive's obligations (or terminating the Non-Compete Period) under such Sections 6 through 8, or the Company's other rights and remedies available at law or equity.

SECTION 11. Representations, Warranties and Additional Covenants of the Executive.

The Executive hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by the Executive does not and shall not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Executive is a party or any judgment, order or decree to which the Executive is subject, (b) the Executive is not a party to or bound by any employment agreement, (c) the Executive is not a party to or bound by any consulting agreement, non-compete agreement, confidentiality agreement or similar agreement with any other person or entity that would affect the Company or the obligations of the Executive hereunder and (d) upon the execution and delivery of this Agreement by the Company and the Executive, this Agreement will be a valid and binding obligation of the Executive, enforceable in accordance with its terms. The Executive further represents and warrants that she has not disclosed, revealed or transferred to any third party any of the Confidential Information that she may have previously obtained and that she has safeguarded and maintained the secrecy of the Confidentiality Information to which she has had access or of which she has knowledge. In addition, the Executive represents and warrants that she has no ownership in nor any right to nor title in any of the Confidential Information and the Work Product.

SECTION 12. Notices.

All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given when delivered personally to the recipient, telecopied to the intended recipient at the telecopy number set forth therefor below, or one (1) business day after deposit with a nationally recognized overnight delivery service, in each case as follows:

If to the Company, to:

Tonix Pharmaceuticals, Inc.
509 Madison Avenue, Suite 306
New York, New York 10022
Attention: President

If to the Executive, to the address set forth on the signature page hereto;

or such other address as the recipient party to whom notice is to be given may have furnished to the other party in writing in accordance herewith. Any such communication shall deemed to have been delivered and received (a) when delivered, if personally delivered, sent by telecopier or sent by overnight courier, and (b) on the fifth business day following the date posted, if sent by mail. Instructions, notices or requests may be sent by email to the Executive.

SECTION 13. General Provisions.

(a) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing and except to the extent otherwise provided in Section 8(e) (with respect to a breach of the provisions of Section 8), if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Complete Agreement. This Agreement and those documents expressly referred to herein (including, but not limited to, the exhibit attached hereto) constitute the entire agreement among the parties and supersede any prior correspondence or documents evidencing negotiations between the parties, whether written or oral, and any and all understandings, agreements or representations by or among the parties, whether written or oral, that may have related in any way to the subject matter of this Agreement.

(c) Force Majeure. Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations as a result of events beyond its reasonable control, including, without limitation, fire, power failures, any act of war, riot, strikes, civil insurrection, earthquake, hurricane, tornado or other catastrophic natural events or acts of God.

(d) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Executive and the Company and their respective successors, assigns, heirs, representatives and estate; provided, however, that the rights and obligations of the Executive under this Agreement shall not be assigned without the prior written consent of the Company in its sole discretion. The Company may (i) assign any or all of its respective rights and interests hereunder to one or more of its affiliates, (ii) designate one or more of its affiliates to perform its respective obligations hereunder (in any or all of which cases the Company nonetheless shall remain responsible for the performance of all of their obligations hereunder), (iii) collaterally assign any or all of its respective rights and interests hereunder to one or more lenders of the Company or its affiliates, (iv) assign its respective rights hereunder in connection with the sale of all or substantially all of its business or assets (whether by merger, sale of stock or assets, recapitalization or otherwise) and (v) merge any of affiliates with or into the Company (or vice versa). The rights of the Company hereunder are enforceable by its affiliates, who are the intended third party beneficiaries hereof.

(e) Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICTING PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION), THAT WOULD CAUSE THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK TO BE APPLIED.

(f) Jurisdiction and Venue.

(i) The Company and the Executive hereby irrevocably and unconditionally submit, for themselves and their property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and the Company and the Executive hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Company and the Executive irrevocably waive, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. The Company and the Executive agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The Executive agrees not to commence a claim or proceeding hereunder in a court other than a New York State court or federal court located in the State of New York, except if the Executive has first brought such claim or proceeding in such New York State court or federal court located in the State of New York, and such court or courts have denied jurisdiction over such claim or proceeding.

(ii) The Company and the Executive irrevocably and unconditionally waive, to the fullest extent they may legally and effectively do so, any objection that they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State court or federal court of the United States of America sitting in the State of New York and any appellate court from any thereof.

(iii) Notwithstanding clauses (i)-(ii), the parties intend to and hereby confer jurisdiction to enforce the covenants contained in Sections 6 through 8 upon the courts of any jurisdiction within the geographical scope of such covenants. If the courts of any one or more of such jurisdictions hold such covenants wholly or partially invalid or unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Company's right to the relief provided above in the courts of any other jurisdiction within the geographical scope of such covenants, as to breaches of such covenants in such other respective jurisdictions, such covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(iv) The parties further agree that the mailing by certified or registered mail, return receipt requested to both (x) the other party and (y) counsel for the other party (or such substitute counsel as such party may have given written notice of prior to the date of such mailing), of any process required by any such court shall constitute valid and lawful service of process against them, without the necessity for service by any other means provided by law. Notwithstanding the foregoing, if and to the extent that a court holds such means to be unenforceable, each of the parties' respective counsel (as referred to above) shall be deemed to have been designated agent for service of process on behalf of its respective client, and any service upon such respective counsel effected in a manner which is permitted by New York law shall constitute valid and lawful service of process against the applicable party.

(g) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and the Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(h) Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(j) WAIVER OF JURY TRIAL. NO PARTY TO THIS AGREEMENT OR ANY ASSIGNEE, SUCCESSOR, HEIR OR PERSONAL REPRESENTATIVE OF A PARTY SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER AGREEMENTS OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE PARTIES. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

* * * *

[Signature Page Follows]

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

TONIX PHARMACEUTICALS, INC.

By: /s/ SETH LEDERMAN
Seth Lederman, M.D.
President and Chairman

EXECUTIVE:

/s/ SUSAN OLIVER
Susan Oliver

Address:

Exhibit 10.16

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to the Employment Agreement between Tonix Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Rhonda Rosen (the "Executive") dated as of April 1, 2011 (the "Agreement") is made and entered into this July 27, 2011 (the "Amendment").

WHEREAS, the Company has entered into negotiations with David Moss and Robert Prag of The Del Mar Consulting Group, Inc. in connection with a potential reverse merger transaction pursuant to which the Company would be acquired by a publicly registered company ("Pubco") for a majority of the then issued and outstanding shares of Pubco (the "Reverse Merger"); and

WHEREAS, the parties hereto desire to amend the terms of the Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and of the mutual consents and obligations hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Unless otherwise set forth in this Amendment, all capitalized terms shall have the meanings ascribed to them in the Agreement.

2. Amendments.

2.1 Subsection (a) of Section 3 of the Agreement is hereby deleted in its entirety and replaced by the following paragraph:

"From the Agreement Effective Date through July 31, 2011, the Executive shall be employed on an at-will basis at a salary equal to the minimum wage for employees in the State of New York ($7.25, as of the date hereof) for each hour worked up to 40 hours per week and equal to time and one-half ($10.88, as of the date hereof) for each hour worked in excess of 40 hours per week. Beginning on August 1, 2011, the Executive shall be employed on an at-will basis at a salary equal to One Hundred Seventy Five Thousand Dollars ($175,000)."

2.2 Subsection (b) of Section 3 of the Agreement is hereby deleted in its entirety and replaced by the following paragraph:

"In the event, and upon the one-year anniversary, of the Reverse Merger, provided, that the Company has previously completed the sale of at least Five Hundred Thousand Dollars ($500,000) in additional equity securities, which for the avoidance of doubt does not include debt securities convertible into equity securities of the Company (the "Financing"), the Executive's base salary shall be increased to Two Hundred Fifty Thousand Dollars ($250,000) per annum, or such other rate as the Board may designate from time to time (the "Adjusted Post-Financing Salary"). If the Executive remains employed as of the consummation of the Financing, the Executive shall receive a lump sum payment in the amount of Fifty Thousand Dollars ($50,000) (the "Lump Sum Payment"). The Lump Sum Payment shall be paid at the same time that the Executive's first regular salary installment would be paid following the Financing, net of applicable withholding and payroll taxes."

2.3 The references in subsection (c) of Section 3 to "Pre-Public Salary" are hereby deleted and replaced with "Adjusted Post-Financing Salary."

2.4 Upon the approval by the non-employee independent members of the Board of Directors, the Executive's salary may be increased sooner than otherwise provided herein and the Lump Sum Payment may be paid at an earlier time.

3. Governing Law. This Amendment shall be governed by and construed under the laws of the State of New York.

4. Severability. In the event one or more of the provisions of this Amendment should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Amendment, and this Amendment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

5. Effect of Amendment. The parties hereby agree and acknowledge that except as provided in this Amendment, the Agreement remains in full force and effect and has not been modified or amended in any other respect, it being the intention of the parties hereto that this Amendment and the Agreement be read, construed and interpreted as one and the same instrument.

6. Counterparts. This Amendment may be executed and delivered (including by facsimile or other electronic transmission) in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

7. Further Assurances. In the event that any further action is necessary or desirable to carry out the purposes of this Amendment in a manner consistent with this Amendment and the Agreement, each of the parties will take such further action as the requesting party may reasonably request.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date set forth above.

TONIX PHARMACEUTICALS, INC.

By: /s/ SETH LEDERMAN
Seth Lederman, M.D.
President and Chairman

EXECUTIVE:

/s/ RHONDA ROSEN
Rhonda Rosen

Address:

43 Dickinson Road
Basking Ridge, NJ 07920

[Signature Page of the Amendment to Employment Agreement]

Exhibit 10.17

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to the Employment Agreement between Tonix Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Benjamin A. Selzer (the "Executive") dated as of April 1, 2011 (the "Agreement") is made and entered into as of July 27, 2011 (the "Amendment").

WHEREAS, the Company has entered into negotiations with David Moss and Robert Prag of The Del Mar Consulting Group, Inc. in connection with a potential reverse merger transaction pursuant to which the Company would be acquired by a publicly registered company ("Pubco") for a majority of the then issued and outstanding shares of Pubco (the "Reverse Merger"); and

WHEREAS, the parties hereto desire to amend the terms of the Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and of the mutual consents and obligations hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Unless otherwise set forth in this Amendment, all capitalized terms shall have the meanings ascribed to them in the Agreement.

2. Amendments.

2.1 Subsection (a) of Section 3 of the Agreement is hereby deleted in its entirety and replaced by the following paragraph:

"From the Agreement Effective Date through July 31, 2011, the Executive shall be employed on an at-will basis at a salary equal to the minimum wage for employees in the State of New York ($7.25, as of the date hereof) for each hour worked up to 40 hours per week and equal to time and one-half ($10.88, as of the date hereof) for each hour worked in excess of 40 hours per week. Beginning on August 1, 2011, the Executive shall be employed on an at-will basis at a salary equal to One Hundred Seventy Five Thousand Dollars ($175,000)."

2.2 Subsection (b) of Section 3 of the Agreement is hereby deleted in its entirety and replaced by the following paragraph:

"In the event, and upon the one-year anniversary, of the Reverse Merger, provided, that the Company has previously completed the sale of at least Five Hundred Thousand Dollars ($500,000) in additional equity securities, which for the avoidance of doubt does not include debt securities convertible into equity securities of the Company (the "Financing"), the Executive's base salary shall be increased to Two Hundred Fifty Thousand Dollars ($250,000) per annum, or such other rate as the Board may designate from time to time (the "Adjusted Post-Financing Salary"). If the Executive remains employed as of the consummation of the Financing, the Executive shall receive a lump sum payment in the amount of Fifty Thousand Dollars ($50,000) (the "Lump Sum Payment"). The Lump Sum Payment shall be paid at the same time that the Executive's first regular salary installment would be paid following the Financing, net of applicable withholding and payroll taxes."

2.3 The references in subsection (c) of Section 3 to "Pre-Public Salary" are hereby deleted and replaced with "Adjusted Post-Financing Salary."

2.4 Upon the approval by the non-employee independent members of the Board of Directors, the Executive's salary may be increased sooner than otherwise provided herein and the Lump Sum Payment may be paid at an earlier time.

3. Governing Law. This Amendment shall be governed by and construed under the laws of the State of New York.

4. Severability. In the event one or more of the provisions of this Amendment should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Amendment, and this Amendment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

5. Effect of Amendment. The parties hereby agree and acknowledge that except as provided in this Amendment, the Agreement remains in full force and effect and has not been modified or amended in any other respect, it being the intention of the parties hereto that this Amendment and the Agreement be read, construed and interpreted as one and the same instrument.

6. Counterparts. This Amendment may be executed and delivered (including by facsimile or other electronic transmission) in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

7. Further Assurances. In the event that any further action is necessary or desirable to carry out the purposes of this Amendment in a manner consistent with this Amendment and the Agreement, each of the parties will take such further action as the requesting party may reasonably request.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date set forth above.

TONIX PHARMACEUTICALS, INC.

By: /s/ SETH LEDERMAN
Seth Lederman, M.D.
President and Chairman

EXECUTIVE:

/s/ BENJAMIN A. SELZER
Benjamin A. Selzer

Address:

305 West Broadway, #121
New York, NY 10013

[Signature Page of the Amendment to Employment Agreement]

Exhibit 10.18

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to the Employment Agreement between Tonix Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and Susan Oliver (the "Executive") dated as of April 1, 2011 (the "Agreement") is made and entered into this July 27, 2011 (the "Amendment").

WHEREAS, the Company has entered into negotiations with David Moss and Robert Prag of The Del Mar Consulting Group, Inc. in connection with a potential reverse merger transaction pursuant to which the Company would be acquired by a publicly registered company ("Pubco") for a majority of the then issued and outstanding shares of Pubco (the "Reverse Merger"); and

WHEREAS, the parties hereto desire to amend the terms of the Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and of the mutual consents and obligations hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Unless otherwise set forth in this Amendment, all capitalized terms shall have the meanings ascribed to them in the Agreement.

2. Amendments.

2.1 Subsection (a) of Section 3 of the Agreement is hereby deleted in its entirety and replaced by the following paragraph:

"From the Agreement Effective Date through July 31, 2011, the Executive shall be employed on an at-will basis at a salary equal to the minimum wage for employees in the State of New York ($7.25, as of the date hereof) for each hour worked up to 40 hours per week and equal to time and one-half ($10.88, as of the date hereof) for each hour worked in excess of 40 hours per week. Beginning on August 1, 2011, the Executive shall be employed on an at-will basis at a salary equal to One Hundred Fifty Thousand Dollars ($150,000) (the "Pre-Public Salary")."

2.2 Subsection (b) of Section 3 of the Agreement is hereby deleted in its entirety and replaced by the following paragraph:

"If the Executive remains employed as of the consummation of the sale of at least Five Hundred Thousand Dollars ($500,000) in additional equity securities, which for the avoidance of doubt does not include debt securities convertible into equity securities of the Company (the "Financing"), the Executive shall receive a lump sum payment in the amount of Thirty Thousand Dollars ($30,000) (the "Lump Sum Payment"). The Lump Sum Payment shall be paid at the same time that the Executive's first regular salary installment would be paid following the Financing, net of applicable withholding and payroll taxes."

2.3 Upon the approval by the non-employee independent members of the Board of Directors, the Executive's salary may be increased sooner than otherwise provided herein and the Lump Sum Payment may be paid at an earlier time.

3. Governing Law. This Amendment shall be governed by and construed under the laws of the State of New York.

4. Severability. In the event one or more of the provisions of this Amendment should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Amendment, and this Amendment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

5. Effect of Amendment. The parties hereby agree and acknowledge that except as provided in this Amendment, the Agreement remains in full force and effect and has not been modified or amended in any other respect, it being the intention of the parties hereto that this Amendment and the Agreement be read, construed and interpreted as one and the same instrument.

6. Counterparts. This Amendment may be executed and delivered (including by facsimile or other electronic transmission) in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

7. Further Assurances. In the event that any further action is necessary or desirable to carry out the purposes of this Amendment in a manner consistent with this Amendment and the Agreement, each of the parties will take such further action as the requesting party may reasonably request.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date set forth above.

TONIX PHARMACEUTICALS, INC.

By: /s/ SETH LEDERMAN
Seth Lederman, M.D.
President and Chairman

EXECUTIVE:

/s/ SUSAN OLIVER

Address:

[Signature Page of the Amendment to Employment Agreement]

Exhibit 10.19

CONSULTING AGREEMENT (the "***Agreement***") entered into as of this 2nd day of June 2011 (the "***Effective Date***"),

BETWEEN: **PHARMANET CANADA, INC.**, a company legally constituted under the laws of the Province of Québec, having its head office located at 2500 Einstein Street, Québec City, Province of Québec, Canada, G1P 0A2, herein represented by Mr. Joël Pouliot, its Vice-President, Finance, Early Stage, and by Ms. Kathleen Sauvé, Esq., its Senior Legal Counsel, Early Stage, duly authorized to do so as they respectively declare ("***Service Provider***");

AND: **TONIX PHARMACEUTICALS, INC.,** a Delaware Corporation, having its head office located at 509 Madison Avenue, Suite 306, New York, NY, 10022, USA, herein represented by Dr. Seth Lederman, its Chairman, duly authorized to do so as he declares ("***Client***"),

RECITALS

A) WHEREAS Service Provider is a contractual research organization engaged in the business of performing early phase clinical trials, bioanalytical analysis, statistics, validation, pharmacokinetics, quality assurance audits and scientific and regulatory affairs evaluations, as well as providing consultancy services in any of these areas with respect to development process of pharmaceutical drugs and products intended for manufacturing and marketing by pharmaceutical and biotechnology companies

B) WHEREAS Client is a specialty pharmaceutical company developing new pharmaceutical products for central nervous system (CNS) conditions that may be safer and more effective than currently available treatments; and

C) WHEREAS the Parties wish to enter into this Agreement to define in advance the terms that will govern their business relationship with respect to Client's Services project number 110191.

NOW, THEREFORE, in consideration of the various premises and undertakings herein set forth, the Parties, intending to be legally bound, hereby agree as follows.

1 SERVICES

1.1 Description – Client hereby retains Service Provider on a non-exclusive basis as an independent consultant to provide Client with such consultancy and advisory services as further detailed in Schedule 1 to this Agreement (the "***Services***"). If any provision set forth in Schedule 1 conflicts with any of the provisions set forth in the body of this Agreement, the provisions of the body of this Agreement shall take precedence unless such Schedule 1 expressly refers to the specific provision(s) hereof that it is intended to be replaced or modified. In the event that a party desires to materially alter the Services or the assumptions underlying the applicable Services budget, the parties shall execute a written amendment to this Agreement (an "***Amendment***") prior to the performance of such additional or modified Services. This Agreement or any Amendment thereof, as the case may be, shall neither be effective nor have any binding effect, and no performance of the Services ordered or commissioned hereunder shall be initiated nor shall any payment be made, until such Agreement or any Amendment thereof, as the case may be, has been fully executed.

1.2 Compliance – In performing the Services, Service Provider shall strictly comply with the provisions of, as applicable: (i) this Agreement; (ii) current Good Laboratory Practices and the current Good Clinical Practices as applied in the United States and any other country where the Services are to be performed; (iii) all applicable laws; and to the extent not in conflict with any of the foregoing (iv) its applicable standard operating procedures.

1.3 Use – If processing on Client's behalf any personal data (including subject data), Service Provider shall only do so in accordance with Client's instructions and the applicable laws of the United States and the country where the Services are performed, and for no other purpose, and shall take all appropriate technical and organizational measures to prevent the unauthorized or unlawful processing or accidental loss or destruction of, or damage to, or disclosure of such data.

1.4 Personnel – In performing the Services and in fulfilling its obligations hereunder, Service Provider shall employ only persons with the appropriate training, experience and qualifications to perform the Services. Service Provider shall perform all Services with a high level of professional care, skill, qualifications and diligence and in

accordance with industry standards and practices applicable to the performance of such Services.

1.5 Debarment – Service Provider certifies that no person employed by Service Provider has been debarred under Section 306(a) or (b) of the Federal Food, Drug and Cosmetic Act (as amended from time to time) or under the regulation of any equivalent regulatory authority outside the US, and no debarred person will in the future be employed by Service Provider in connection with any Services to be performed for or on behalf of Client. If after the Effective Date and for a period of 5 years following the termination of this Agreement, Service Provider becomes aware that any person it employs is or is in the process of being debarred, Service Provider shall so promptly notify Client.

1.6 Reporting – During the term of this Agreement, Service Provider shall keep Client regularly advised of the progress of the performance of the Services, and provide Client with communications and periodic reports for such Services as Client may reasonably request. Final report?

2 BUDGET AND PAYMENT TERMS

2.1 Professional Fees – During the Term (as defined in Section 8.1 below), Client shall pay Service Provider professional fees for the Services rendered (the "***Fees***"). Invoicing of such expenses shall be pursuant to the provisions of Section 2.4 and payable in accordance with provisions of Section 2.6 hereunder.

2.2 Estimate of Work – In an effort to contain costs, Service Provider will use its best commercial efforts to work with Client to budget for any additional services and assignments. At the request of Client, Service Provider shall provide written estimates of fees, costs and timing for such additional services and assignments or *ad hoc* request made by Client. Any agreed upon change to the Fees shall be confirmed by the execution of an Amendment pursuant to the provisions of Section 1.1 above.

2.3 Reimbursement of Expenses – Client shall reimburse Service Provider for all reasonable expenses incurred or paid by Service Provider in connection with, or related to the performance of the Services, including, without limitations, reasonable travel expenses (lodging, transportation, meals), telephone, photocopies and printing of documents, as they are further described in Schedule 1 herein. Any such expenses shall be considered as pass-through costs and their payment shall be made on an "as-paid" basis, without any added overhead, management fee or profit factor. If Service Provider does not invoice Client for Services or reimbursable expenses within six (6) months after performing such Services or incurring such reimbursable expenses, Service Provider hereby waives all right to payment or reimbursement by Client. Invoicing of such expenses shall be pursuant to the provisions of Section 2.4 and payable in accordance with provisions of Section 2.6 hereunder.

2.4 Monthly Invoicing – On the first day of each month, Service Provider shall issue an invoice representing the total number of hours performed by its employees during the preceding month and relating to the Services, any such invoice to be itemized on a job category basis. Any such invoice shall also include the costs for any activities described in Schedule 1 herein that have been completed during the preceding month, as well as any expenses that have been incurred during the same period. The first invoice shall be issued on the first day of the first month following the month during which this Agreement will have been executed by the parties. Additional details of such incurred expenses shall be provided by Service Provider at Client's request.

2.5 Invoicing Address – All invoices shall be sent by e-mail at the following address:

TONIX PHARMACEUTICALS, INC.
Attn.: Rhonda B. Rosen, Chief Financial Officer
509 Madison Avenue, Suite 306, New York, NY, 10022, USA
Phone number: 212-980-9155, x105
Fax number: 212-923-5700
E-mail address:rhonda.rosen@tonixpharma.com

2.6 Payment Terms – All aforementioned amounts are subject to applicable sales taxes. Client shall pay each invoice within a 30-day delay from receipt thereof. If any portion of an invoice is disputed, then Client shall pay the undisputed amounts as set forth herein and the parties shall use good faith efforts to reconcile the disputed portion of the invoice within 30 days of receipt by Client of the applicable invoice.

3 MONITORING VISIT

Service Provider shall allow Client and its authorized representatives to visit Service Provider's premises where any Services are performed, during normal working hours and with reasonable frequency, to (i) monitor the performance of the Services; and (ii) inspect all records applicable to the Services. Client shall give to Service Provider no less than a 2-business day prior notice of its intention to conduct such visit. While on Service Provider's premises, Client or its authorized representatives shall comply with any and all safety, security and confidentiality measures required by Service Provider.

4 AUDIT

In the event any regulatory authority or health agency gives notice to a party of its intention to carry out any audit, inspection or investigation of a Service or of Service Provider's facilities used in the performance of any Services, or otherwise to take any action in relation to Service Provider, the notified party shall promptly (but no later than within 2 business days following receipt of such notice) inform the other of the action being taken or proposed. Such other party shall provide any required assistance in such audit, inspection or investigation, and shall procure (so far as is consistent with the applicable laws) that the notified party shall have the right to be present at any such audit, inspection or investigation.

5 CONFIDENTIALITY

Confidentiality Agreement – Client and Service Provider may participate in a cooperative exchange of Confidential Information in order to facilitate work relating to the Services and this Agreement. All such Confidential Information shall be used only in accordance with the Non-Disclosure Agreement entered into by and between the parties as of January 21, 2011 (the "***Confidentiality Agreement***") and the parties hereby agree that (i) the scope of, and the definitions set forth in, the Confidentiality Agreement shall be deemed to extend to the performance of the Services and this Agreement; (ii) the obligations set forth therein shall apply to both parties with respect to the Confidential Information of the other; and (iii) such obligations shall remain in full force and effect during the term of this Agreement and for the period set forth therein after the expiry or termination of this Agreement.

6 INTELLECTUAL PROPERTY

6.1 General Principle – Each party remains the owner of its own intellectual property rights created, developed or acquired prior to the Effective Date.

6.2 Ownership by Client – Service Provider specifically acknowledges that:

6.2.1 it never had, does not and will not have, any right or interest in, including any license, with respect to (save and except to the extent necessary to perform the Services hereunder), or title to, any intellectual property (including patents and trade secrets) or Confidential Information of Client or other material furnished by Client to Service Provider hereunder; and

6.2.2 all information, discoveries, materials, documents (including any Service report and any draft thereof) and data which are made or improved by Service Provider, alone or jointly with others (i) as specifically ordered or commissioned hereunder; (ii) which otherwise cover an application, composition or method of use or manufacture of any drug or compound subject to the Services, if any; or (iii) which contain the Confidential Information of Client (collectively, the "**New IP**"), shall be the exclusive property of Client and considered as "work made for hire" under the copyright act of any country. The parties agree that the New IP shall be included in the definition of Confidential Information of Client and subject to the protection afforded under Section 5 above. Service Provider agrees and undertakes to assign, and hereby assigns to Client all its rights and interests in, and titles to, the New IP. Service Provider shall perform all other acts in the reasonable judgment of Client and at Client's expense that shall be necessary to secure Client's rights and interests in, and titles to, such New IP.

6.3 Ownership by Service Provider – Client specifically acknowledges that Service Provider possesses or may in the future possess certain inventions, processes, know-how or trade secrets, including protocol design, standard operating procedures, assays, methodologies, algorithms, templates and computer programs, that are related to non-proprietary compounds or the general business or operations of Service Provider, or are of a general nature with broad applicability and which are used by Service Provider in the performance of its services for the benefit of its various clients. Client further acknowledges that any of the foregoing items that have been or will be developed, improved, modified, used, reduced to practice or acquired by Service Provider either (i) prior to or independent of the performance of the Services and without use of the Confidential Information of Client; or (ii) during the performance of the Services without use of Confidential Information of Client and without being specifically ordered or commissioned under this Agreement (collectively, the "***Service Provider IP***"), shall be the sole and exclusive property of Service Provider and Client shall have no right or interest therein, including any license thereon (except as stated in Section 6.4 below), or title thereto. The parties agree that the Service Provider IP shall be included in the definition of Confidential Information of Service Provider and subject to the protection afforded under Section 5 above.

6.4 License to Service Provider IP – Service Provider hereby grants to Client a royalty-free, non-exclusive, worldwide license to use any Service Provider IP which is or may be:

6.4.1 *Integrated License* – integrated by Service Provider into any draft of the Service report or into the final Service report (the "**Integrated License**"). Such Integrated License shall be irrevocable, fully sublicensable and transferable, and Service Provider hereby expressly waives the application of the provisions of Section 5 to the Service Provider IP subject to such Integrated License.

6.4.2 *[Additional License* – provided by Service Provider to Client after the date of the final Services report and as reasonably requested by Client, which license shall be for the limited purposes of allowing Client to use the foregoing in the context of furthering the performance of its own services for its applicable client and for which the Services performed hereunder were subcontracted to Service Provider (the "**Additional License**"). This Additional License is irrevocable (except for breach by Client of its obligations under Section 5 with respect to the Service Provider IP subject to such Additional License), not transferable, and not sublicensable (except if Service Provider receives a prior notice of the name of any such sublicensees).]

7 RECORD RETENTION AND PROTECTION

7.1 Storage, Return and Destruction – Upon completion of the Services hereunder, Service Provider agrees to keep and maintain complete records of the Services performed including, without limitation, all raw data, laboratory work sheets and reporting and regulatory documentation as required by the applicable laws. Service Provider shall store the foregoing items in accordance with the applicable laws, in suitable storage facilities, and shall be responsible for the safekeeping and storage of all such foregoing items. Service Provider shall not permit the disposal of any of the foregoing items without first giving Client the opportunity to arrange alternative storage.

7.2 Accounting Records – Service Provider shall maintain complete and accurate accounting records related to its performance of Services ordered or commissioned hereunder. These records shall be available for inspection, review and audit at reasonable times by Client or Client's duly authorized independent representative and at Client's expense, for 7 years following the end of the calendar year in which such costs are incurred.

8 TERM AND TERMINATION

8.1 Duration – This Agreement shall be effective from the Effective Date and shall be deemed completed as of the date of the issuance by Service Provider of the final Service report and payment by Client of the last outstanding invoice.

8.2 Early Termination

8.2.1 *By Client* – This Agreement shall be terminated by Client, without cause (but not when Section 8.2.2 applies), at the expiration of a 30-day notice of termination.

8.2.2 *Termination for Breach* – In the event of a material breach by any party (the "***Breaching Party***") under this Agreement, the other party may terminate this Agreement if the Breaching Party has been notified of the alleged breach and has not rectified the breach within 30 days following receipt of the notice of breach, to the extent that such breach may be cured within such period, failing which the Agreement shall be deemed to have been automatically terminated as of the date of occurrence of such breach.

8.3 *Termination for Bankruptcy* – Either party may terminate this Agreement immediately upon the date of a notice given to the other party in the event such other party is or is likely to become insolvent, bankrupt or wound-up. Neither any administrator, administrative receiver or other receiver equivalent, nor Service Provider itself, nor any of its creditors shall be entitled to any lien or other possessory remedy or security over the final Service report or any other deliverables to be provided hereunder, which shall all remain the exclusive property of Client.

8.4 Effects on Early Termination –

8.4.1 *Cooperation* – If this Agreement is terminated prior to completion of all the Services ordered or commissioned hereunder, the parties shall cooperate to terminate the Agreement in an orderly manner in accordance with the applicable laws.

8.4.2 *Return* – Upon termination of this Agreement for any reason whatsoever, Service Provider shall return to Client all data, report and other material either provided by Client to Service Provider or generated by Service Provider as part of the Services commissioned hereunder.

8.4.3 *Accounting* – If this Agreement is terminated prior to completion of all the Services ordered or commissioned hereunder, there shall be an accounting of expenses related to the Agreement, as it may be required, conducted by Service Provider and subject to verification by Client. Client shall make a payment to Service Provider in accordance with the payment terms set forth herein (or Service Provider may retain such payment, or part thereof, from monies previously paid by Client):

a) actual reasonable expenses incurred by Service Provider for the performance of the Services and terminating the Agreement through the date occurrence of the event giving rise to early termination for which Service Provider has not yet been paid; and

b) all outstanding non-terminable or non-cancellable obligations (whether such obligations are due and payable before, on or after the date of termination of the Agreement) incurred by Service Provider until the date of the occurrence of the event giving rise to early termination.

8.4.4 *No Rights Affected* – Termination of this Agreement shall not affect any rights or obligations of the parties which may have accrued prior to termination nor shall it affect the coming into or continuance in force of any provisions of this Agreement which are expressly, or by implication, intended to come into or continue in force after termination, being the provisions of Sections 1.5, 4, 5, 6, 7, 8.4, 9, 10.1, 10.2, 10.4 and 10.7 through 10.10.

9 INDEMNIFICATION BY THE PARTIES

In this Section 9, the "***Indemnified Parties***" shall mean a party to this Agreement and its directors, officers and employees seeking indemnification hereunder, and the "***Indemnifying Party***" shall mean the party to this Agreement providing indemnification hereunder.

9.1 Undertaking – Subject to the other provisions of this Section **9**, upon formal request of the Indemnified Parties, the Indemnifying Party shall indemnify and hold harmless the Indemnified Parties against, and shall assume the defense and related expense for any and all suits, damages, costs, expenses and other liabilities, including reasonable attorneys and experts fees, court or arbitration costs, incurred in connection with any third-party claim, action or proceeding (collectively a "*Third-Party Claim*") directly arising, in whole or in part, from (i) any uncured material breach by the Indemnifying Party of any of the provisions of this Agreement; or (ii) the negligence or willful misconduct of the Indemnifying Party in carrying out its obligations under this Agreement; provided, however, that the obligations of the Indemnifying Party hereunder shall be reduced in an amount in proportion to the percentage of the responsibility of the Indemnified Parties for such Third-Party Claim.

9.2 Conditions – The indemnities to be provided by the Indemnifying Party in this Section 9 shall only apply when the Indemnified Parties:

9.2.1 *Notification* – have first notified the Indemnifying Party of the Third-Party Claim served upon the Indemnified Parties or which they have or should have knowledge of, or of any events that might give rise to such Third-Party Claim, as soon as reasonably practicable after first becoming aware of such Third-Party Claim and in any such events, in sufficient time to enable the Indemnifying Party to effectively contest any proceedings; provided, however, that failure to give notice as provided above shall relieve the Indemnifying Party of its indemnification obligations only to the extent that such failure prejudices the effective defense of the Third-Party Claim;

9.2.2 *Authorization* – have authorized the Indemnifying Party and/or its insurers to carry out the sole management and defense of the Third-Party Claim, including without limitation the settlement thereof at the sole option of the Indemnifying Party and/or its insurers; provided, however, that neither the Indemnifying Party nor its insurers shall admit any liability on behalf of the Indemnified Parties without their prior consent which shall not be unreasonably withheld or delayed;

9.2.3 *Cooperation* – cooperate in the management and the defense by the Indemnifying Party and/or its insurers of the Third-Party Claim; and

9.2.4 *Settlement* – do not or have not compromised or settled any Third-Party Claim that is subject to the indemnity obligation of this Section 9 without the prior approval of the Indemnifying Party and/or its insurers which shall not be unreasonably withheld or delayed.

9.3 Miscellaneous –

9.3.1 *Failure to Indemnify* – If the Indemnifying Party fails to undertake the defense of the Indemnified Parties within a reasonable time, the Indemnified Parties may defend or settle the matter in their sole discretion and seek the appropriate remedy from the Indemnifying Party.

9.3.2 *Mitigated Loss* – Nothing in this Section 9 shall operate as to relieve the Indemnified Parties of their obligation at law to mitigate a loss which they may incur as a result of a matter giving rise to a Third-Party Claim, and the Indemnifying Party's indemnity obligations herein shall only extend to such properly mitigated loss.

9.3.3 *No Exclusion of Liability* – Nothing in this Section 9 is intended to exclude or limit either party's liability for death or personal injury.

9.3.4 *Duration of Indemnification Undertaking* – The obligations set forth in this Section 9 shall be in force during the term of this Agreement and for the greater of the expiration of the applicable statute of limitations where the Services are being performed, or 3 years after termination of this Agreement.

10 MISCELLANEOUS

10.1 Insurance – Each party shall maintain during the term of the Agreement and for a 3-year period thereafter, with financially sound and reputable insurers, and upon request, provide evidence of an appropriate level of insurance or a program of self-insurance available to provide coverage for its obligations under this Agreement. Failure by any party to maintain any such insurance coverage shall not relieve it from its obligations set forth in this Agreement. The provisions of Section 9.3.4 shall apply *mutatis mutandis* to the obligations contemplated in this Section10.1.

10.2 Limitation of Liability – A party's liability for any claim of the other party under this Agreement shall be limited to direct damages only which shall not exceed the total budget of this agreement. In no event (except for Third-Party Claim) shall either party be liable to the other party, whether in contract or tort, whether intended or foreseeable, for any form of indirect, incidental, special, exemplary, punitive or consequential damages or expenses (including, but not limited to, loss due to inability to obtain data, loss of business or loss of anticipated profits) under any theory of law in connection with or arising out of any claim under this Agreement.

10.3 Independent Contractor Relationship – The parties are independent entities engaged in independent businesses, and no party shall be regarded as an agent or employee of the other party. Nothing herein shall be construed as: (i) reserving to a party the right to control the other party in the conduct of its employees or business; (ii) either party having the authority to make any promise, guarantee, warranty, representation, contract or commitment which would create any obligation or liability whatsoever, whether express or implied, on behalf of the other party; or (iii) creating a partnership, joint venture, principal and agent relationship or employer-employee relationship

10.4 Non-Solicitation – From and after the Effective Date and for a period of 1 year following the date of termination of this Agreement for any reason whatsoever, each party agrees not to solicit or attempt to solicit, directly or indirectly, for its own benefit or for that of others, any director, officer or employee of the other party, or to induce any of them to quit his/her employment with such other party or to employ them, or to induce the representatives, agents, consultants or suppliers of such other party to cease to do business with such other party; provided, however, that the foregoing provision shall not prevent a party from interviewing or hiring any such employee of the other party who contacts such party on his/her own initiative without any recruiting by the other party. The term "recruit" shall not be deemed to include general solicitations (i.e., advertisements, websites, etc.) for employment not specifically directed towards employees of a party.

10.5 Force Majeure – No party shall be responsible for any failure or delay in the performance of its respective obligations hereunder resulting from causes of force majeure. Such causes may include fire, flood, adverse weather conditions, war, riot, acts of government, insurrection, regulations, restrictions or rationing, act of terrorism, civil unrest, sabotage, outbreak, labor troubles, epidemics, accident, and unavoidable shortage of materials or services. The delayed party shall give timely notice to the other party of any such event of force majeure and shall endeavor to avoid or remove the causes and resume performance of its obligations under this Agreement with minimum delay whenever such causes are removed. If a condition constituting force majeure exists for more than 60 consecutive days, the parties shall meet to negotiate a mutually satisfactory solution, if practicable. Should the parties fail to reach an agreement within 30 days of the date of their meeting, either party may forthwith terminate this Agreement by giving the other party a notice to that effect.

10.6 Notice – Any notice, consent or request required hereunder shall be made in writing and shall be deemed delivered in case of: (i) hand delivery, when received, (ii) overnight delivery service, on the next business day after being placed in the possession of such service, (iii) facsimile or email, when electronic indication of receipt is received; and (iv) mail, on the 3rd business day after being placed in the postal system first class postage prepaid, at the addresses of the applicable party set forth below, or at such other addresses as either party may specify in accordance with this Section 10.6:

10.6.1 *To Client* – (i) in the case of a formal notice or request to, or consent from, Client, at its address and to the officer identified on the first page of this Agreement, and (ii) for any other notice, request or consent, to the Client's appointed representative and at his/her designated address. The Client's fax number is: (212) 923-5700and such officer's email address is seth.lederman@tonixpharma.com;

10.6.2 *To Service Provider* – (i) in case of a formal notice or request to, or consent from, Service Provider, at its address identified on the first page of this Agreement and to the attention of Kathleen Sauvé, Esq., Senior Legal Counsel, Early Stage, and (ii) for any other notice, request or consent, to the appointed project manager, at the same address. Service Provider's fax number is: (418) 527-3456, and such officer's email address is *ksauve@pharmanet.com*;

10.7 Governing Law and Jurisdiction – This Agreement shall be construed and enforced in accordance with the internal laws of the state of New Jersey, U.S.A without regard to conflict of law principles. In the event of dispute arising from or in connection with this Agreement, the parties hereto agree that it shall be resolved by conciliation and non-binding mediation and if such mediation is unsuccessful then such disputes shall be finally settled by arbitration. The arbitration shall take place in the city where the head office of the defendant party is located, under the Rules of Arbitration of the American Arbitration Association. There shall be a single arbitrator whose decision shall be final. The language of the arbitration procedure and award shall be the English language. Notwithstanding the foregoing, a party may seek immediate injunctive or other interim relief from any court of competent jurisdiction with respect to any matter for which monetary damages would not adequately protect such party's interests or otherwise to enforce and protect intellectual property rights owned or licensed to such party.

10.8 Remedy – The parties acknowledge that, due to the unique nature of the Confidential Information of the other party and the knowledge and experience of its directors, officers and employees, there may be irreparable damage in the event that any of the provisions of Section 5 or Section 10.4 are violated by a party and that monetary damages alone may be inadequate to protect the interests of the other party against any such actual or threatened breach thereof. Therefore and notwithstanding the provisions set forth in Section 10.7, the parties agree that such provisions shall be enforceable by issuance by a court of competent jurisdiction of an injunctive or other interim relief or order restraining the unauthorized use or disclosure of any Confidential Information or the solicitation, without the necessity of proving actual damages or securing or posting any bond in connection with such remedy which shall be cumulative with, and not exclusive to, any other remedies available at law or equity.

10.9 Cumulative Remedies – Except as otherwise expressly provided in this Agreement, each and all of the rights and remedies provided in this Agreement, and each and all of the remedies allowed at law or in equity, shall be cumulative, and the exercise of one right or remedy shall not be exclusive of the right to exercise or resort to any and all other rights or remedies provided in this Agreement, at law or in equity.

10.10 Waiver and Severability – No waiver by any party of any provision of this Agreement shall be deemed to constitute or shall constitute a waiver of any other provision, or shall any waiver be deemed to constitute a continuing waiver. If any provision of this Agreement shall be declared invalid or unenforceable by a court of competent jurisdiction or by an arbitrator, the validity, binding effect, or enforceability of the remaining provisions shall not be affected and shall continue in full force and effect as if this Agreement had been executed with the invalid provision eliminated or so modified; provided, however, that if the deletion of such provision materially impairs the commercial value of this Agreement to either party, the parties shall attempt to renegotiate such provision in good faith.

10.11 Entire Agreement and Amendment – This Agreement, its recitals, schedules, the agreements and other documents, required to be delivered pursuant to this Agreement constitute the entire agreement between the parties and set forth all the covenants, promises, warranties, representations, conditions, understandings and agreements between the parties pertaining to the subject matter of this Agreement, and supersede all prior agreements, understandings, negotiations and discussions, whether verbal or written. This Agreement may be amended or otherwise modified only by means of a written instrument executed by the parties.

10.12 Assignment – This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns, and may not be assigned or otherwise transferred, by either party without the consent of the other party which consent shall not be unreasonably withheld or delayed.

10.13 Language – Both parties hereto acknowledge that they have requested and consented that this Agreement be drafted and executed in the English language. *Toutes les parties aux présentes reconnaissent qu'elles ont exigé et consenti à ce que la présente Convention soit rédigée et exécutée dans la langue anglaise.*

10.14 Counterparts – This Agreement may be executed in counterparts, each one when so executed shall be deemed an original, but all of which together shall constitute one and the same instrument. Upon delivery, the facsimile signature shall be deemed to have the same effect as if the original signature had been delivered to the other party, binding on all parties notwithstanding that each of the parties may have executed different counterparts.

IN WITNESS THEREOF, this Agreement has been executed and duly authorized by representatives of both parties:

PHARMANET CANADA, INC.	
By:	/s/ JOEL POULIOT
Print Name:	Joël Pouliot
Title	Vice-President, Finance, Early Stage
By:	/s/ KATHLEEN SAUVE
Print Name:	Kathleen Sauvé, Esq.
Title	Senior Legal Counsel, Early Stage
Date:	

TONIX PHARMACEUTICALS, INC.	
By:	/s/ SETH LEDERMAN
Print Name:	Seth Lederman
Title:	Chairman
Date:	

PharmaNet's proposal for the development and preparation of a pre-IND package for Tonix Pharmaceuticals, Inc. Cyclobenzaprine Gelcap Formulation

Proposal number:
33895

Prepared for:

Tonix Pharmaceuticals Inc.

Prepared by:

PharmaNet Canada, Inc.

Version 01, 20 April 2011

1. Objective

PharmaNet Canada, Inc. is pleased to offer its consultancy services for the preparation of a pre-IND package. It is assumed that the strategy presented will be presented to the FDA to ascertain concurrence by the agency with the proposed drug development plan. This development plan will be based on materials provided by Tonix Pharmaceuticals, Inc., supplemented by other available resources, PharmaNet staff expertise and discussions with Tonix Pharmaceuticals, Inc. and the FDA.

2. The Team

PharmaNet Canada, Inc. has a team of more than 30 scientists, accompanied by the team of PharmaNet consulting, a worldwide team with experience in various therapeutic areas and various regulatory agencies. It is expected that the following key players will be involved in the project:

Mario Tanguay, Ph.D., Vice President, Scientific and Regulatory Affairs, PharmaNet Early Stage, has 15 years of experience in the drug development industry, including 10 years with major CROs, and 5 years at Wyeth-Ayerst Research and Pharmacia in the clinical research sector. Throughout his career, Dr. Tanguay has served as coinvestigator or clinical pharmacologist in over a thousand pharmacokinetic and Phase I trials, including bioavailability and bioequivalence, drug-drug interactions and first-in-human studies. Dr. Tanguay is also a guest professor at the Faculty of Pharmacy of University of Montreal, being involved in the post-graduate program on drug development.

Fethi Trabelsi, Ph.D., Director of Scientific and Regulatory Affairs, Scientific and Regulatory Affairs, PharmaNet Early Stage, has more than 12 years of experience in pharmacokinetics and protocol design development for early stage programs for ANDAs, 505(b2) NDA as well as NDAs submissions. Dr. Trabelsi has been involved as co-investigator in many pharmacokinetic and Phase I trials, including bioavailability and bioequivalence, drug-drug interactions and first-in-human studies. Dr. Trabelsi has a large experience with pre-IND meeting with the FDA to discuss about proposed clinical development plan.

Duu-Gong Wu, Ph.D. Executive Director Regulatory Consulting, PharmaNet Late Stage, brings to the team significant experience in regulatory CMC support and has been with PharmaNet's Consulting Division since 2004. Prior to joining PharmaNet Duu-Gong was at the US Food and Drug Administration for more than 12 years as a reviewer, Chemistry Team Leader, and most recently was Deputy Division Director of Division of New Drug Chemistry II, Office of New Drug Chemistry (ONDC), which supports CMC reviews for the six clinical divisions in the Center for Drug Evaluation and Research. He has personally reviewed CMC sections for more than 400 applications, covering commercial and investigator INDs, NDAs and Supplements. Dr. Wu was Chairman of the Protein Drug Products Technical Committee under CDER's Complex Drug Substance Coordinating Committee. Most recently, he represented CDER as a member of the ICH

Expert Working Groups for both Common Technical Document-Quality (CTD-Q) and Q5E.

Stephane Lamouche, Associate Director, Drug development and Regulatory Affairs, PharmaNet Early Stage, has approx. 8 years of experience in contract research organizations. Dr Lamouche has provided guidance in regulatory and implementation strategy in various aspects related to pre-clinical and formulation development in a wide variety of therapeutic areas encompassing both biologic and pharmaceutical products. Dr Lamouche holds a Ph.D. in Pharmaceutical Sciences from the Faculty of Pharmacy at the University of Montreal where he is a guest lecturer on numerous occasions.

Marie-Hélène Vallée, M.Sc., Senior Protocol Writer, Scientific and Regulatory Affairs, PharmaNet Early Stage, has 5 years of experience in the development of early stage clinical programs and protocol designs for generic, high-end generic and innovator drug products. She is regularly involved in consultation work in a variety of clinical development plans and in the elaboration of pre-IND packages in preparation of pre-IND meetings with the FDA.

Steve Leventer, PhD, Vice President, Clinical Research is the head of our Neuroscience Division. Dr. Leventer was trained as a neurochemist, with post-doctoral fellowships and faculty appointments at the University of Texas, Western Psychiatric Institute and Clinic, and Loyola University Stritch School of Medicine. Dr. Leventer has over 20 years of experience in all phases of drug development. His overall experience includes direction of approximately 100 clinical trials, from single studies to entire development programs across multiple indications and phases of drug development.

Other key members of PharmaNet Canada, Inc. and PharmaNet Consulting will be involved when needed, such as Jeff Freitag, M.D., Senior Vice-President and Chief Medical Officer, Claude Lapointe, M.Sc., Senior Biostatistician, Cindy Gratto, Associate Director, Medical Writing and Data Management.

3. Scope of work and costs

The below timelines and costs are estimations of the time required for each task based on information provided to date by Tonix Pharmaceuticals, Inc.. However, after review of all data available, the agreed timelines and costs may be revised. Tonix Pharmaceuticals, Inc. will be charged only for actual time spent on the project. PharmaNet fees will not exceed the agreed amount without prior approval from the sponsor. Additional hours required to complete the work will be charged at a rate of $300 per hour.

The following lists the tasks and expected timelines for the preparation of the pre-IND package. Some of these tasks will be conducted concurrently.

Tasks	Estimated timelines	Estimated cost
Literature review, GAP analysis, review of available non-clinical and clinical data, and summary of PhamaNet's recommendations for the regulatory approach	50 hours over 3 weeks	$ 15,000 (hourly rate of $300)
Discussion with Tonix Pharmaceuticals, Inc. and agreement on the regulatory strategy	2 hours	Included
Preparation and assembling the pre-IND package*	16 hours over 2 weeks	$ 5,000
Preparation of pharmacokinetic study synopsis	16 hours over 1 week	$ 5,000
Preparation of clinical efficacy study synopsis	30 hours, over 2 weeks	$ 10,000**
Preparation of the pre-IND meeting request letter and discussion with the regulatory officer	5 hours over 2 days	Included

* Cost does not include printing and assembling binders
** Price may be changed, depending on the need for external / internal experts for synopsis development

It is expected that Tonix Pharmaceuticals, Inc. will provide the following:

- All non-clinical and clinical available data, if any;
- Brief presentation for the pre-IND meeting
- List of potential attendees to the meeting with FDA (e.g., Upper Management representative, Medical expert, biostatistician, etc.) to be included in the meeting request letter

The CMC section will not be included in the pre-IND package, but rather included by Tonix Pharmaceuticals, Inc. at the IND submission.

Additional fees if PharmaNet staff is requested to attend meetings

- $ 4,000/day per person attending the rehearsal meeting
- $ 4,000/day per person attending the meeting with the agency

Tonix Pharmaceuticals, Inc. approval:

Seth Lederman

Sponsor's representative signature

April 21, 2011

Date

THIS QUOTATION IS VALID FOR 45 DAYS.
CURRENCY: US dollars

Exhibit 16.1

October 11, 2011

Office of the Chief Accountant
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

We have read Item 4.01 included in the Form 8-K dated October 7, 2011 of Tamandare Explorations Inc. to be filed with the Securities and Exchange Commission and are in agreement with the statements related to our firm.

Sincerely,

/s/ MaloneBailey, LLP

MaloneBailey, LLP
Houston, Texas
www.malone-bailey.com

Exhibit 21.01

SUBSIDIARIES OF THE COMPANY

Subsidiary Name	State of Incorporation/Formation
Tonix Pharmaceuticals, Inc.	Delaware
Krele, LLC	Delaware

Exhibit 99.01

Contacts:
TONIX Pharmaceuticals, Inc.
Susan Kerridge, Vice President, Strategy
Benjamin Selzer, Chief Operating Officer
(212) 980-9155

Porter, LeVay & Rose, Inc.
Sharon Weinstein, Investor Relations
Bill Gordon, Media Relations
(212) 564-4700

TONIX PHARMACEUTICALS AND TAMANDARE EXPLORATIONS ANNOUNCE COMPLETION OF SHARE EXCHANGE TRANSACTION AND PRIVATE PLACEMENT

New York, NY – October 14, 2011 –Tonix Pharmaceuticals, Inc., ("TONIX" or the "Company"), a specialty pharmaceutical company developing therapies for challenging disorders of the central nervous system ("CNS"), including fibromyalgia syndrome ("FM") and post-traumatic stress disorder ("PTSD"), has completed a reverse merger transaction through a share exchange agreement with Tamandare Explorations Inc. (OTCBB: TAEI, "Tamandare"). Concurrent with the share exchange agreement, which became effective October 7, 2011, TONIX became a wholly-owned subsidiary of Tamandare and the shareholders of Tonix acquired control of Tamandare. In addition, Tamandare completed a private placement of $1.1 million to fund further research and development. Tamandare intends to change its name to Tonix Pharmaceuticals Holding Corp. and apply for a new stock symbol that more accurately reflects TONIX's business.

Seth Lederman, M.D., Chairman and President of TONIX and Tamandare said, "This is an important corporate milestone for our Company. TONIX's mission is to develop and commercialize high-value medications that address difficult problems associated with treating challenging CNS disorders. Significant clinical progress has been made in the development of TNX-102, our lead product candidate for FM. Our new status as a public company will provide us access to the capital markets and greater visibility as we advance our product candidates through development and initiate our commercialization strategy."

TONIX is reformulating new dosage forms of known pharmaceutical compounds for difficult to treat CNS indications, developing high-value medicines that are safer, more effective and predictable than some of the drugs currently used. The core technology underlying TNX-102 is a novel formulation of bedtime-dosed cyclobenzaprine, and is protected by issued patents. Cyclobenzaprine is a widely prescribed muscle relaxant with an established record of safety. The Company's second most advanced product candidate, TNX-105, also based on cyclobenzaprine, is being developed for PTSD, a psychiatric condition that begins in the aftermath of traumatic experiences.

A Phase 2a, randomized, double-blinded, placebo-controlled clinical study of very low dose (VLD) cyclobenzaprine was conducted in Canada, the results of which were recently published in the peer-reviewed *The Journal of Rheumatology* (September 2011 online edition; the print edition will be available in December 2011), demonstrating an improvement in core symptoms associated with FM, including widespread pain.

TONIX intends to commence a pharmacokinetic ("PK") study during the fourth quarter 2011. In that study, approximately 30 healthy adult volunteers will be dosed with a TNX-102 candidate formulation or

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a currently marketed, immediate-release cyclobenzaprine product. Following the PK study, TONIX expects to commence its first of two pivotal studies during 2012.

Dr. Lederman concluded, "While other medications are approved to treat FM symptoms, many patients remain dissatisfied with currently available analgesic and antidepressant treatment options. We believe TNX-102 offers a valuable treatment option for patients suffering from FM, and has the potential to fulfill a large, unmet medical need. TONIX plans to produce medications recognized as higher-value,
best-in-class products, and has a capital-efficient drug development strategy aimed at reducing risk and maximizing potential return on equity."

About the Share Exchange Transaction

On October 7, 2011, Tamandare executed and consummated a share exchange agreement with Tonix and the stockholders of 100% of Tonix's stock (the "Tonix Shareholders"), whereby the Tonix Shareholders exchanged their shares in Tonix for 22,666,667 newly issued shares of common stock of Tamandare, which represents approximately 85% of Tamandare's issued and outstanding common stock upon consummation of the transaction. As a result, upon completion of the Share Exchange, Tonix became Tamandare's wholly-owned subsidiary.

Private Placement Transaction

On October 7, 2011, Tamandare closed on a private placement of gross cash proceeds of $1.1 million and the exchange of $500,000 in previously issued debentures of Tonix in exchange for the issuance of $500,000 principal amount of secured convertible debentures (the "Convertible Debentures"). The Convertible Debentures mature on the earlier of (i) one year from the date of the Closing or (ii) the date of closing of a private placement of equity, equity equivalent, convertible debt or debt financing in which we receive gross proceeds, in one or more transactions, of at least $3.9 million (a "Subsequent Financing"). The Convertible Debentures bear interest at 8% per annum and are convertible at the holder's option into the Subsequent Financing. In the event that the Subsequent Financing has not occurred within 12 months from the date of issuance of the Convertible Debenture, the holder has the option to convert the Convertible Debenture into a number of shares of our common stock equal to 1% of our shares of common stock on a fully diluted basis for every $125,000 of Convertible Debentures (the "Conversion Shares"). In addition, upon conversion or repayment of the Debenture, the holder is entitled to receive, at the holder's option, either (i) a warrant to purchase such number of shares of common stock equal to the principal amount of the Convertible Debenture divided by the offering price in a Subsequent Financing or (ii) shares of our common stock equal to 33% of the principal amount of the Convertible Debenture divided by the offering price in a Subsequent Financing.

About Fibromyalgia Syndrome

FM is a CNS condition characterized by diffuse musculoskeletal pain, increased pain sensitivity, fatigue and disturbed sleep. According to the National Institutes of Health, FM affects 6 million Americans, age 18 or older. There are currently three drugs approved for FM: Lyrica®, Cymbalta®, and Savella®.

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About TONIX Pharmaceuticals

TONIX Pharmaceuticals is developing new therapies for challenging disorders of the central nervous system. The Company targets conditions characterized by significant unmet medical need, inadequate existing treatment options, and high dissatisfaction among both patients and physicians. TONIX reformulates known pharmaceutical agents to design drugs with optimal safety, efficacy and predictability. Its most advanced product candidates, TNX-102 for FM and TNX-105 for PTSD, are novel dosage formulation of cyclobenzaprine, the active ingredient in two U.S. FDA-approved muscle relaxants. To learn more about the Company and its pipeline of treatments for CNS conditions, please visit www.tonixpharma.com.

Certain statements in this press release are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words such as "anticipate," "believe," "forecast," "estimated" and "intend," among others. These forward-looking statements, including TONIX's plan to initiate a PK study in 2011 and a Phase II/III clinical trial of TNX-102 in 2012, are based on TONIX's current expectations and actual results could differ materially. There are a number of factors that could cause actual events to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to, substantial competition; our ability to continue as a going concern; our need for additional financing; uncertainties of patent protection and litigation; uncertainties of government or third party payer reimbursement; limited sales and marketing efforts and dependence upon third parties; and risks related to failure to obtain FDA clearances or approvals and noncompliance with FDA regulations. As with any pharmaceutical under development, there are significant risks in the development, regulatory approval and commercialization of new products. There are no guarantees that future clinical trials discussed in this press release will be completed or successful or that any product will receive regulatory approval for any indication or prove to be commercially successful. TONIX does not undertake an obligation to update or revise any forward-looking statement. Investors should read the risk factors set forth in the Current Report on Form 8-K to be filed with the SEC on or about October 14, 2011 and future periodic reports filed with the Securities and Exchange Commission. All of the Company's forward-looking statements are expressly qualified by all such risk factors and other cautionary statements. The information set forth herein speaks only as of the date hereof.

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Exhibit 99.1

Filed as PDF Reference