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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 000-52228

SORRENTO THERAPEUTICS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

33-0344842
(I.R.S. Employer
Identification Number)

**6042 Cornerstone Ct. West,
Suite B
San Diego, California 92121**
(Address of Principal Executive Offices)

(858) 210-3700
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated file or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the issuer's common stock, par value \$0.0001 per share, outstanding as of May 13, 2013 was 336,075,440.

Sorrento Therapeutics, Inc.
(a Development Stage Company)

Index to Consolidated Financial Statements

PART I. FINANCIAL INFORMATION

Item 1.	<u>Consolidated Financial Statements</u>	1
	<u>Consolidated Balance Sheets as of March 31, 2013 (Unaudited) and December 31, 2012 (Audited)</u>	1
	<u>Unaudited Consolidated Statements of Operations for the Three Months Ended March 31, 2013 and 2012 and January 25, 2006 (Inception) through March 31, 2013</u>	2
	<u>Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2013 and 2012 and January 25, 2006 (Inception) through March 31, 2013</u>	3
	<u>Notes to Unaudited Consolidated Financial Statements</u>	4
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	13
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	17
Item 4.	<u>Controls and Procedures</u>	17

PART II. OTHER INFORMATION

Item 1.	<u>Legal Proceedings</u>	17
Item 1A.	<u>Risk Factors</u>	17
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	17
Item 3.	<u>Defaults Upon Senior Securities</u>	17
Item 4.	<u>Mine Safety Disclosures</u>	17
Item 5.	<u>Other Information</u>	18
Item 6.	<u>Exhibits</u>	18
	<u>Signatures</u>	19

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

**SORRENTO THERAPEUTICS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS**

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 9,638,768	\$ 5,091,312
Grants receivable	134,063	79,760
Prepaid expenses and other	<u>688,691</u>	<u>80,918</u>
Total current assets	10,461,522	5,251,990
Property and equipment, net	1,549,684	1,480,989
Patent rights, net	90,000	—
Other	<u>97,119</u>	<u>48,625</u>
Total assets	<u>\$ 12,198,325</u>	<u>\$ 6,781,604</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 707,148	\$ 439,533
Accrued payroll and related	180,000	77,744
Accrued expenses	111,029	66,896
Current portion of debt	<u>267,632</u>	<u>—</u>
Total current liabilities	1,265,809	584,173
Long-term debt	608,256	—
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 100,000,000 shares authorized and no shares issued and outstanding	—	—
Common stock, \$0.0001 par value; 500,000,000 shares authorized and 336,075,440 and 300,117,135 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	33,608	30,012
Additional paid-in capital	23,763,290	17,117,718
Deficit accumulated during the development stage	<u>(13,472,638)</u>	<u>(10,950,299)</u>
Total stockholders' equity	10,324,260	6,197,431
Total liabilities and stockholders' equity	<u>\$ 12,198,325</u>	<u>\$ 6,781,604</u>

See accompanying notes

SORRENTO THERAPEUTICS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,		Period from January 25, 2006 (Inception) through March 31, 2013
	2013	2012	
Revenues:			
Grant	\$ 134,063	\$ 110,149	\$ 1,706,136
Collaboration and reimbursable research and development costs	—	—	223,453
Total revenues	<u>134,063</u>	<u>110,149</u>	<u>1,929,589</u>
Expenses:			
Research and development	1,398,677	799,072	9,602,003
General and administrative	1,249,681	218,675	5,821,074
Total expenses	<u>2,648,358</u>	<u>1,017,747</u>	<u>15,423,077</u>
Loss from operations	(2,514,295)	(907,598)	(13,493,488)
Interest expense	(9,928)	—	(9,928)
Interest income	1,884	1,472	30,778
Net loss	<u>\$ (2,522,339)</u>	<u>\$ (906,126)</u>	<u>\$ (13,472,638)</u>
Net loss per share – basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	
Weighted average number of shares during the period – basic and diluted	<u>307,808,569</u>	<u>260,893,200</u>	

See accompanying notes

SORRENTO THERAPEUTICS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,		Period from January 25, 2006 (Inception) through March 31, 2013
	2013	2012	
Operating activities			
Net loss	\$(2,522,339)	\$ (906,126)	\$ (13,472,638)
Adjustments to reconcile net loss to net cash used for operating activities:			
Depreciation and amortization	103,114	62,496	581,803
Stock-based compensation	247,760	101,168	1,714,399
Non-cash interest expense	5,166	—	5,166
Changes in operating assets and liabilities:			
Grants receivable	(54,303)	(11,449)	(134,063)
Prepaid expenses and other	(658,079)	7,258	(767,472)
Accounts payable	253,253	(36,807)	430,199
Accrued expenses and other liabilities	143,033	(14,121)	367,712
Net cash used for operating activities	<u>(2,482,395)</u>	<u>(797,581)</u>	<u>(11,274,894)</u>
Investing activities			
Purchases of property and equipment	(157,446)	(225,491)	(1,879,163)
Purchase of intangible assets	(50,000)	—	(50,000)
Cash acquired in connection with Merger	—	—	104,860
Net cash used for investing activities	<u>(207,446)</u>	<u>(225,491)</u>	<u>(1,824,303)</u>
Financing activities			
Proceeds from issuance of common stock, net of issuance costs	6,354,409	—	21,805,860
Proceeds from exercise of stock options	7,000	—	56,217
Borrowings under loan agreement	875,888	—	875,888
Net cash provided by financing activities	<u>7,237,297</u>	<u>—</u>	<u>22,737,965</u>
Net change in cash and cash equivalents	<u>4,547,456</u>	<u>(1,023,072)</u>	<u>9,638,768</u>
Cash and cash equivalents at beginning of period	<u>5,091,312</u>	<u>3,466,549</u>	<u>—</u>
Cash and cash equivalents at end of period	<u>\$ 9,638,768</u>	<u>\$ 2,443,477</u>	<u>\$ 9,638,768</u>
Supplemental disclosure:			
Cash paid during the period for:			
Income taxes	\$ 800	\$ —	\$ 5,600
Interest	\$ 879	\$ —	\$ 879

Non-cash investing activities:

In connection with the Company's purchase of patent rights under the assignment agreement entered into on January 7, 2013 (see Note 2), the Company issued 250,000 shares of common stock valued at \$40,000.

In the first quarter of 2013, the Company purchased equipment with an aggregate cost of \$14,363, which has been included in accounts payable as of March 31, 2013.

See accompanying notes

SORRENTO THERAPEUTICS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2013

1. Nature of Operations, Summary of Significant Accounting Policies and Business Activities

Nature of Operations and Basis of Presentation

The Company is a biopharmaceutical company focused on the discovery, development and commercialization of novel and proprietary biotherapeutics for the treatment of a variety of disease conditions, including cancer, inflammation, metabolic and infectious diseases. The Company's objective is to either independently or through one or more partnerships with pharmaceutical or biopharmaceutical organizations identify drug development candidates derived from the libraries.

As of March 31, 2013, the Company had devoted substantially all of its efforts to product development, raising capital and building infrastructure, and had not realized revenues from its planned principal operations. Accordingly, the Company is considered to be in the development stage.

The accompanying interim consolidated financial statements have been prepared by the Company, without audit, in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information and footnotes necessary for a fair statement of its financial position, results of operations and cash flows in accordance with GAAP. The financial statements also include the accounts of the Company's wholly-owned subsidiary, Sorrento Therapeutics, Inc. Hong Kong Limited, or Sorrento Hong Kong, which was registered effective December 4, 2012. Sorrento Hong Kong had no operations through March 31, 2013. All inter-company balances and transactions have been eliminated in consolidation.

The balance sheet at December 31, 2012 is derived from the audited consolidated balance sheet at that date which is not presented herein.

In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments, which are only normal and recurring, necessary for a fair statement of financial position, results of operations and cash flows. These consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012. Operating results for interim periods are not expected to be indicative of operating results for the Company's 2013 fiscal year.

Business Activities

On September 21, 2009, QuikByte Software, Inc., a shell company, or QuikByte, acquired Sorrento Therapeutics, Inc., a privately held Delaware corporation, or STI, in a reverse merger, or the Merger. Pursuant to the Merger, all of the issued and outstanding shares of STI common stock were exchanged into an aggregate of 169,375,807 shares of QuikByte common stock and STI became a wholly owned subsidiary of QuikByte. The holders of QuikByte's common stock as of immediately prior to the Merger held an aggregate of 55,708,320 shares of QuikByte's common stock. STI and QuikByte reincorporated in Delaware in December 2009, and on December 4, 2009, STI merged with and into QuikByte, the separate corporate existence of STI ceased and QuikByte continued as the surviving corporation. Contemporaneously, QuikByte Software, Inc. changed its name to Sorrento Therapeutics, Inc., or the Company. In connection with the Merger, the Company received cash of \$104,860.

In January 2013, the Company entered into an assignment agreement, or the assignment agreement with Tien-Li Lee, M.D. and Jane Wu Lee, M.D. as individuals (collectively, the Lees) pursuant to which the Lees agreed to assign to the Company their right, title and interest throughout the world in and to certain inventions and patents that provide for the production of recombinant intravenous immunoglobulins. See Note 2.

On March 7, 2013, the Company entered into various agreements with IgDraSol, Inc. (IgDraSol) a private company focused on the development of oncologic agents for the treatment of metastatic breast cancer, or MBC, non-small cell lung cancer, or NSCLC, and other cancers, as follows: (i) an exclusive option agreement, (ii) an asset purchase agreement pursuant to which the Company agreed to purchase all documentation, equipment, information and other know-how related to micellar nanoparticle technology encompassing Tocosol® and related technologies, and (iii) an initial services agreement, pursuant to which, IgDraSol is to provide certain product development and technology services related to the Company's antibody platform. See Note 2.

Liquidity and Going Concern

The accompanying consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will continue to operate as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company has incurred operating losses since its inception in 2006, and as of March 31, 2013, had an accumulated deficit of \$13,472,638. At March 31, 2013, the Company had working capital of \$9,195,713.

The Company anticipates that it will continue to incur net losses into the foreseeable future as it: (i) continues to identify and advance a number of potential drug candidates into preclinical development activities, (ii) acquires IgDraSol and continues to fund its operations, and (iii) expands its corporate infrastructure, including the costs associated with being a public company. Without additional funding, management believes that the Company will not have sufficient funds to meet its obligations beyond October 2013. These conditions give rise to substantial doubt as to the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company plans to continue to fund its losses from operations and capital funding needs through public or private equity or debt financings, strategic collaborations, licensing arrangements, asset sales, government grants or other arrangements. However, the Company cannot be sure that such additional funds will be available on reasonable terms, or at all. If the Company is unable to secure adequate additional funding, the Company may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, and/or suspend or curtail planned programs. In addition, if the Company does not meet its payment obligations to third parties as they come due, it may be subject to litigation claims. Even if the Company is successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. Any of these actions could materially harm the Company's business, results of operations, and future prospects.

If the Company raises additional funds by issuing equity securities, substantial dilution to existing stockholders would result. If the Company raises additional funds by incurring debt financing, the terms of the debt may involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict the Company's ability to operate its business.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Management believes that these estimates are reasonable; however, actual results may differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company minimizes its credit risk associated with cash and cash equivalents by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Company has not experienced any losses on such accounts.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, grants receivable, prepaid expenses and other assets, accounts payable and accrued expenses. Fair value estimates of these instruments are made at a specific point in time, based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. As of March 31, 2013 and December 31, 2012, the carrying amount of cash and cash equivalents, grants receivable, prepaid expenses and other assets, accounts payable and accrued liabilities are generally considered to be representative of their respective fair values because of the short-term nature of those instruments.

Grants Receivable

Grants receivable at March 31, 2013 and December 31, 2012 represent amounts due under several federal contracts with the National Institute of Allergy and Infectious Diseases, or NIAID, a division of the National Institutes of Health, or NIH, collectively, the NIH Grants. The Company considers the grants receivable to be fully collectible; accordingly, no allowance for doubtful amounts has been established. If amounts become uncollectible, they are charged to operations.

Property and Equipment

Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. Such lives vary from three to five years. Leasehold improvements are amortized over the lesser of the life of the lease or the life of the asset.

Patent Rights

Patent rights are stated at cost and amortized on a straight-line basis over the estimated useful lives of the assets, determined to be approximately nineteen years from the date of transfer of the rights to the Company in April 2013.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets with definite lives, such as property and equipment and patent rights, for impairment. The Company records impairment losses on long-lived assets used for operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying value of the assets. There have not been any impairment losses of long-lived assets through March 31, 2013.

Income Taxes

The provisions of the Financial Accounting Standards Board, or FASB Accounting Standards Codification, or ASC 740-10, Uncertainty in Income Taxes, address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740-10, the Company may recognize the 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 Company has determined that it has no uncertain tax positions.

The Company accounts for income taxes using the asset and liability method to compute the differences between the tax basis of assets and liabilities and the related financial amounts, using currently enacted tax rates.

The Company has deferred tax assets, which are subject to periodic recoverability assessments. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount that more likely than not will be realized. The Company evaluates the recoverability of the deferred tax assets annually.

Revenue Recognition

The Company's revenues are generated from the NIH and U.S. Treasury grant awards and a feasibility study agreement, or the Collaboration Agreement, that the Company entered into with a third party in July 2010. The revenue from the NIH and U.S. Treasury grant awards are based upon subcontractor and internal costs incurred that are specifically covered by the grant, and where applicable, a facilities and administrative rate that provides funding for overhead expenses. These revenues are recognized when expenses have been incurred by subcontractors or when the Company incurs internal expenses that are related to the grant.

The revenue from the Collaboration Agreement is derived from the completion of certain development services and the reimbursement of certain development costs incurred to provide such development services. Revenue from upfront, nonrefundable service fees are recognized when earned, as evidenced by written acknowledgement from the collaborator, or other persuasive evidence that all service deliverables have been achieved, provided that the service deliverables are substantive and their achievability was not reasonably assured at the inception of the Collaboration Agreement. Any amounts received prior to satisfying the Company's revenue recognition criteria are recorded as deferred revenue.

Research and Development Costs and Collaborations

Research and development costs are charged to expense as incurred. Such costs primarily consist of discovery research, pre-clinical activities, manufacture of drug supply, lab supplies, contract and acquired services, stock-based compensation expense, salaries and related benefits, depreciation and allocated and direct facility expenses.

We evaluate our collaborative agreements for proper income statement classification based on the nature of the underlying activity. If payments to our collaborative partners are not within the scope of other authoritative accounting literature, the income statement classification for these payments is based on a reasonable, rational analogy to authoritative accounting literature that is applied in a consistent manner. Amounts due to our collaborative partners related to development activities are reflected as a research and development expense.

Stock-based Compensation

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718, which establishes accounting for equity instruments exchanged for employee services. Under such provisions, stock-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense, under the straight-line method, over the employee's requisite service period (generally the vesting period of the equity grant).

The Company accounts for equity instruments, including restricted stock or stock options, issued to non-employees in accordance with authoritative guidance for equity-based payments to non-employees. Stock options issued to non-employees are accounted for at their estimated fair value determined using the Black-Scholes option-pricing model. The fair value of options granted to non-employees is re-measured as they vest, and the resulting increase in value, if any, is recognized as expense during the period the related services are rendered. Restricted stock issued to non-employees is accounted for at estimated fair value as they vest.

Net Loss per Share

Net loss per share is presented as both basic and diluted net loss per share. Basic net loss per share excludes any dilutive effects of options, shares subject to repurchase and warrants. Diluted net loss per share includes the impact of potentially dilutive securities. No dilutive effect was calculated for the three months ended March 31, 2012 and 2011 as the Company reported a net loss for each respective period and the effect would have been anti-dilutive. The Company had outstanding common share equivalents of 10,595,000 and 6,504,686 at March 31, 2013 and 2012, respectively. The Company excludes the contingent issuance of common shares issuable to the Lee's and IgDraSol as there is no guarantee that such shares will be issued in the future. See Note 2.

New Accounting Standards

In July 2012, the FASB issued ASU 2012-02, Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment (the revised standard). The objective of this ASU is to simplify how entities test indefinite-lived intangible assets other than goodwill for impairment. The amendments in the ASU provide the option to first assess qualitative factors to determine whether, as a result of its qualitative assessment, that it is more-likely-than-not (a likelihood of more than 50%) the asset is impaired and it is necessary to calculate the fair value of the asset in order to compare that amount to the carrying value to determine the amount of the impairment, if any. If an entity believes, as a result of its qualitative assessment, that it is not more-likely-than-not (a likelihood of more than 50%) that the fair value of an asset is less than its carrying amount, no further testing is required. The revised standard includes examples of events and circumstances that might indicate that the indefinite-lived intangible asset is impaired. The approach in the ASU is similar to the guidance for testing goodwill for impairment contained in ASU 2011-08, Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment. The revised standard, which may be adopted early, is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 and does not change existing guidance on when to test indefinite-lived intangible assets for impairment. The adoption of the provisions of this guidance is not expected to have a material impact on our consolidated results of operations, cash flows, and financial position.

2. Significant Agreements and Contracts

License Agreement with OPKO Health, Inc.

In June 2009, the Company entered into a limited license agreement, or the OPKO License, with OPKO Health, Inc., or OPKO, pursuant to which the Company granted OPKO an exclusive, royalty-free, worldwide license under all U.S. and foreign patents and patent applications owned or controlled by the Company or any of its affiliates, or the STI Patents, to: (i) develop, manufacture, use, market, sell, offer to sell, import and export certain products related to the development, manufacture, marketing and sale of drugs for ophthalmological indications, or the OPKO Field, and (ii) use and screen any population of distinct molecules covered by any claim of the STI Patents or which is derived by use of any process or method covered by any claim of the STI Patents to identify, select and commercialize certain products within the OPKO Field. Subject to certain limitations, OPKO will have the right to sublicense the foregoing rights granted under the OPKO License. Additionally, pursuant to the OPKO License, OPKO has granted the Company an exclusive, royalty-free, worldwide license to any patent or patent application owned or controlled by OPKO or any of its affiliates to develop, use, make, market, sell and distribute certain products in any field of use, other than the OPKO Field, or the OPKO Patents.

The Company has retained all rights to the STI Patents outside of the OPKO Field and has agreed not to practice the OPKO Patents or the STI Patents outside the STI current field of use. Unless otherwise terminated in accordance with its terms, the License Agreement will expire upon the expiration of the last to expire patent within the STI Patents and OPKO Patents on a country-by-country basis.

License Agreement with The Scripps Research Institute

In January 2010, the Company entered into a license agreement, or the TSRI License, with The Scripps Research Institute, or TSRI. Under the TSRI License, TSRI granted the Company an exclusive, worldwide license to certain TSRI patent rights and materials based on quorum sensing for the prevention and treatment of *Staphylococcus aureus*, or Staph, infections, including Methicillin-resistant Staph. In consideration for the license, the Company: (i) issued TSRI a warrant for the purchase of common stock, (ii) agreed to pay TSRI a certain annual royalty commencing in the first year after certain patent filing milestones are achieved, (iii) agreed to pay a royalty on any sales of licensed products by the Company or its affiliates and a royalty for any revenues generated by the Company through its sublicense of patent rights and materials licensed from TSRI under the TSRI License. The TSRI License requires the Company to indemnify TSRI for certain breaches of the agreement and other matters customary for license agreements. The parties may terminate the TSRI License at any time by mutual agreement. In addition, the Company may terminate the TSRI License by giving 60 days notice to TSRI and TSRI may terminate the TSRI License immediately in the event of certain breaches of the agreement by the Company or upon the Company's failure to undertake certain activities in furtherance of commercial development goals. Unless terminated earlier by either or both parties, the term of the TSRI License will continue until the final expiration of all claims covered by the patent rights licensed under the agreement. For the three months ended March 31, 2013 and 2012 and for the period from inception (January 25, 2006), or inception, through March 31, 2013, the Company recorded \$2,501, \$2,221 and \$129,846 in patent prosecution and maintenance costs associated with the TSRI License, respectively, which have been included in general and administrative expenses.

The fair value of the warrants to purchase Company common stock, issued in connection with the TSRI License, of \$17,989 was determined using the Black-Scholes valuation model with the following weighted-average assumptions: risk-free interest rate of 2.48%, no dividend yield, expected term of 10 years, and volatility of 102%. Such fair value has been included in general and administrative expenses for the period from inception through March 31, 2013.

NIH Grants

In May 2010, the NIAID awarded the Company an Advanced Technology Small Business Technology Transfer Research grant to support the Company's program to generate and develop novel antibody therapeutics and vaccines to combat Staph infections, including Methicillin-resistant Staph, or the Staph Grant award. The project period for the Staph Grant award covered a two-year period which commenced in June 2010 and ended in May 2012. As of March 31, 2012, the entire Phase 1 grant of \$600,000 had been awarded. The Company records revenue associated with the grant as the related costs and expenses are incurred. During the three months ended March 31, 2013 and 2012 and for the period from inception through March 31, 2013, the Company recorded \$0, \$56,516 and \$600,000 of revenue associated with the Staph Grant award, respectively.

In July 2011, the NIAID awarded the Company a second Advanced Technology Small Business Technology Transfer Research grant to support the Company's program to generate and develop antibody therapeutics and vaccines to combat *C. difficile* infections, or the *C. difficile* Grant award. The project period for the *C. difficile* Grant award covers a two-year period which commenced in June 2011, and as of September 30, 2012, the entire Phase 1 grant of \$600,000 had been awarded. During the three months ended March 31, 2013 and 2012 and for the period from inception through March 31, 2013, the Company recorded \$77,405, \$53,633 and \$526,182 of revenue associated with the *C. difficile* Grant award, respectively.

In June 2012, the NIAID awarded the Company a third Advanced Technology Small Business Technology Transfer Research grant, with an initial award of \$300,000, to support the Company's program to generate and develop novel human antibody therapeutics to combat Staph infections, including Methicillin-resistant Staph, or the Staph Grant II award. The project period for the phase I grant covers a two-year period which commenced in June 2012, with a potential annual award of \$300,000 per year. During the three months ended March 31, 2013 and for the period from inception through March 31, 2013, the Company recorded \$56,658 and \$185,474 of revenue associated with the Staph Grant II award, respectively.

Collaboration Agreement

In July 2010, the Company entered into the Collaboration Agreement, with a third party. Under the terms of the Collaboration Agreement, the Company provided certain antibody screening services for an upfront cash fee of \$200,000 and was reimbursed for certain costs and expenses associated with providing the services, or the Development Costs. The upfront fee and reimbursable Development Costs were accounted for as separate units of accounting. The Company recorded the gross amount of the reimbursable Development Costs as revenue and the costs associated with these reimbursements are reflected as a component of research and development expense.

Any amounts received by the Company pursuant to the Collaboration Agreement prior to satisfying the Company's revenue recognition criteria are recorded as deferred revenue. All agreed upon services under the Collaboration Agreement were delivered in March 2011. For the period from inception through March 31, 2013, the Company recognized \$223,453 in revenue.

U.S. Treasury Grants

During 2010, the U.S. Treasury awarded the Company grants totaling \$394,480 for investments in qualifying therapeutic discovery projects under section 48D of the Internal Revenue Code. The proceeds from this grant are classified in "Revenues – Grant" for the period from inception through March 31, 2013.

Assignment Agreement

In January 2013, the Company entered into the assignment agreement with the Lees, pursuant to which the Lees agreed to assign to the Company their right, title and interest throughout the world in and to certain inventions and patents that provide for the production of recombinant intravenous immunoglobulin. As consideration for the assignment by the Lees under the assignment agreement, the Company: (i) issued the Lee's 250,000 shares of the Company's common stock upon execution of the Agreement, (ii) agreed to pay the Lees a total of \$50,000 in five monthly installments of \$10,000 beginning on February 1, 2013, and (iii) agreed to issue the Lees up to 2,000,000 shares of the Company's common stock based upon the achievement of certain milestone events described in the assignment agreement. As of March 31, 2013, no such milestones had been achieved. Unless otherwise terminated in accordance with its terms, the assignment agreement will expire upon the expiration of the last to expire patent within the assigned patent rights.

IgDraSol Transactions

On March 7, 2013, the Company entered into an exclusive option agreement with IgDraSol, a private company focused on the development of oncologic agents for the treatment of metastatic breast cancer, or MBC, non-small cell lung cancer, or NSCLC, and other cancers. Pursuant to the option agreement, IgDraSol granted the Company an irrevocable option to acquire IgDraSol by means of an agreement and plan of merger. In consideration for entering into the option agreement, IgDraSol is to receive a non-refundable lump sum payment of \$200,000 within 51 days of the signing of the option agreement. If the Company exercises its option to acquire IgDraSol, the Company will, pursuant to the merger agreement, issue 76,199,198 shares of common stock to IgDraSol stockholders and, upon the later achievement of a specified regulatory milestone, the Company will issue an additional 32,656,799 shares of common stock to former IgDraSol stockholders. If the Company does not exercise its option to acquire IgDraSol, the Company will be required to invest \$500,000 in IgDraSol *pari passu* with other new investors of IgDraSol. See Note 6.

IgDraSol's lead compound, Cynviloq™, is a micellar diblock copolymeric paclitaxel formulation drug product. Cynviloq™ is currently approved and marketed in several countries, including South Korea for MBC and NSCLC under the trade name Genexol-PM®, and has completed Phase 2 testing for potential advancement into registration trials in the U.S. IgDraSol has the exclusive U.S. distribution rights to Cynviloq™ from Samyang Biopharmaceuticals Corporation, a South Korean corporation.

Contemporaneously with the execution of the option agreement, on March 7, 2013, the Company and IgDraSol entered into an asset purchase agreement pursuant to which the Company agreed to purchase all documentation, equipment, information and other know-how related to micellar nanoparticle technology encompassing TocosoI® and related technologies for a purchase price of \$1,210,000. The payment is due within 45 days of the signing of the asset purchase agreement. Upon payment of such purchase price, IgDraSol and the Company intend to enter into a development services agreement pursuant to which approximately \$3,000,000 in development services may be provided by IgDraSol for the development of TocosoI® and related technologies. See Note 6.

IgDraSol and the Company also entered into an initial services agreement dated March 7, 2013, or the initial services agreement, pursuant to which, IgDraSol is to provide certain product development and technology services related to the Company's antibody platform in exchange for a payment of \$1,000,000, which was paid to IgDraSol upon signing. During the three months ended March 31, 2013, IgDraSol provided services with an aggregate cost of \$404,084 which has been allocated between research and development as well as general and administrative expenses. The remaining balance of \$595,916 is included in prepaid expenses and other.

The Company has determined that IgDraSol is a variable interest entity (VIE), however because the Company does not have the power to direct the activities of IgDraSol that most significantly impact its economic performance the Company is not the primary beneficiary of this VIE at this time. Further, the Company has no oversight of the day-to-day operations of IgDraSol, nor sufficient rights or any voting representation to influence the operating or financial decisions of IgDraSol, or participate on any steering or oversight committees. Therefore, the Company is not required to consolidate IgDraSol into the Company's consolidated financial statements. This consolidation status could change in the future if the option agreement is exercised, or if other changes occur in the relationship between IgDraSol and the Company.

3. Loan and Security Agreement

In February 2013, the Company entered into a loan and security agreement with a bank pursuant to which the lender provided the Company loans to finance certain equipment, in an aggregate principal amount of up to \$1,000,000. Under the loan agreement, the lender funded the initial equipment advance in the principal amount of \$875,888 in February 2013 and agreed to fund, subject to customary conditions, an additional equipment advance in the principal amount of \$124,112 on or prior to August 21, 2013. The loans under the loan agreement bear interest at a rate equal to the three-year U.S. Treasury note yield plus 4.65%, which is fixed on the date of each funding. Interest accrues on the initial outstanding advance at the fixed rate of 5.15%.

The Company is obligated to pay interest-only on any loans funded under the loan agreement prior to April 30, 2013 until May 1, 2013, and thereafter to pay 36 consecutive equal monthly installments of principal and interest through April 1, 2016. The Company is obligated to pay equal monthly installments of principal and interest through April 1, 2016 on any loans funded under the loan agreement after April 30, 2013. All loans funded under the loan agreement mature on April 1, 2016.

At the Company's option, it may prepay all of the outstanding principal balance, subject to certain pre-payment fees ranging from 1% to 3% of the prepayment amount. In the event of a final payment of the loans under the loan agreement, either in the event of repayment of the loan at maturity or upon any prepayment, the Company is obligated to pay a final fee of \$55,000. Such fee is being accrued over the term of the loan using the effective interest method.

The Company granted the lender a security interest in any equipment that is financed under the loan agreement. The Company is also subject to certain affirmative and negative covenants under the loan agreement, including limitations on its ability to: undergo certain change of control events; convey, sell, lease, license, transfer or otherwise dispose of any equipment financed by loans under the loan agreement; create, incur, assume, guarantee or be liable with respect to indebtedness, subject to certain exceptions; grant liens on any equipment financed under the loan agreement; and make or permit any payment on specified subordinated debt. In addition, under the loan agreement, subject to certain exceptions, the Company is required to maintain with the lender its primary operating, other deposit and securities accounts.

Future annual principal payments under the loan agreement, as of December 31, 2012, are as follows:

2013	\$194,642
2014	291,963
2015	291,963
2016	97,320
Total payments	<u>\$875,888</u>

4. Stockholders' Equity

Common Stock and Related Party Transaction

In December 2011, the Company entered into a Stock Purchase Agreement, or the Stock Purchase Agreement, and issued 12,500,000 shares of common stock in a private placement transaction at \$0.16 per share, for aggregate gross proceeds of \$2,000,000. In May 2012, the Company entered into an Amended and Restated Stock Purchase Agreement, and issued 37,500,000 shares of common stock in a private placement transaction at \$0.16 per share, for aggregate gross proceeds of \$6,000,000. 6,250,000 of the shares were purchased by an investor, Hongye SD Group, LLC, of which Dr. Henry Ji, our Chief Executive Officer and President, is a managing director.

In January 2013, the Company entered into the assignment agreement and issued 250,000 shares of common stock valued at \$40,000.

In March 2013, the Company entered into a Stock Purchase Agreement and issued 33,658,305 shares of common stock, in a private placement transaction, at \$0.18 per share for aggregate gross proceeds of \$6,418,495.

Stock Incentive Plans

2009 Equity Incentive Plan

In February 2009, prior to the Merger, the Company's Board of Directors approved the 2009 Equity Incentive Plan, or the EIP, under which 10,000,000 shares of common stock were reserved for issuance to employees, non-employee directors and consultants of the Company. The EIP provided for the grant of incentive stock options, non-incentive stock options, restricted stock awards and stock bonus awards to eligible recipients. In March 2009, the Company issued 7,403,861 restricted common stock awards to certain consultants for aggregate gross proceeds of \$291, of which the Company repurchased 1,104,135 unvested shares of restricted common stock for \$43 in January 2011. The restricted shares vested monthly over four years and all remaining shares were fully vested as of March 31, 2013. No further shares are available for grant under the EIP.

2009 Non-Employee Director Grants

In September 2009, prior to the adoption of the 2009 Stock Incentive Plan, the Company's Board of Directors approved the reservation and issuance of 200,000 nonstatutory stock options to the Company's non-employee directors. The outstanding options vested on the one year anniversary of the vesting commencement date in October 2010. Such options are exercisable on the two year anniversary of the grant date and are generally exercisable for up to 10 years from the grant date. No further shares may be granted under this plan and, as of March 31, 2013, 80,000 options were outstanding.

2009 Stock Incentive Plan

In October 2009, the Company's stockholders approved the 2009 Stock Incentive Plan, or the Stock Plan, which became effective in December 2009 and under which 15,600,000 shares of the Company's common stock are reserved for issuance to employees, non-employee directors and consultants of the Company. In addition, this amount will be automatically increased annually on the first day of each fiscal year by the lesser of: (i) 1% of the aggregate number of shares of the Company's common stock outstanding on the last day of the immediately preceding fiscal year, (ii) 1,200,000 shares, or (iii) an amount approved by the administrator of the Stock Plan. The Stock Plan provides for the grant of incentive stock options, non-incentive stock options, stock appreciation rights, restricted stock awards, unrestricted stock awards, restricted stock unit awards and performance awards to eligible recipients. Recipients of stock options shall be eligible to purchase shares of the Company's common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of options granted under the Stock Plan is ten years. Employee option grants will generally vest 25% on each anniversary of the original vesting date over four years. The vesting schedules for grants to non-employee directors and consultants will be determined by the Company's Compensation Committee. Stock options are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock plan agreement. Unvested shares of the Company's common stock issued in connection with an early exercise however, may be repurchased by the Company upon termination of the optionee's service with the Company. See Note 6.

During the three months ended March 31, 2013 and 2012, the Company's Board of Directors awarded 50,000 and 2,055,000 options to certain employees and consultants and 12,492,500 and 10,372,500 shares were available for grant under the Stock Plan, respectively.

The Company uses the Black-Scholes valuation model to calculate the fair value of stock options. Stock based compensation expense is recognized over the vesting period using the straight-line method. The fair value of employee stock options was estimated at the grant date using the following assumptions:

	<u>Three months ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
Dividend yield	—	—
Volatility	109%	102%
Risk-free interest rate	1.07%	1.02%
Expected life of options	6.1 years	5.7 years

The weighted average grant date fair value per share of employee stock options granted during the three months ended March 31, 2013 and 2012 was \$0.20 and \$0.13, respectively.

The assumed dividend yield was based on the Company's expectation of not paying dividends in the foreseeable future. Due to the Company's limited historical data, the estimated volatility incorporates the historical and implied volatility of comparable companies whose share prices are publicly available. The risk-free interest rate assumption was based on the United States Treasury's rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued. The weighted average expected life of options was estimated using the average of the contractual term and the weighted average vesting term of the options.

The total employee stock-based compensation recorded as operating expenses was \$143,469, \$26,728 and \$562,285 for the three months ended March 31, 2013 and 2012 and for the period from inception through March 31, 2013, respectively.

As of March 31, 2013, unrecognized compensation cost related to the options was \$1,629,269 which will be recognized over 3.2 years.

The Company records equity instruments issued to non-employees as expense at their fair value over the related service period as determined in accordance with the applicable authoritative guidance and periodically revalues the equity instruments as they vest. Stock-based compensation expense related to non-employee consultants recorded as operating expenses was \$104,292, \$74,440 and \$1,152,115 for the three months ended March 31, 2013 and 2012 and for the period from inception through March 31, 2013, respectively.

5. Income Taxes

The Company maintains deferred tax assets that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These deferred tax assets include net operating loss carryforwards, research credits and capitalized research and development. The net deferred tax asset

has been fully offset by a valuation allowance because of the Company's history of losses. Utilization of operating losses and credits may be subject to substantial annual limitation due to ownership change provisions of the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

6. Subsequent Events

Payments Made Under Option and Asset Purchase Agreements

In April 2013, the Company paid IgDraSol \$200,000 and \$1,210,000 as due under the option agreement and asset purchase agreement, respectively. The payment under the asset purchase agreement also triggered the execution of the development services agreement, pursuant to which IgDraSol is to provide approximately \$3,000,000 in development services related to the development of Tocosol® and related technologies. See Note 2.

Amended and Restated Stock Plan and Amendments to Articles of Incorporation

On April 26, 2013, the Company's stockholders approved: (a) the amendment and restatement of the Stock Plan, among other items, to increase the number of common stock authorized to be issued pursuant to the Stock Plan from 15,600,000 to 34,000,000, and (b) three amendments to the Company's Certificate of Incorporation, as follows: (i) increased the number of shares of common stock authorized to be issued by the Company from 500,000,000 to 750,000,000, (ii) authorized the Company's Board of Directors, or the Board, to effect a reverse stock split of the Company's common stock by a ratio of not less than 1-for-2 and not more than 1-for-150, with the Board having the discretion as to whether or not the reverse split is to be effected at any time prior to April 26, 2014, and (iii) authorized the Board, in the event a reverse stock split is approved, in its discretion, to reduce the number of shares of common stock authorized to be issued by the Company in proportion to the percentage decrease in the number of outstanding shares of common stock resulting from the reverse split (or a lesser decrease in authorized shares of common stock as determined by the Board in its discretion).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains "forward-looking statements" about our expectations, beliefs or intentions regarding our potential product offerings, business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made and are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "or "will," and similar expressions or variations. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described under the caption "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the Securities and Exchange Commission, or the SEC. Furthermore, such forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Overview

We are a development stage biopharmaceutical company focused on the discovery, development and commercialization of novel and/or proprietary drug candidates for the treatment of a variety of disease conditions, including cancer, inflammation, metabolic and infectious diseases. Through March 31, 2013, we identified and further developed a number of potential drug product candidates across various therapeutic areas, and intend to select several lead product candidates to progress into preclinical development activities in 2013. It is too early to assess which of these candidates, if any, will merit further evaluation in clinical trials. Our libraries were designed to facilitate the rapid identification and isolation of highly specific, antibody therapeutic product candidates that are fully-human and that bind to disease targets appropriate for antibody therapy. We built our initial antibody expression and production capabilities to enable us to make sufficient product material to conduct preclinical safety and efficacy testing in animal models.

Our therapeutic objective is to develop two classes of antibody drug products: (i) FIC and/or (ii) biobetters. Although we intend to retain ownership and control of some product candidates by advancing them further into preclinical development, we will also consider partnerships with pharmaceutical or biopharmaceutical organizations, with the appropriate experience and expertise, in order to balance the risks associated with drug discovery and development and maximize our stockholders' returns. Our partnering objectives include generating revenue through license fees, milestone related development fees and royalties by licensing rights to our development candidates.

Recent Developments

IgDraSol Transactions. On March 7, 2013, we entered into the IgDraSol Transactions, as more fully described above in Note 2 of the consolidated financial statements. Pursuant to the option agreement, IgDraSol granted us an irrevocable option to acquire IgDraSol by means of the merger agreement. In consideration for entering into the option agreement, IgDraSol received a non-refundable lump sum payment of \$200,000 in April 2013. If we exercise our option to acquire IgDraSol, we will, pursuant to the merger agreement, issue 76,199,198 shares of common stock to IgDraSol stockholders and, upon the achievement of a specified regulatory milestone, we will issue an additional 32,656,799 shares of common stock to former IgDraSol stockholders. If we do not exercise our option to acquire IgDraSol, we will be required to invest \$500,000 in IgDraSol *pari passu* with other new investors of IgDraSol.

Contemporaneously with the execution of the option agreement, on March 7, 2013, we and IgDraSol entered into an asset purchase agreement for the purchase of all documentation, equipment, information and other know-how related to the micellar nanoparticle technology encompassing Tocosol® and related technologies for a purchase price of \$1,210,000. The payment was made in April 2013, which triggered the execution of the development services agreement in May 2013. Under such agreement, IgDraSol may provide approximately \$3,000,000 in development services related to the development of Tocosol® and related technologies.

We and IgDraSol also entered into an initial services agreement dated March 7, 2013, pursuant to which IgDraSol is to provide certain product development and technology services related to our antibody platform in exchange for a payment of \$1,000,000, which was paid to IgDraSol upon signing. During the three months ended March 31, 2013, IgDraSol provided services with an aggregate cost of \$404,084, which has been allocated between research and development as well as general and administrative expenses.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements which are prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, related disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We continually evaluate our estimates and judgments, the most critical of which are those related to income taxes and stock-based compensation. We base our estimates and judgments on historical experience and other factors that we believe to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known.

During the quarter ended March 31, 2013, there were no significant changes to the items that we disclosed as our critical accounting policies and estimates in Note 2 to our financial statements for the year ended December 31, 2012 contained in our 2012 Form 10-K, as filed with the SEC.

Results of Operations

The following describes certain line items set forth in our consolidated statements of operations.

Three Months Ended March 31, 2013 Compared to the Three Months Ended March 31, 2012

Revenues. Revenues were \$134,063 for the three months ended March 31, 2013, as compared to \$110,149 for the three months ended March 31, 2012. The increase of \$23,914 is due to increased grant activities under two grant awards outstanding in 2013 as compared to the two grants awards outstanding in 2012.

In May 2010, we were awarded an Advanced Technology Small Business Technology Transfer Research grant to support our program to generate and develop novel antibody therapeutics and vaccines to combat Staph infections, including Methicillin-resistant Staph, or the Staph Grant award. The project period for this grant covered a two-year period which commenced in June 2010 and ended in May 2012. The Company records revenue associated with the grant as the related costs and expenses are incurred. As of June 30, 2012, the entire Phase 1 grant of \$600,000 had been awarded and recognized in grant revenues.

In July 2011, we were awarded a second Advanced Technology Small Business Technology Transfer Research grant to support our program to generate and develop antibody therapeutics and vaccines to combat *C. difficile* infections, or the *C. difficile* Grant award. The project period for the *C. difficile* Grant award covers a two-year period which commenced in June 2011, and as of December 31, 2012, the entire Phase 1 grant of \$600,000 had been awarded. From July 2011 through March 31, 2013, \$526,182 of the *C. difficile* Grant award had been recognized in grant revenues.

In June 2012, we were awarded a third Advanced Technology Small Business Technology Transfer Research grant, with an initial award of \$300,000, to support our program to generate and develop novel human antibody therapeutics to combat Staph infections, including Methicillin-resistant Staph, or the Staph Grant II award. The project period for the phase I grant covers a two-year period which commenced in June 2012, with a potential annual award of \$300,000 per year. From June 2012 through March 31, 2013, \$185,474 of the Staph Grant II award had been recognized in grant revenues.

We had no other revenue during the three months ended March 31, 2013 and 2012 as we have not yet developed any product candidates for commercialization or earned any licensing or royalty payments. We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the unpredictability of the timing and amount of grant awards, research and development reimbursements and other payments received under our potential strategic collaborations.

Research and Development Expenses. Research and development expenses for the three months ended March 31, 2013 and 2012 were \$1,398,677 and \$799,072, respectively. Research and development expenses include the costs to identify, isolate and advance human antibody drug candidates derived from our libraries, preclinical testing expenses and the expenses associated with fulfilling our development obligations related to the NIH grant awards, collectively the NIH Grants. Such expenses consist of discovery research, pre-clinical activities, manufacture of drug supply, lab supplies, contract and acquired services, stock-based compensation, salaries and related benefits, depreciation and allocated and direct facility expenses. The increase of \$599,605 is primarily attributable to costs incurred under the initial services agreement with IgDraSol, as well as higher salary and lab supply costs incurred in connection with our expanded research and development activities. We expect research and development expenses to increase in absolute dollars as we incur incremental expenses associated with our efforts to identify, isolate and advance human antibody drug candidates derived from our libraries, and as we acquire IgDraSol and continue to fund their service costs provided under the initial and development services agreements.

We evaluate our collaborative agreements for proper income statement classification based on the nature of the underlying activity. If payments to our collaborative partners are not within the scope of other authoritative accounting literature, the statement of operations classification for these payments is based on a reasonable, rational analogy to authoritative accounting literature that is applied in a consistent manner. Amounts due to our collaborative partners related to development activities are reflected as a research and development expense.

General and Administrative Expenses. General and administrative expenses for the three months ended March 31, 2013 and 2012 were \$1,249,681 and \$218,675, respectively. General and administrative expenses consist primarily of salaries and personnel related expenses for executive, finance and administrative personnel, stock-based compensation expense, professional fees, infrastructure expenses, legal and accounting expenses and other general corporate expenses. The increase of \$1,031,006 is primarily attributable to increases in stock-based compensation, salaries and consulting expenses with the addition of our full time Chief Financial Officer and part-time Chief Business Officer in the second half of 2012, higher legal and compliance costs associated with our public reporting obligations, and costs incurred under the initial services agreement with IgDraSol. We expect general and administrative expenses to increase in absolute dollars as we incur incremental expenses associated with ongoing operations, compliance with our public reporting obligations, and as we acquire IgDraSol and continue to fund their service costs provided under the initial and development services agreements.

Interest Income and Interest Expense. Interest income and interest expense for the three months ended March 31, 2013 and 2012 was nominal. We expect interest expense to increase in absolute dollars as we incur incremental costs associated with the loan and security agreement entered into in February 2013.

Net Loss. Net loss for the three months ended March 31, 2013 and 2012 was \$2,522,339 and \$906,126, respectively. The increase in net loss is mainly attributable to the expanded general and administrative and research and development activities, including the costs associated with the IgDraSol Transactions. We expect our net loss to increase in absolute dollars as we incur incremental expenses associated with our ongoing operations, and we acquire IgDraSol and continue to fund their service costs provided under the initial and development services agreements.

Liquidity and Capital Resources

As of March 31, 2013, we had \$9,638,768 million in cash and cash equivalents, attributable primarily to the closing of the SVB \$1,000,000 debt facility in February 2013 (of which \$875,888 was funded as of March 31, 2013) as well as our private placement of our common stock for aggregate gross proceeds of \$6,418,495 in March 2013.

Cash Flows used for Operating Activities. Net cash used for operating activities was \$2,482,395 for the three months ended March 31, 2013 and is primarily attributable to our net loss of \$2,522,339, a net decrease of \$316,096 in working capital balances due primarily to the \$1,000,000 funding under the initial services agreement with IgDraSol, which was partially offset by \$356,040 in non-cash activities primarily relating to stock-based compensation and depreciation expense. Net cash used for operating activities was \$797,581 for the three months ended March 31, 2012 and was primarily attributable to our net loss of \$906,126, a net decrease of \$55,119 in working capital balances, which was partially offset by \$163,664 in non-cash activities relating to stock-based compensation and depreciation expense.

We expect to continue to incur substantial and increasing losses and have negative net cash flows from operating activities as we seek to expand and support our technology portfolio, research and development and general and administrative activities and as we acquire IgDraSol and continue to fund their service costs provided under the initial and development services agreements.

Cash Flows used for Investing Activities. Net cash used for investing activities was \$207,446 for the three months ended March 31, 2013 as compared to \$225,491 for the three months ended March 31, 2012. The net cash used related primarily to equipment acquired for research and development activities as well as the acquired rights under the assignment agreement.

We expect to increase our investment in laboratory equipment and furnishings as we seek to expand and progress our research and development activities and acquire IgDraSol.

Cash Flows from Financing Activities. Cash flows from financing activities for the three months ended March 31, 2013 was \$7,237,297, as compared to \$0 for the three months ended March 31, 2012.

Future Liquidity Needs. From inception through March 31, 2013, we have principally financed our operations through private equity and debt financings with aggregate net proceeds of \$22,737,965, as we have not generated any product related revenue from operations to date, and do not expect to generate significant revenue for several years, if ever. We will need to raise additional capital before we exhaust our current cash resources in order to continue to fund our research and development, including our long-term plans for preclinical trials and new product development, as well as to fund operations generally. As and if necessary, we will seek to raise additional funds through various potential sources, such as equity and debt financings, or through corporate collaboration and license agreements. We can give no assurances that we will be able to secure such additional sources of funds to support our operations, or, if such funds are available to us, that such additional financing will be sufficient to meet our needs.

We anticipate that we will continue to incur net losses into the foreseeable future as we: (i) continue to identify and advance a number of potential drug candidates into preclinical development activities, (ii) acquire IgDraSol and continue to fund its operations, and (iii) expand our corporate infrastructure, including the costs associated with being a public company. Without additional funding, we believe that we will not have sufficient funds to meet our obligations beyond October 2013. These conditions give rise to substantial doubt as to our ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We plan to continue to fund our losses from operations and capital funding needs through public or private equity or debt financings, strategic collaborations, licensing arrangements, asset sales, government grants or other arrangements. However, we cannot be sure that such additional funds will be available on reasonable terms, or at all. If we are unable to secure adequate additional funding, we may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, and/or suspend or curtail planned programs. In addition, if we do not meet our payment obligations to third parties as they come due, we may be subject to litigation claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. Any of these actions could materially harm our business, results of operations, and future prospects.

Our actual cash requirements may vary materially from those now planned, however, because of a number of factors, including the actual costs incurred to effect and support the IgDraSol Transactions and related operating activities, the pursuit of development of product candidates, competitive and technical advances, costs of commercializing any potential product candidates, and costs of filing, prosecuting, defending and enforcing any patent claims and any other intellectual property rights. If we are unable to raise additional funds when needed, we may not be able to develop any product candidates, we could be required to delay, scale back or eliminate some or all of our research and development programs and we may need to wind down our operations altogether. Each of these alternatives would have a material adverse effect on our business.

If we raise additional funds by issuing equity securities, substantial dilution to existing stockholders would result. If we raise additional funds by incurring debt financing, the terms of the debt may involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict our ability to operate our business.

In its report on our consolidated financial statements for the year ended December 31, 2012 as filed with the SEC, our independent registered public accounting firm included an explanatory paragraph expressing substantial doubt regarding our ability to continue as a going concern. A “going concern” opinion means, in general, that our independent registered public accounting firm has substantial doubt about our ability to continue our operations without continuing infusions of capital from external sources and this opinion could impair our ability to finance our operations through the sale of debt or equity securities or commercial bank loans. Our ability to continue as a going concern depends, in large part, on our ability to obtain additional financing, which is uncertain. If we are unable to do so, our business would be jeopardized and we may not be able to continue operations and have to liquidate our assets and may receive less than the value at which those assets were carried on our consolidated financial statements, and in this event it is likely that investors will lose all or part of their investment.

Additionally, recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies. As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike, and a corresponding decrease in global infrastructure spending. Continued turbulence in the U.S. and international markets and economies and prolonged declines in business and consumer spending may adversely affect our liquidity and financial condition, including our ability to access the capital markets to meet liquidity needs.

Off-Balance Sheet Arrangements

Since our inception through March 31, 2013, we have not engaged in any off-balance sheet arrangements as defined in Item 303 (a)(4) of Regulation S-K.

New Accounting Pronouncements

Refer to Note 1, “Nature of Operations, Summary of Significant Accounting Policies and Business Activities,” in the accompanying notes to the consolidated financial statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, as defined by Section 10(f)(1) of Regulation S-K, we are not required to provide the information set forth in this Item.

Item 4. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's regulations, rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. As required by Rule 13a-15(b) promulgated by the SEC under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended March 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

To the best of our knowledge, we are not a party to any legal proceedings that, individually or in the aggregate, are deemed to be material to our financial condition or results of operations.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2012, Part I –Item 1A, Risk Factors, describes important risk factors that could cause our business, financial condition, results of operations and growth prospects to differ materially from those indicated or suggested by forward-looking statements made in this Form 10-Q or presented elsewhere by management from time to time. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business.

There have been no material changes in our risk factors since the filing of our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed as part of this Quarterly Report on Form 10-Q and such Exhibit Index is incorporated herein by reference.

SIGNATURES

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

SORRENTO THERAPEUTICS, INC.

Date: May 15, 2013

By: /s/ Henry Ji, PH.D.
Henry Ji, Ph.D.
Interim Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2013

By: /s/ Richard Glenn Vincent
Richard Glenn Vincent
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

- 2.1 Option Agreement, dated March 7, 2013, by and between IgDraSol, Inc. and Sorrento Therapeutics, Inc.
- 3.1 Restated Certificate of Incorporation.
- 10.01 Assignment Agreement, dated January 7, 2013, by and between Tien-Li Lee, M.D. and Jane Wu Lee, and Sorrento Therapeutics, Inc.
- 10.02 Loan and security Agreement entered into between Silicon Valley Bank and Sorrento Therapeutics, Inc., dated as of February 22, 2013 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on February 26, 2013).
- 10.03 Asset Purchase Agreement, dated March 7, 2013, by and between IgDraSol, Inc. and Sorrento Therapeutics, Inc.
- 10.04 Initial Services Agreement, dated March 7, 2013, by and between IgDraSol, Inc. and Sorrento Therapeutics, Inc.
- 10.05 Voting Agreement, dated March 7, 2013, by and among Sorrento Therapeutics, Inc., IgDraSol, Inc., and the stockholders signatories thereto.
- 10.06 Amended and Restated Stock Purchase Agreement dated March 13, 2013 by and between Sorrento Therapeutics, Inc. and each of the investors whose names appear on the signature pages thereof (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on March 14, 2013).
- 31.1 Certification of Henry Ji, Ph.D., Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended.
- 31.2 Certification of Richard Glenn Vincent, Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended.
- 32.1 Certification of Henry Ji, Ph.D., Principal Executive Officer, and Richard Glenn Vincent, Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended.
- 101.INS* XBRL Instance Document
- 101.SCH* XBRL Taxonomy Extension Schema Document
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF* XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB* XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Act of 1934 and otherwise not subject to liability.

OPTION AGREEMENT

Dated as of March 7, 2013

by and between

SORRENTO THERAPEUTICS, INC.

and

IGDRASOL, INC.

TABLE CONTENTS

	Page
ARTICLE I	2
DEFINITIONS AND INTERPRETATIONS	
1.1. Definitions	2
1.2. Interpretation	7
ARTICLE II	7
OPTION TO ACQUIRE IGDRASOL; DELIVERIES	
2.1. Option to Acquire IgDraSol	7
2.2. Consideration for the Option and Purchase Option	8
2.3. STI's Deliveries	8
2.4. IgDraSol's Deliveries	8
2.5. Actions Upon Exercise of the Option	9
ARTICLE III	11
REPRESENTATIONS AND WARRANTIES OF IGDRASOL	
3.1. Merger Agreement	11
3.2. Authority	11
ARTICLE IV	12
REPRESENTATIONS AND WARRANTIES OF STI	
4.1. Organization of STI	12
4.2. Authority of STI	12
4.3. Brokers	12
ARTICLE V	13
ACTION PRIOR TO THE OPTION TERMINATION DATE	
5.1. Investigation by STI; Information Rights	13
5.2. Preserve Accuracy of Representations and Warranties; Notification of Certain Matters	14
5.3. Consents of Third Parties; Governmental Approvals	15
5.4. Conduct of Business by IgDraSol	15
5.5. Acquisition Proposals	18
5.6. Takeover Laws	18
5.7. Required IgDraSol Stockholder Vote; Voting Agreement	19
5.8. Access to Information	19
ARTICLE VI	19
INDEMNIFICATION	
6.1. Survival	19
6.2. Right to Indemnification	20
6.3. Limitations on Liability	20
6.4. Procedure for Claims between Parties	21
6.5. Defense of Third-Party Claims	21
6.6. Limitation on Damages	22
6.7. Characterization of Indemnification Payments	23
ARTICLE VII	23
TERMINATION	
7.1. Termination Rights	23
7.2. Effect of Termination	23

TABLE OF CONTENTS
(continued)

	Page
ARTICLE VIII GENERAL PROVISIONS	23
8.1. Confidential Nature of Information	23
8.2. No Public Announcement	24
8.3. Notices	24
8.4. Successors and Assigns	25
8.5. Amendments	25
8.6. Entire Agreement	25
8.7. Severability	25
8.8. Waivers	26
8.9. Expenses	26
8.10. Execution in Counterparts	26
8.11. Specific Performance	26
8.12. Exclusivity of Representations and Warranties	26
8.13. Force Majeure	27
8.14. Governing Law	27
8.15. Submission to Jurisdiction	27
8.16. Waiver of Jury Trial	27
EXHIBITS	
A. Form of Voting Agreement	
B. Form of Merger Agreement	
C. Development Plan	
D. IgDraSol Disclosure Schedules	
E. Sorrento Disclosure Schedules	
Schedule 3.1 Company Representations and Warranties	
Schedule 4.1 Sorrento Representations and Warranties	

OPTION AGREEMENT

THIS OPTION AGREEMENT (this "Agreement") is entered into as of March 7, 2013 by and between IgDraSol, Inc., a Delaware corporation having an office at 11100 Warner Avenue, Suite 266, Fountain Valley, California 92708 ("IgDraSol" or the "Company") and Sorrento Therapeutics, Inc., a Delaware corporation having an office at 6042 Cornerstone Court West, Suite B, San Diego, California 92121 ("STI" or "Sorrento").

WHEREAS, IgDraSol has agreed to offer STI during the Option Period an exclusive option to acquire IgDraSol pursuant to a merger (the "Merger") of Merger Sub with and into IgDraSol, with IgDraSol continuing as the surviving corporation, all pursuant to the terms and conditions of this Agreement, the Merger Agreement, the General Corporation Law of the State of Delaware (the "DGCL") and, to the extent applicable, the California General Corporation Law (where applicable, such reference included in the reference to the DGCL);

WHEREAS, STI and certain holders of Outstanding IgDraSol Stock are entering into a Voting Agreement in the form of Exhibit A (the "Voting Agreement"), pursuant to which such holders have or will have, among other things, agreed to vote in favor of the transactions contemplated by this Agreement and the Merger Agreement;

WHEREAS, the Stockholders who have entered into the Voting Agreement as of the date hereof together own, beneficially and of record, at least an aggregate of seventy five (75%) of the outstanding shares of IgDraSol's Common Stock, par value \$0.0001 per share (the "Common Stock"), determined on a fully-diluted basis assuming the exercise of all options, warrants or other rights convertible into or exercisable for shares of Common Stock (the "Signing Date Required IgDraSol Stockholder Vote");

WHEREAS, (a) the Board of Directors of IgDraSol has determined that the Option and the Merger are each in the best interest of IgDraSol and its stockholders and has approved and declared advisable this Agreement, the Merger Agreement (to the extent the Option is exercised on the terms hereof (including the Merger Agreement in the form attached hereto)) and the transactions contemplated hereby and thereby and (b) the Board of Directors of STI (or a duly authorized committee thereof) has approved this Agreement and the transactions contemplated hereby; and

WHEREAS, additionally, Biomiga Diagnostics, Inc. and STI shall use commercially reasonable efforts to enter into a License and Option Agreement within _____ after the date of this Agreement (the "Biomiga License") pursuant to which certain additional technology rights complimentary to IgDraSol's business would be made available under exclusive license to STI in the event it exercises the option to acquire IgDraSol pursuant to the merger.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties to this Agreement agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

1.1. Definitions. In this Agreement, the following terms have the meanings specified or referred to in this Section 1.1 and shall be equally applicable to both the singular and plural forms.

“Acquisition Proposal” has the meaning specified in Section 5.5.

“Affiliate” means, with respect to any Person, any other Person which, at the time of determination, directly or indirectly through one or more intermediaries Controls, is Controlled by or is under common Control with such Person. “Control” means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms “Controlled by,” “under common Control with” and “Controlling” shall have correlative meanings.

“Agreement” means this Option Agreement.

“Biomiga License” has the meaning specified in the recitals to this Agreement.

“Bring-Down Certificate” has the meaning specified in Section 2.5(b)(i).

“Business” means the business and operations of IgDraSol, as conducted as of the date of this Agreement.

“Certificate of Incorporation” means the Restated Certificate of Incorporation of IgDraSol, as amended as of the date of this Agreement.

“Claim Notice” has the meaning specified in Section 6.4(a).

“Closing Date” has the meaning specified in the Merger Agreement.

“Closing Payment Amount” has the meaning specified in the Merger Agreement.

“Common Stock” has the meaning specified in the recitals to this Agreement.

“Confidentiality Agreement” means the Confidential Disclosure Agreement between IgDraSol and STI, dated as of January 2, 2013.

“Contract” means any legally binding contract, agreement, indenture, note, bond, loan, instrument, lease, conditional sales contract, mortgage or other arrangement, whether written or oral.

“Copyrights” shall mean any and all copyrights and copyright applications registered or filed with any Governmental Body.

“Court Order” means any judgment, order, award or decree of any United States federal, state or local, or any supra-national or non-U.S., court or tribunal and any award in any arbitration proceeding.

“Damages” means any out-of-pocket liabilities, losses, damages, penalties, fines, costs or expenses (including reasonable attorneys’ fees and expenses), but excluding any special, indirect, consequential, exemplary and punitive damages, and any damages associated with any lost profits or lost opportunities (including loss of future revenue, income or profits, diminution of value or loss of business reputation). The parties hereto hereby acknowledge and agree that “Damages” will be calculated without applying any multiple of revenue or earnings to any out-of-pocket liabilities, losses, damages, penalties, fines, costs or expenses incurred.

“Development Plan” means the Development Plan of IgDraSol and related operating budget attached as Exhibit C, as the same may be updated from time to time as provided therein.

“DGCL” has the meaning specified in the recitals to this Agreement.

“Encumbrance” means any security interest, pledge, mortgage, lien, charge, adverse claim of ownership or use, restriction on transfer (such as a right of first refusal or other similar rights), defect of title or other similar encumbrance.

“Exclusive Distribution Agreement” means the Exclusive Distribution Agreement, by and between IgDraSol and Samyang Biopharmaceuticals Corporation (“Samyang”) dated October 29, 2012, as may be amended from time to time.

“Exercise Withdrawal Notice” has the meaning specified in Section 2.5(c).

“FDA” means the United States Food and Drug Administration.

“GAAP” means generally accepted accounting principles in the United States.

“Governmental Body” means any United States federal, state or local, or any supra-national or non-U.S., government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency body or commission, self-regulatory organization, court, tribunal or judicial or arbitral body.

“Governmental Order” means any order, judgment, injunction or decree issued, promulgated or entered by any Governmental Body of competent jurisdiction.

“IG-001” means the compound currently under development designated by IgDraSol as “IG-001”.

“IgDraSol” has the meaning specified in the first paragraph of this Agreement.

“IgDraSol Ancillary Agreements” means the Voting Agreement, the certificate being delivered pursuant to Section 2.4(c) and the Bring-Down Certificate.

“IgDraSol Disclosure Schedule” means each of the disclosure schedules attached hereto as Exhibit D.

“Indebtedness” of any Person means (i) all indebtedness for borrowed money, (ii) all obligations issued, undertaken or assumed as the deferred purchase price of property other than

trade accounts (including commissions payable to sales representatives) arising in the ordinary course of business, (iii) all reimbursement obligations with respect to surety bonds, letters of credit (to the extent not collateralized with cash or cash equivalents), bankers' acceptances and similar instruments (in each case, whether or not matured), (iv) all obligations evidenced by notes, including promissory notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person, (vi) all indebtedness referred to in clauses (i) through (v) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness and (vii) all agreements, undertakings or arrangements by which any Person guarantees, endorses or becomes or is contingently liable for any of the foregoing of another Person, or guarantees the payment of dividends or other distributions upon the equity securities or interest of any other Person.

“Indemnified Party” has the meaning specified in Section 6.4(a).

“Indemnitor” has the meaning specified in Section 6.4(a).

“Intellectual Property” means all Patents, Trademarks, Copyrights, Trade Secrets and domain names.

“Law” means any federal, state, county, local or foreign statute, law, ordinance, Governmental Order or regulation or code of any Governmental Body of competent jurisdiction.

“Liability” means any and all debts, liabilities and obligations of any kind or nature, whether accrued or fixed, absolute or contingent, matured or unmatured, or determined or determinable.

“Material Adverse Effect” shall mean any change, event, effect, claim, circumstance or matter (each, an “Effect”) that (considered with all other Effects) is, or could reasonably be expected to be or become materially adverse to: (a) the business, assets, capitalization, Intellectual Property, results of operations, and financial performance of the Company taken as a whole; (b) Sorrento's right to own the stock of the Surviving Corporation; or (c) the ability of the Company to perform any of its or his material covenants or obligations under this Agreement or under any other Contract or instrument executed, delivered or entered into in connection with any of the transactions contemplated by this Agreement; provided, however, that the foregoing clause “(a)” shall not include any Effect occurring after the date hereof and resulting from any of the following (either alone or in combination) and no such Effect occurring after the date hereof and resulting from any of the following shall be taken into account in determining whether a Material Adverse Effect has occurred: (A) changes in general economic, business, financial, technological or regulatory conditions or changes in securities or credit markets in general to the extent not having a disproportionate effect (relative to other industry participants) on the Company, (B) general changes in the industries in which the Company operates that do not disproportionately and adversely affect the Company as compared to other entities operating in

such industries, (C) acts of armed hostility, sabotage, terrorism or war, including any escalation or worsening thereof, natural disasters, weather conditions, explosions or fires or other force majeure events in any country or region in the world, or (D) any adverse effect arising from or otherwise related to changes in Law or applicable accounting regulations or principles or interpretations thereof.

“Merger” has the meaning specified in the recitals to this Agreement.

“Merger Agreement” means the Agreement and Plan of Merger among IgDraSol, STI, Merger Sub and the Stockholders’ Agent named therein, in the form attached hereto as Exhibit B.

“Merger Agreement Execution Date” has the meaning specified in Section 2.5(c).

“Merger Sub” means a direct or indirect wholly owned subsidiary of STI, whether existing as of the date hereof or hereafter formed.

“Option” has the meaning specified in Section 2.1.

“Option Consideration” has the meaning specified in Section 2.2.

“Option Exercise Date” has the meaning specified in Section 2.1.

“Option Commencement Date” the date on which STI has paid IgDraSol the Option Consideration.

“Option Termination Date” means the earlier of (a) the date that is _____ after Technical Failure or (b) such earlier date on which this Agreement is terminated pursuant to Section 7.1.

“Outstanding IgDraSol Stock” means the Common Stock, options, warrants and other rights convertible into or exercisable for shares of Common Stock (including any Common Stock or options, warrants or other rights convertible into or exercisable for shares of Common Stock issued by IgDraSol after the date hereof).

“Patents” means all patents and patent applications issued by or filed with any Governmental Body, including all reissues, divisions, continuations, continuations-in-part, revisions, extensions and reexaminations thereof.

“Person” means any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

“Required IgDraSol Stockholder Vote” has the meaning specified in Section 3.3.

“Requirements of Laws” means any United States federal, state and local, and any non-U.S., laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Body (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements) or common law.

“Signing Date Required IgDraSol Stockholder Vote” has the meaning specified in the recitals to this Agreement.

“STI” has the meaning specified in the first paragraph of this Agreement.

“STI Ancillary Agreements” means the Voting Agreement, the certificate being delivered pursuant to Section 2.3(c) and the certificate to be delivered pursuant to Section 2.5(a).

“STI Updated Representations” means the representations and warranties of STI set forth in Section 4.5.

“Stock Options” means the outstanding options granted under the Stock Plan to purchase or otherwise acquire shares of Common Stock, whether vested or unvested, as more fully described in Section 3.1(d) of the IgDraSol Disclosure Schedule.

“Stock Plan” means IgDraSol’s 2013 Stock Incentive Plan, as amended to date.

“Stockholders” means the holders of Outstanding IgDraSol Stock who enter into the Voting Agreement.

“Survival Period” has the meaning specified in Section 6.1.

“Tax” or “Taxes” means any and all taxes, assessments, levies, tariffs, duties or other charges or impositions in the nature of a tax (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Body, including income, estimated income, gross receipts, profits, business, license, registration, occupation, franchise, capital stock, real or personal property, escheat, sales, use, transfer, value added, customs duty, employment or unemployment, fringe benefit, payroll, severance, social security, disability, alternative or add-on minimum, customs, recapture, excise, stamp, environmental, windfall profits, premium, commercial rent or withholding taxes.

“Tax Return” means any return (including any information return), report, statement, schedule, notice, form, election, estimated Tax filing, claim for refund or other document (including any attachments thereto and amendments thereof) filed with or submitted to, or required to be filed with or submitted to, any Governmental Body with respect to any Tax.

“Technical Failure” means STI’s good faith determination

“Third-Party Claim” has the meaning specified in Section 6.5(a).

“Trade Secrets” means any know-how, trade secrets, formulations, technical specifications, technical information, data, process technology, plans, drawings, proprietary information and all documentation related to the foregoing used or held for use by IgDraSol.

“Trademarks” means all trademarks and service marks and applications therefor registered or filed with any Governmental Body.

“Updated Representations” means the representations and warranties of IgDraSol contained in Article III that are identified on Section 1 of the IgDraSol Disclosure Schedule attached hereto.

“Updated Schedules” has the meaning specified in Section 2.5(b)(ii).

“Voting Agreement” has the meaning specified in the recitals to this Agreement.

Certain additional defined terms applicable to Schedules 3.1 and 4.1 are included therein.

1.2. Interpretation. For purposes of this Agreement unless otherwise expressly provided, (i) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation,” (ii) the word “or” is not exclusive and (iii) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (i) to Articles, Sections, Exhibits and Schedules mean the Articles and Sections of, and the Exhibits and Schedules attached to, this Agreement; (ii) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement; and (iii) to a statute means such statute as amended from time to time and includes any regulations promulgated thereunder. All references herein to IgDraSol shall include the predecessors and successors of such Person. The schedules and exhibits referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. Titles to Articles and headings of Sections are inserted for convenience of reference only and shall not be deemed a part of or to affect the meaning or interpretation of this Agreement. This Agreement, IgDraSol Ancillary Agreements and the STI Ancillary Agreements shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

ARTICLE II OPTION TO ACQUIRE IGDRASOL; DELIVERIES

2.1. Option to Acquire IgDraSol. Commencing upon the date on which STI has paid IgDraSol the Option Consideration and ending on and including the Option Termination Date (the “Option Period”), STI shall have an irrevocable option (the “Option”), but not the obligation, exercisable in its sole discretion, to acquire IgDraSol pursuant to the Merger, on the terms and subject to the conditions set forth in the Merger Agreement. STI shall exercise the Option, if at all, by giving written notice to IgDraSol of the exercise of the Option during the Option Period (the date such notice is delivered, the “Option Exercise Date”).

2.2. Consideration for the Option. As consideration for the Option, STI shall pay IgDraSol an aggregate of Two Hundred Thousand Dollars (\$200,000) payable on the fifty-first (51st) day after the date of this Agreement by wire transfer of immediately available funds to an account previously specified in writing by IgDraSol (the “Option Consideration”).

2.3. STI’s Deliveries. Concurrently with the execution and delivery of this Agreement, STI is delivering to IgDraSol all of the following:

- (a) a copy of STI’s Certificate of Incorporation certified as of a recent date by the Secretary of State of the State of Delaware;
- (b) a certificate of good standing of STI issued as of a recent date by the Secretary of State of the State of Delaware;
- (c) a certificate of the secretary or an assistant secretary of STI, dated the date hereof, as to: (i) no amendments to the Certificate of Incorporation of STI since a specified date; (ii) the by-laws of STI; (iii) the resolutions of the Board of Directors of STI (or a duly authorized committee thereof) authorizing the execution, delivery and performance of this Agreement and the STI Ancillary Agreements and the transactions contemplated hereby and thereby; and (iv) the incumbency and signatures of the officers of STI executing this Agreement and any STI Ancillary Agreement being executed and delivered on the date hereof; and
- (d) the Voting Agreement executed by Stockholders as of the date hereof, duly executed by STI.

2.4. IgDraSol’s Deliveries. Concurrently with the execution and delivery of this Agreement, IgDraSol is delivering to STI all of the following:

- (a) a copy of the Certificate of Incorporation certified as of a recent date by the Secretary of State of the State of Delaware;
- (b) a certificate of good standing of IgDraSol issued as of a recent date by the Secretary of State of the State of Delaware;
- (c) a certificate of the secretary or an assistant secretary of IgDraSol, dated the date hereof, as to: (i) no amendments to the Certificate of Incorporation since a specified date; (ii) the by-laws of IgDraSol; (iii) the resolutions of the Board of Directors of IgDraSol authorizing the execution, delivery and performance of this Agreement, the IgDraSol Ancillary Agreements, and the transactions contemplated hereby and thereby; and (iv) the incumbency and signatures of the officers of IgDraSol executing this Agreement and any IgDraSol Ancillary Agreement being executed and delivered on the date hereof; and
- (d) the Voting Agreement, duly executed by the Stockholders as of the date hereof representing the Signing Date Required IgDraSol Stockholder Vote, and by IgDraSol.

2.5. Actions Upon Exercise of the Option. In the event that STI exercises the Option:

(a) STI shall, on the Option Exercise Date, deliver to IgDraSol a certificate, dated the date of its delivery and duly executed by the Chief Executive Officer or Chief Financial Officer of STI, certifying that: (i) between the date hereof and the Option Exercise Date, there has been no material breach by STI in the performance of any of its covenants and agreements herein; (ii) as of the Option Exercise Date, none of the representations and warranties of STI contained herein that is qualified as to materiality is untrue or incorrect in any respect except for such changes therein as are specifically permitted by this Agreement; (iii) as of the Option Exercise Date none of the representations and warranties of STI contained herein (other than the STI Updated Representations) that is not qualified as to materiality is untrue or incorrect in any material respect except for such changes therein as are specifically permitted by this Agreement; and (iv) none of the STI Updated Representations is untrue or incorrect in any material respect after giving effect to any disclosures attached to such certificate, which disclosures shall consist solely of information regarding circumstances, facts, events or conditions that have arisen, occurred or come into existence after the date hereof with respect to the STI Updated Representations (provided that such disclosures shall not correct, supplement or amend the disclosures set forth in the schedules delivered on the date hereof for purposes of the representations and warranties made by IgDraSol as of the date hereof);

(b) If not previously approved, IgDraSol shall, not later than two (2) business days after the Option Exercise Date, solicit the approval of IgDraSol's stockholders to adopt the Merger Agreement, the Merger and any transactions contemplated thereby and, not later than five (5) business days after the Option Exercise Date, shall deliver to STI:

(i) a certificate (the "Bring-Down Certificate"), dated the date of its delivery and duly executed by the Chief Executive Officer of IgDraSol, certifying that: (A) between the date hereof and the date of the Bring-Down Certificate, there has been no material breach by IgDraSol in the performance of any of its covenants and agreements herein; (B) as of the date of the Bring-Down Certificate, none of the representations and warranties of IgDraSol contained herein (other than the Updated Representations) that is qualified as to materiality is untrue or incorrect in any respect except for such (i) changes therein as are consistent in all material respects with the Development Plan, or (ii) changes in the ordinary course of business, and that are not specifically prohibited by Section 5.4; (C) as of the date of the Bring-Down Certificate, none of the representations and warranties of IgDraSol contained herein (other than the Updated Representations) that is not qualified as to materiality is untrue or incorrect in any material respect except for such (i) changes therein as are consistent in all material respects with the Development Plan, or (ii) changes in the ordinary course of business, and that are not specifically prohibited by Section 5.4; and (D) as of the date of the Bring-Down Certificate, (1) none of the Updated Representations that is qualified as to materiality is untrue or incorrect in any respect after giving effect to the Updated Schedules and (2) none of the Updated Representations that is not qualified as to materiality is untrue or incorrect in any material respect after giving effect to the Updated Schedules; and

(ii) any necessary update to the IgDraSol Disclosure Schedule delivered by IgDraSol to STI on the date hereof with respect to the Updated Representations ("Updated Schedules"), which Updated Schedules shall consist solely of information regarding circumstances, facts, events or conditions that have arisen, occurred or come into existence after the date hereof with respect to the Updated Representations (provided that such Updated Schedules shall not correct, supplement or amend the disclosures set forth in the IgDraSol Disclosure Schedule delivered on the date hereof for purposes of the representations and warranties made by IgDraSol as of the date hereof); and

(c) if the Bring-Down Certificate is accompanied by Updated Schedules, within five (5) business days following STI's receipt of such Bring-Down Certificate and Updated Schedules from IgDraSol, STI may at its option deliver a written notice (the "Exercise Withdrawal Notice") to IgDraSol stating that STI desires to withdraw its exercise of the Option. If STI delivers the Exercise Withdrawal Notice, the Option shall be deemed not to have been exercised by STI and the delivery of such Exercise Withdrawal Notice shall be deemed to be a delivery of a notice of termination of this Agreement pursuant to Section 7.1(c). If STI does not deliver an Exercise Withdrawal Notice, IgDraSol and STI shall, and STI shall cause Merger Sub to, execute and deliver the Merger Agreement no later than three (3) business days after the later of (A) the date of delivery of the Bring-Down Certificate, (B) if the Bring-Down Certificate is not delivered pursuant to Section 2.5(b), the date by which the Bring-Down Certificate was to be delivered pursuant to Section 2.5(b) and (C) if the Bring-Down Certificate is accompanied by Updated Schedules, the earlier of (x) the date by which any Exercise Withdrawal Notice may be delivered by STI pursuant to this Section 2.5(c) and (y) the date on which STI delivers written notice to IgDraSol that it will not deliver an Exercise Withdrawal Notice (the date of such execution and delivery of the Merger Agreement, the "Merger Agreement Execution Date"); provided that in the case described in clause (B) above, STI may at its sole option elect not to enter into the Merger Agreement upon the failure of IgDraSol to deliver the Bring-Down Certificate by delivery of written notice of such determination at any time prior to the expiration of the three (3) business day period during which the Merger Agreement is to be executed pursuant to this sentence and upon delivery of such notice the Option shall remain outstanding as if the Option had not been exercised and this Agreement shall remain in full force and effect pursuant to its terms. Contemporaneously with the execution of the Merger Agreement, IgDraSol and STI, as applicable, shall, and STI shall cause Merger Sub to, execute and deliver such other agreements, documents, instruments and certificates as are contemplated by the Merger Agreement to be executed and delivered by such party concurrently therewith, including schedules to the Merger Agreement responsive to the representations and warranties of IgDraSol made in Article III thereof, which schedules shall be consistent in all material respects with the IgDraSol Disclosure Schedule delivered by IgDraSol in response to the representations and warranties of IgDraSol made by Article III hereof except for such (i) changes therein as are consistent in all material respects with the Development Plan, or (ii) changes in the ordinary course of business, and that are not specifically prohibited by Section 5.4.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF IGDRASOL

3.1. The representations and warranties contained in Schedule 3.1 (including defined terms therein) attached hereto are hereby incorporated by reference and are hereby made by IgDraSol to STI as of the date hereof, except as set forth in the IgDraSol Disclosure Schedules. The IgDraSol Disclosure Schedules are arranged in separate parts corresponding to the numbered and lettered sections contained herein, and the information disclosed in any numbered or lettered part shall be deemed to relate to and to qualify only the particular representation or warranty set forth in the corresponding numbered or lettered section herein and any other representation or warranty if it is readily apparent from the information disclosed (without further knowledge) that it is relevant to such other representation or warranty. Subject to the exceptions and qualifications set forth in the IgDraSol Disclosure Schedules, the representations and warranties are provided by IgDraSol to STI as an inducement to STI to enter into this Agreement and consummate the transactions contemplated hereby.

3.2. IgDraSol further represents and warrant that it has full corporate power and authority to execute, deliver and perform this Agreement, all of IgDraSol Ancillary Agreements and the Merger Agreement. The execution, delivery and performance of this Agreement, IgDraSol Ancillary Agreements and, to the extent the Option is exercised on the terms hereof (including the Merger Agreement in the form attached hereto) the Merger Agreement (together with the other instruments, documents and agreements contemplated by or to be executed in connection with the transactions contemplated by the Merger Agreement) by IgDraSol have been duly authorized and approved by IgDraSol's Board of Directors and, other than with respect to the Merger Agreement, to the extent required by the Certificate of Incorporation or any agreement to which IgDraSol is a party, by the requisite number of IgDraSol's stockholders and do not require any further authorization or consent of IgDraSol or its stockholders. This Agreement has been duly authorized, executed and delivered by IgDraSol and is the legal, valid and binding obligation of IgDraSol enforceable in accordance with its terms, and each of IgDraSol Ancillary Agreements has been duly authorized by IgDraSol and upon execution and delivery by IgDraSol will be a legal, valid and binding obligation of IgDraSol enforceable in accordance with its terms, in each case except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by the effect of general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). Stockholders representing the Required IgDraSol Stockholder Vote have entered into the Voting Agreement. The affirmative vote or consent of such number of holders of the shares of the Outstanding IgDraSol Stock as is required and necessary under the DGCL and the Certificate of Incorporation to adopt this Agreement and the Merger Agreement have executed and are a party to the Voting Agreement (the "Required IgDraSol Stockholder Vote"). As of the date hereof, the Required IgDraSol Stockholder Vote is the affirmative vote or consent of the holders of a majority of the shares of the Outstanding IgDraSol Stock voting or consenting, as the case may be, on an as-if-converted to Common Stock basis.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF STI**

4.1. The representations and warranties contained in Schedule 4.1 attached hereto are hereby incorporated by reference and are hereby made by STI to IgDraSol as of the date hereof.

4.2. STI further represents and warrants that STI has full corporate power and authority to execute, deliver and perform this Agreement, all of the STI Ancillary Agreements and the Merger Agreement. The execution, delivery and performance of this Agreement, the STI Ancillary Agreements and the Merger Agreement (together with the other instruments, documents and agreements contemplated by or to be executed in connection with the transactions contemplated by the Merger Agreement) by STI have been duly authorized and approved by STI's Board of Directors and do not require any further authorization or consent of STI or its stockholders. This Agreement has been duly authorized, executed and delivered by STI and is the legal, valid and binding agreement of STI enforceable in accordance with its terms, and each of the STI Ancillary Agreements has been duly authorized by STI and upon execution and delivery by STI will be a legal, valid and binding obligation of STI enforceable in accordance with its terms, in each case except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by the effect of general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(a) Neither the execution and delivery of this Agreement, any of the STI Ancillary Agreements or the Merger Agreement, nor the consummation of any of the transactions contemplated hereby or thereby nor compliance with or fulfillment of the terms, conditions and provisions hereof or thereof, nor the exercise of the Option, in each case by STI, will:

(i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under (A) the certificate of incorporation or by-laws of STI, (B) any material note, instrument, agreement, mortgage, lease, license, franchise, permit or other authorization, right, restriction or obligation to which STI is a party or any of its properties or assets is subject or by which STI is bound, (C) any Court Order to which STI is a party or any of STI's properties or assets is subject or by which it is bound or (D) any material Requirements of Laws affecting STI, its assets or its business; or

(ii) require the approval, consent, authorization or act of, or the making by STI of any declaration, filing or registration with, any Person.

4.3. Financial Wherewithal. STI has the financial wherewithal, in the form of cash on hand, to pay the Option Consideration.

ARTICLE V
ACTION PRIOR TO THE OPTION TERMINATION DATE

The respective parties hereto covenant and agree to take the following actions between the date hereof and the earlier of the Option Termination Date, the termination of this Agreement, or, if the Option is exercised prior to the Option Termination Date, the Merger Agreement Execution Date:

5.1. Investigation by STI; Information Rights.

(a) IgDraSol shall afford the officers, employees and authorized representatives of STI (including independent public accountants and attorneys) reasonable access, upon three (3) business days' notice and not more than once per month (provided, that with respect to STI's and/or STI's auditors' request for, and access to, financial records and information that are required for STI to prepare its financial statements or for STI's auditors to review, audit or perform other procedures on STI's financial statements, STI and STI's auditors shall only be required to provide reasonable advance notice and shall be limited to one annual visit), during normal business hours to the offices, properties, employees and business and financial records (including computer files and similar documentation) of IgDraSol to the extent STI shall deem reasonably necessary or desirable and shall furnish to STI or its authorized representatives such additional information concerning the assets, properties, operations and businesses of IgDraSol as shall be reasonably requested, including all such information as shall be reasonably necessary to enable STI or its representatives to verify the accuracy of the representations and warranties contained in this Agreement and to verify that the covenants of IgDraSol contained in this Agreement are being and have been complied with. STI agrees that such investigation shall be conducted in such a manner as not to interfere unreasonably with the operations of IgDraSol. All costs and expenses associated with the information and investigation rights of STI under this Section 5.1(a) shall be borne by STI.

(b) IgDraSol shall, unless the parties agree otherwise in writing after the date of this Agreement:

(i) deliver to STI as soon as practicable, but in any event within ten (10) business days after the end of each month, an unaudited consolidated income statement for such month, an unaudited consolidated balance sheet as of the end of such month and an unaudited consolidated cash flow statement for such month, in reasonable detail;

(ii) deliver to STI as soon as reasonably practicable, additional supporting financial information as reasonably requested by STI; and

(iii) deliver or make available to STI a copy of any presentation or report provided to IgDraSol's Board of Directors.

(c) STI will hold any information obtained pursuant to this Agreement, including Section 5.1 and Section 5.8, in confidence in accordance with, and will otherwise be subject to, the provisions of the Confidentiality Agreement (it being understood that STI shall be permitted to disclose such information to the extent required by applicable Requirements of Law or the rules of any applicable securities exchange subject to and in accordance with the terms of the Confidentiality Agreement).

(d) Notwithstanding any disclosure requirements of IgDraSol set forth in this Article V, IgDraSol shall not be obligated to disclose to STI any proprietary information to the extent such disclosure would, or would be reasonably expected to, violate any contractual obligation of IgDraSol or would cause IgDraSol to waive the attorney-client privilege; provided, however, that IgDraSol: (i) shall be entitled to withhold only such information that may not be provided without causing such violation or waiver; (ii) shall provide to STI all related information that may be provided without causing such violation or waiver (including, to the extent permitted, redacted versions of any such information); (iii) at the request of STI, shall cooperate with STI and use its commercially reasonable efforts to obtain the consent or waiver of any third party to the disclosure in full of all such information to STI; and (iv) shall enter into such joint-defense agreements or other protective arrangements as may be reasonably requested by STI in order that all such information may be provided to STI without causing such violation or waiver.

5.2. Preserve Accuracy of Representations and Warranties; Notification of Certain Matters.

(a) Other than as permitted under this Agreement, as disclosed in the IgDraSol Disclosure Schedules, or as otherwise consistent with the Development Plan, IgDraSol shall: (i) refrain from taking any action which would render (A) any representation or warranty made by it in Article III (other than any Updated Representations) inaccurate in any material respect as of the Option Exercise Date, or (B) any Updated Representations inaccurate in any material respect after giving effect to the Updated Schedules; and (ii) use commercially reasonable efforts to cause (A) each of the representations and warranties made by it in Article III (other than any Updated Representations) to be true and correct in any material respect as of the Option Exercise Date, and (B) each of the Updated Representations to be true and correct in all material respects after giving effect to the Updated Schedules. STI shall refrain from taking any action which would render any representation or warranty made by it in Article IV inaccurate in any material respect as of the Option Exercise Date and take any and all actions as are necessary to cause each of the representations and warranties made by it in Article IV to be true and correct in all material respects as of the Option Exercise Date. For purposes of this Section 5.2(a) only, the phrase “commercially reasonable efforts” means the exercise of such efforts and commitment of such resources by a company with substantially the same resources (without regard to the portion of the Option Consideration received by IgDraSol, or any interest thereon) and expertise as IgDraSol, with due regard to the nature of efforts and cost required for the undertaking at stake.

(b) Each party shall promptly notify the other of (i) any event or matter that would reasonably be expected to cause any of its representations or warranties to be untrue in any material respect on the Option Exercise Date, other than such events or matters permitted under this Agreement or as otherwise consistent with the Development Plan, and (ii) any action, suit or proceeding that shall be instituted or threatened against such party to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement or the Merger Agreement.

(c) Each party shall promptly notify the other of (i) any change or event having, or that would reasonably be expected to have, a Material Adverse Effect, (ii) any lawsuit, claim, proceeding or investigation that is threatened in writing (or, if not threatened in writing, is otherwise material to such party), brought, asserted or commenced against such party, and (iii) any material default under any material contract or event which, with notice or lapse of time or both, would become such a default on or prior to the Option Termination Date and of which such party has Knowledge.

5.3. Consents of Third Parties; Governmental Approvals.

(a) If IgDraSol receives any notice or other communication from Samyang Biopharmaceuticals Corporation alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement or the Merger Agreement, IgDraSol shall immediately notify STI in writing thereof and IgDraSol will act diligently and reasonably in attempting to obtain, before the Option Termination Date, such consent, approval or waiver, in form and substance reasonably satisfactory to STI; provided that neither IgDraSol nor STI shall have any obligation to offer or pay any consideration in order to obtain any such consents or approvals; and provided, further, that IgDraSol shall not make any agreement or understanding materially and adversely affecting its assets or its business as a condition for obtaining any such consents or waivers except with the prior written consent of STI. During the period prior to the Option Termination Date, STI shall act diligently and reasonably to cooperate with IgDraSol in attempting to obtain the consents, approvals and waivers contemplated by this Section 5.3(a).

(b) IgDraSol and STI shall act diligently and reasonably, and shall cooperate with each other, in attempting to obtain any consents and approvals of any Governmental Body required to be obtained by them in order to consummate the transactions contemplated by the Merger Agreement; provided further that IgDraSol shall not make any agreement or understanding materially and adversely affecting its assets or its business as a condition for obtaining any consents or approvals described in this Section 5.3(b) except with the prior written consent of STI.

5.4. Conduct of Business by IgDraSol.

(a) Except to the extent disclosed in the IgDraSol Disclosure Schedules or to the extent otherwise permitted by this Agreement, IgDraSol shall operate and carry on its business in the ordinary course (it being understood that ordinary course includes performance under and in accordance with any existing agreements), keep and maintain its assets and properties in good operating condition and use its commercially reasonable efforts consistent with good business practice to preserve intact its current business organization, keep available the services of its current officers and employees and preserve its relationships with material customers, suppliers, contractors, licensors, licensees and others having business dealings with it, and keep its existing policies of insurance, or comparable insurance, in full force and effect.

(b) Without limiting the generality of Section 5.4(a), except as expressly contemplated by the Development Plan, disclosed in the IgDraSol Disclosure Schedules, or with the express written approval of STI, IgDraSol shall not:

(i) (A) declare, set aside or pay any dividends on, or make any other actual, constructive or deemed distributions in respect of, any of its capital stock, or otherwise make any payments to any stockholder in its capacity as such, (B) split, combine or reclassify any of its capital stock or issue, sell or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock (other than upon exercise of outstanding Stock Options and the Warrants) or (C) purchase, redeem or otherwise acquire any shares of its capital stock or other securities;

(ii) issue, deliver, sell, pledge, dispose of or otherwise encumber any shares of its capital stock or other securities (including any rights, warrants or options to acquire any shares of its capital stock or other securities), unless such issuances will result, directly or indirectly, in shares of Outstanding IgDraSol Stock that are subject to the Voting Agreement (or become subject to the Voting Agreement upon issuance);

(iii) amend its certificate of incorporation, by-laws or similar organizational documents;

(iv) acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any business or any corporation, partnership, limited liability company, association or other business organization or division thereof;

(v) alter through merger, liquidation, reorganization, restructuring or in other fashion its corporate structure;

(vi) voluntarily dissolve or liquidate;

(vii) file a voluntary petition in bankruptcy or commence a voluntary legal procedure for reorganization, arrangement, adjustment, release or composition of Indebtedness in bankruptcy or other similar Requirements of Law now or hereafter in effect, consent to the entry of an order for relief in an involuntary case under any such Requirements of Law or apply for or consent to the appointment of a rescuer, liquidator, assignee, custodian or trustee (or similar office) of IgDraSol;

(viii) enter into the active management of a business that is not primarily related to, or in furtherance of, being a pharmaceutical company focused on the research, development and commercialization of proprietary healthcare products;

(ix) modify the terms of the Exclusive Distribution Agreement;

(x) make or incur any new capital expenditures in excess of One Thousand Dollars (\$1,000) (individually or in the aggregate);

(xi) (A) modify any of the agreements, understandings, obligations, commitments or other obligations set forth in any of the IgDraSol Disclosure Schedules, or do not modify any such agreements or other obligations in any material respect (subject to clause (2) below) or (B) create, incur or assume any Indebtedness (or enter into any agreement, understanding, obligation or commitment to do so); enter into, as

lessee, any capital lease (as defined in Statement of Financial Accounting Standards No. 13); guarantee any such Indebtedness or obligation; issue or sell any debt securities, or guarantee any debt securities of others; or make any loans, advances or capital contributions to, or investments in, any other Person (other than reasonable advances for work-related expenses to employees and consultants in the ordinary course consistent with IgDraSol policies);

(xii) enter into any contract for the purchase of real property or any option to extend a lease listed in Section 3.10(b) of the IgDraSol Disclosure Schedules;

(xiii) sell, lease (as lessor), transfer or otherwise dispose of, or mortgage or pledge, or impose or suffer to be imposed any Encumbrance on, any of its assets;

(xiv) cancel any debts owed to or claims held by it (including the settlement of any claims or litigation) other than in the ordinary course of business;

(xv) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction thereof in the ordinary course of business or pursuant to contractual obligations in effect as of the date hereof or as required by applicable law;

(xvi) accelerate or delay collection of any notes or accounts receivable in advance of or beyond their regular due dates or the dates when the same would have been collected in the ordinary course of business;

(xvii) delay or accelerate payment of any account payable or other liability beyond or in advance of its due date or the date when such liability would have been paid in the ordinary course of business;

(xviii) make any change in the accounting policies applied in the preparation of the financial statements contained in Section 3.4 of the IgDraSol Disclosure Schedules, except as required by GAAP;

(xix) enter into, adopt or amend any bonus, incentive, deferred compensation, insurance, medical, hospital, disability or severance plan, agreement or arrangement or enter into or amend any employee benefit plan or employment, consulting or management agreement, other than any such amendment to an employee benefit plan that is made to maintain the qualified status of such plan or its continued compliance with applicable law and other than in the ordinary course of business; provided that no such plan, agreement or arrangement (or amendment thereto) shall provide for severance or similar payments except to the extent such severance or similar payments are consistent with pharmaceutical industry norms;

(xx) pay or commit to pay any bonus to any officer or employee, or make any other change in the compensation of its employees, other than payments, commitments or changes made in accordance with IgDraSol's normal compensation practices or pursuant to contractual obligations in effect as of the date hereof or as required by applicable law;

(xxi) prepare or file any Tax Return inconsistent with past practice or, on any such Tax Return, take any position, make any election, or adopt any method that is inconsistent with positions taken, elections made or methods used in preparing or filing similar Tax Returns in prior periods; or

(xxii) except as consistent with the Development Plan, enter into any other agreement or commitment to take any action prohibited by this Section 5.4.

(c) IgDraSol shall: (i) conduct its operations in accordance with all applicable Requirements of Laws and in accordance in all material respects with the Development Plan and the IgDraSol Disclosure Schedules ; (ii) keep its and their existing policies of insurance, or comparable insurance, in full force and effect; and (iii) to the extent IgDraSol is obligated or has the right to do so (and is exercising such prosecution rights) pursuant to any agreement relating to Intellectual Property and to the extent IgDraSol deems such action necessary in its reasonable and good faith determination and as otherwise consistent with the Development Plan, diligently prosecute, or enforce its rights to cause another party to such agreement relating to Intellectual Property to diligently prosecute, claims in the pending patent applications within Intellectual Property claiming existing products and products currently under development. IgDraSol shall deliver any correspondence and summaries of any meetings or calls with the FDA.

5.5. Acquisition Proposals. During the Option Period, IgDraSol shall not, nor shall it authorize or cause any of its Affiliates or any officer, director, employee, investment banker, attorney or other adviser or representative of IgDraSol or any of its Affiliates directly or indirectly to, (i) solicit, initiate, entertain or encourage the submission of, any Acquisition Proposal (as hereinafter defined), or (ii) enter into any agreement with respect to, otherwise approve or recommend, or consummate any Acquisition Proposal, participate in any discussions or negotiations regarding, or furnish to any Person any information for the purpose of facilitating the making of, or take any other action to facilitate any inquiries or the making of, any proposal that constitutes, or may reasonably be expected to lead to, any Acquisition Proposal. Without limiting the foregoing, it is understood that any violation, of which IgDraSol had Knowledge at the time such violation occurred, of the restrictions set forth in the immediately preceding sentence by any officer, director, employee, investment banker, attorney, employee or other adviser or representative of IgDraSol or any of its Affiliates, whether or not such Person is purporting to act on behalf of IgDraSol or any of its Affiliates or otherwise, shall be deemed to be a breach of this Section 5.5 by IgDraSol. During the Option Period, IgDraSol promptly shall advise STI of any Acquisition Proposal and any inquiries with respect to any Acquisition Proposal, including keeping STI promptly advised of the status and material terms (including a copy of any written proposal) and the identity of the Person making such inquiries or Acquisition Proposal. For purposes of this Agreement, “Acquisition Proposal” means any proposal for a merger or other business combination involving IgDraSol or any of its Affiliates or any proposal or offer to acquire in any manner, directly or indirectly, through an option or otherwise, an equity interest in IgDraSol or any of its Subsidiaries or a material portion of the assets of IgDraSol; provided, however, that the issuance by IgDraSol of its securities upon exercise of outstanding Stock Options and the Warrants shall not be considered an “Acquisition Proposal.”

5.6. Takeover Laws. If any “fair price,” “moratorium” or “control share acquisition” statute or other similar anti-takeover statute or regulation shall become applicable to the

transactions contemplated by this Agreement or the Merger Agreement, IgDraSol and its Board of Directors shall use their best efforts to grant such approvals and take such actions as are necessary so that the transactions contemplated by this Agreement and the Merger Agreement may be consummated as promptly as practicable on the terms contemplated hereby and thereby and otherwise act to minimize the effects of any such statute or regulation on the transactions contemplated hereby and thereby.

5.7. Required IgDraSol Stockholder Vote; Voting Agreement. IgDraSol agrees and covenants that, at all times prior to the earlier of the Merger Execution Date and the Option Termination Date, Stockholders sufficient in an amount to satisfy the Required IgDraSol Stockholder Vote have executed and are a party to the Voting Agreement and the irrevocable proxy attached thereto. IgDraSol shall promptly deliver to STI for countersignature the Voting Agreement and the irrevocable proxy attached thereto executed by the Stockholders after the date hereof.

5.8. Access to Information. From and after the date hereof and until the earlier of the Option Termination Date or, if the Option is exercised prior to the Option Termination Date, the Merger Agreement Execution Date, (a)(i) IgDraSol shall provide the STI, on a semi-annual basis, a written report and/or powerpoint slide deck covering IgDraSol's activities for the preceding period to develop and test the IG-001 and obtain governmental approvals necessary for marketing the IG-001, including, if applicable, a description of any material issues that have arisen in such preceding period, and (ii) upon reasonable request, in writing, to IgDraSol by STI, IgDraSol shall meet with the STI at IgDraSol's offices or via telephone to discuss the written report and the general development status of the IG-001, and (b) IgDraSol shall deliver, within five (5) business days of receipt, to STI a copy of any formal project-related correspondence received by or submitted to the FDA or any analogous foreign Governmental Body and summaries of any meetings or calls with the FDA, promptly following delivery or receipt of the same.

ARTICLE VI INDEMNIFICATION

6.1. Survival. The representations and warranties made by IgDraSol in Article III and by STI in Article IV shall survive the date hereof and shall expire on the earlier of the (a) Merger Execution Date, (b) the Option Termination Date, or (c) the termination of this Agreement (the "Survival Period"). All covenants and agreements of the parties contained in this Agreement shall survive from and after the date hereof through the Survival Period, except that the indemnification obligations under this Article VI shall continue as to (i) the covenants set forth in Sections 8.1, 8.2 and 8.8, as to all of which no time limitation shall apply, and (ii) subject to the limitations contained in Section 6.3(d), any Damages which an Indemnified Party has notified the Indemnitor in accordance with the requirements of this Article VI on or prior to the date such indemnification would otherwise terminate in accordance with this Section 6.1, as to which the obligation of the Indemnitor shall continue until the liability of the Indemnitor for such Damages actually incurred shall have been finally determined, and the Indemnitor shall have reimbursed the Indemnified Party for the full amount of such Damages, in accordance with this Article VI.

6.2. Right to Indemnification.

(a) Subject to the limitations set forth in this Article VI, from and after the date hereof, STI shall be entitled to be indemnified against any Damages actually incurred by STI arising out of or resulting from: (i) any breach of any representation or warranty set forth in Article III as of the date of this Agreement; or (ii) any breach of any covenant or agreement of IgDraSol set forth in this Agreement.

(b) Subject to the limitations set forth in this Article VI, from and after the date hereof, IgDraSol shall be entitled to be indemnified by STI against any Damages actually incurred by IgDraSol arising out of or resulting from: (i) any breach of any representation or warranty set forth in Article IV as of the date of this Agreement; or (ii) any material breach of any covenant or agreement of STI set forth in this Agreement.

6.3. Limitations on Liability.

(a) Each of IgDraSol and STI agrees that, from and after the date hereof, except with respect to remedies that cannot be waived as a matter of law (including fraud) and injunctive and provisional relief (including specific performance), this Article VI shall be the exclusive remedy with respect to any breaches of the representations and warranties set forth in this Agreement. No current or former stockholder, director, officer, employee, agent, consultant, Affiliate or advisor of IgDraSol shall have any Liability of any nature to STI with respect to any breach of any representation, warranty, covenant or agreement contained in, or any other claims based upon, arising out of, or otherwise in respect of, this Agreement. No current or former stockholder, director, officer, employee, agent, consultant, Affiliate or advisor of STI shall have any Liability of any nature to IgDraSol with respect to any breach of any representation, warranty, covenant or agreement contained in, or any other claims based upon, arising out of, or otherwise in respect of, this Agreement.

(b) For purposes of computing the amount of any Damages incurred by an Indemnified Party under this Article VI, there shall be deducted an amount equal to the amount of any insurance proceeds actually received or reasonably expected to be received by the Indemnified Party in connection with such Damages or any of the circumstances giving rise thereto (it being understood that the Indemnified Party shall use commercially reasonable efforts to obtain such proceeds).

(c) Nothing in this Section 6.3 shall limit any remedy STI or IgDraSol may have against any Person for actual fraud involving a knowing and intentional misrepresentation of a fact material to the transactions contemplated by this Agreement made with the intent of inducing any other party hereto to enter into this Agreement and upon which such other party has relied (as opposed to any fraud claim based on constructive knowledge, negligent misrepresentation or a similar theory) under applicable tort laws.

(d) Except in the case of intentional or willful misrepresentation or fraud, the total amount of payments for its indemnification obligations (including defense costs and expenses) that IgDraSol can be required to make to, or for the benefit of, STI pursuant this Article VI shall be limited to the amount of the Option Consideration actually received by IgDraSol.

6.4. Procedure for Claims between Parties.

(a) Any Person seeking to be indemnified for Damages pursuant to Section 6.2 (the “Indemnified Party”), other than with respect to a Third-Party Claim, shall, within the Survival Period provided for in Section 6.1 above, if applicable, give to the Person which is obligated pursuant to this Article VI to provide indemnification as set forth herein (the “Indemnitor”) a notice (a “Claim Notice”) describing in reasonable detail the facts giving rise to any claims for indemnification hereunder and shall include in such Claim Notice (if then known) the amount or the method of computation of the amount of such claim, and a reference to the provision of this Agreement or any agreement, certificate or instrument executed pursuant hereto or in connection herewith upon which such claim is based.

(b) The Indemnitor shall have thirty (30) days following receipt of any Claim Notice pursuant hereto to (i) agree to the amount or method of determination set forth in the Claim Notice to pay such amount to such Person in immediately available funds, or (ii) provide such Person with notice that they disagree with the amount or method of determination set forth in the Claim Notice, and the parties shall thereafter attempt to resolve the disagreement by negotiation in good faith; provided that if the parties are unable to reach agreement within sixty (60) days of such notice, the dispute shall be submitted for final adjudication to the applicable court sitting in the State of Delaware in accordance with Section 8.13.

6.5. Defense of Third-Party Claims.

(a) Third-Party Claims. In the event of the assertion or commencement by any third Person of any claim or proceeding (whether against STI, IgDraSol, or any other Person) (a “Third-Party Claim”) with respect to which an Indemnitor may become obligated to indemnify, hold harmless, compensate or reimburse an Indemnified Party pursuant to this Article VI, then:

(i) with respect to Third-Party Claims that relate solely to the payment of money damages and will not have an adverse effect on the business, operations, prospects, or reputation of IgDraSol or STI, then the Indemnitor shall have thirty (30) days after receipt of the Indemnified Party’s notice of a given Third-Party Claim to deliver to the Indemnified Party a written acknowledgement that such Third-Party Claim is an indemnifiable claim for which it is liable and, at its election, to conduct and control the defense and settlement of such Third-Party Claim at its own expense with counsel reasonably satisfactory to the Indemnified Party, in which case: (A) the Indemnified Party may participate in, but not control, such defense or settlement through counsel chosen by such Indemnified Party at its own expense; (B) the Indemnified Party shall use reasonable efforts to make available to the Indemnitor any documents and materials that are under the direct or indirect control of the Indemnified Party or any of its subsidiaries or other Affiliates that may be necessary to the defense of such Third-Party Claim; (D) the Indemnified Party shall execute such documents and take such other actions as the Indemnitor may reasonably request for the purpose of facilitating the defense of, or any

settlement, compromise or adjustment relating to, such Third-Party Claim; (E) the Indemnified Party shall otherwise fully cooperate as reasonably requested by the Indemnitor in the defense of such Third-Party Claim; (F) the Indemnified Party shall not admit any liability with respect to such Third-Party Claim; and (G) the Indemnitor shall not enter into any agreement providing for the settlement or compromise of such Third-Party Claim or the consent to the entry of a judgment with respect to such Third-Party Claim without the prior written consent of Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed) if such settlement agreement imposes a non-monetary commitment by the Indemnified Party; or

(ii) with respect to Third-Party Claims for which the Indemnitor does not so notify the Indemnified Party within such thirty (30) day period of its election to proceed with the control and defense of such Third-Party Claim, or if such Third-Party Claim does not relate solely to the payment of money damages or will have an adverse effect on the business, operations, prospects, or reputation of IgDraSol or STI, then: (A) the Indemnified Party shall diligently defend such Third-Party Claim; (B) the Indemnitor shall use reasonable efforts to make available to the Indemnified Party any documents and materials that are under the direct or indirect control of the Indemnitor or any of its Subsidiaries or other Affiliates that may be necessary to the defense of such Third-Party Claim; and (C) the Indemnified Party shall, subject to the limitations set forth in this Article VI, be entitled to indemnification under this Article VI in respect of such Third-Party Claim; provided, that the Indemnified Party shall have no right to seek indemnification under this Article VI in respect of such Third-Party Claim for any agreement providing for the settlement or compromise of such Third-Party Claim or the consent to the entry of a judgment with respect to such Third-Party Claim entered into without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld, conditioned or delayed).

(b) Notice and Procedures. The Indemnified Party shall give the Indemnitor prompt written notice of any Third-Party Claim against such Indemnified Party; provided, that any failure on the part of the Indemnified Party to so notify the Indemnitor shall not limit any of the obligations of the Indemnitor under this Article VI (except to the extent such failure materially prejudices the defense of such Third-Party Claim).

6.6. Limitation on Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY ELSEWHERE IN THIS AGREEMENT OR PROVIDED FOR UNDER ANY APPLICABLE LAW, NO PARTY NOR ANY STOCKHOLDER NOR ANY CURRENT OR FORMER STOCKHOLDER, DIRECTOR, OFFICER, EMPLOYEE, CONSULTANT, AFFILIATE OR ADVISOR OF ANY OF THE FOREGOING, SHALL, IN ANY EVENT, BE LIABLE TO ANY OTHER PERSON, EITHER IN CONTRACT, TORT OR OTHERWISE, FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES OR ANY DAMAGES ASSOCIATED WITH ANY LOST PROFITS OR LOST OPPORTUNITIES OF SUCH OTHER PERSON (INCLUDING LOSS OF FUTURE REVENUE, INCOME OR PROFITS, DIMINUTION OF VALUE OR LOSS OF BUSINESS REPUTATION) RELATING TO THE BREACH OR ALLEGED BREACH HEREOF, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES HAS BEEN DISCLOSED TO THE OTHER PARTY IN ADVANCE OR COULD HAVE BEEN REASONABLY FORESEEN BY SUCH OTHER PARTY.

6.7. Characterization of Indemnification Payments. The parties agree that any indemnification payments made pursuant to this Article VI shall be treated for all Tax purposes as an adjustment to the Option Consideration unless otherwise required by Law.

ARTICLE VII TERMINATION

7.1. Termination Rights. Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Option Termination Date:

(a) by the mutual written consent of IgDraSol and STI;

(b) by either party, during the period from the forty fifth (45th) day after the date of this Agreement through and including the fiftieth (50th) day after the date of this Agreement, if IgDraSol has not obtained contractual commitments (financing or otherwise) that at the entry into such commitments will finance or pay to IgDraSol within _____ after the date of such Agreement a minimum of _____, which amount is acknowledged to be the IgDraSol estimate to operate its business through its current budget projected to achieve the FDA end of Phase II meeting;

(c) by STI by delivery of written notice to IgDraSol in connection with an Exercise Withdrawal Notice under Section 2.5 (c);

(d) by either party, if the Option has not been exercised by the later of: (i) _____, or (ii) September 30, 2013; or

(e) by STI if a Technical Failure has occurred.

7.2. Effect of Termination. In the event that this Agreement shall be terminated pursuant to this Article VII, all further obligations of the parties under this Agreement (other than under Article VI and Sections 8.1, 8.2, 8.8 and 8.13) shall be terminated without further liability of either party to the other; provided, however, that nothing herein shall relieve either party from liability for its willful breach of this Agreement. In the event STI has paid IgDraSol the Merger Consideration prior to termination of this Agreement pursuant to Section 7.1(c), then IgDraSol shall promptly return such amount to STI upon termination of this Agreement pursuant to Section 7.1(c).

ARTICLE VIII GENERAL PROVISIONS

8.1. Confidential Nature of Information. Each party hereto agrees that all documents, materials and other information which it shall have obtained regarding the other party during the course of the negotiations leading to the execution of this Agreement (whether obtained before or

after the date of this Agreement), the investigation provided for herein and the preparation of this Agreement and other related documents shall be held in confidence pursuant to the Confidentiality Agreement.

8.2. No Public Announcement. Neither IgDraSol nor STI shall, without the prior written approval of the other, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that either party shall be so obligated by Requirements of Law or the rules of any stock exchange, in which case the other party shall be advised and the parties shall use their reasonable best efforts to cause a mutually agreeable release or announcement to be issued; provided, that the foregoing shall not preclude communications or disclosures necessary to implement the provisions of this Agreement or to comply with accounting and Securities and Exchange Commission disclosure obligations.

8.3. Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if sent via facsimile with confirmation of receipt, when transmitted and receipt is confirmed; (c) if sent by registered, certified or first class mail, the third business day after being sent; and (d) if sent by overnight delivery via a national courier service, one business day after being sent, in each case to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

If to STI, to:

Sorrento Therapeutics, Inc.
6042 Cornerstone Ct. West, Suite B
San Diego, CA 92121
Attention: Richard Vincent, CFO
Facsimile: (858) 210-3759

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

Cooley LLP
3175 Hanover Street
Palo Alto, CA 94304
Attention: Glen Y Sato, Esq.
Facsimile: (650) 849-7400

If to IgDraSol, to:

IgDraSol, Inc.
11100 Warner Avenue, Ste 266
Fountain Valley, CA 92708
Attention: Chief Executive Officer
Facsimile: (714) 445-0127

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

Snell & Wilmer L.L.P.
600 Anton Blvd., Ste. 1400
Costa Mesa, CA 92626
Attention: William Pedranti, Esq.
Facsimile: (714) 427-7799

or to such other address as such party may indicate by a notice delivered to the other party hereto in accordance with this Section 8.3.

8.4. Successors and Assigns.

(a) This Agreement may not be assigned by either party without the prior written consent of the other party; provided, however, that STI shall be entitled to assign this Agreement to any Affiliate of STI without the consent of IgDraSol, provided that no such assignment shall relieve STI of its obligations hereunder.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns. The successors and permitted assigns hereunder shall include, in the case of STI, any permitted assignee as well as the successors in interest to such permitted assignee (whether by merger, liquidation (including successive mergers or liquidations) or otherwise). Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any Person other than the parties and successors and assigns permitted by this Section 8.4 any right, remedy or claim under or by reason of this Agreement as a third party beneficiary or otherwise.

8.5. Amendments. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of all of the parties hereto.

8.6. Entire Agreement. This Agreement and the exhibits and schedules referred to in those respective agreements as well as the documents delivered pursuant hereto and the Confidentiality Agreement contain the entire understanding of the parties hereto with regard to the subject matter contained herein or therein, and supersede all prior agreements, understandings or letters of intent between the parties hereto. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the parties hereto.

8.7 Severability. In the event that any provision of this Agreement, or the application of any such provision to any person or entity or set of circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or entities or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

8.8. Waivers.

(a) No failure on the part of any person or entity to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any person or entity in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(b) No person or entity shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such person or entity; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

8.9. Expenses. Subject to Sections 5.1(a), each party hereto will pay all costs and expenses incident to its negotiation and preparation of this Agreement and to its performance and compliance with all agreements and conditions contained herein on its part to be performed or complied with, including the fees, expenses and disbursements of its counsel and accountants.

8.10. Execution in Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement, and shall become binding when one or more counterparts have been signed by each of the parties hereto and delivered to the other party. Delivery of an executed counterpart of a signature page to this Agreement shall be as effective as delivery of a manually executed counterpart of this Agreement.

8.11. Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement, including the performance of the obligations set forth in Section 2.5. IgDraSol agrees that, in the event of any breach or threatened breach by IgDraSol of any covenant or obligation contained in this Agreement, STI shall be entitled (in addition to any other remedy that may be available to it, including monetary damages) to obtain: (a) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation; and (b) an injunction restraining such breach or threatened breach. IgDraSol further agrees that neither Sorrento nor any other Person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.11, and IgDraSol irrevocably waives any right he or it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

8.12. Exclusivity of Representations and Warranties. It is the explicit intent and understanding of each of the parties to this Agreement that no party to this Agreement, nor any of their respective Affiliates, representatives or agents, is making any representation or warranty whatsoever, oral or written, express or implied, other than those set forth in this Agreement (as qualified by the IgDraSol Disclosure Schedule), and none of the parties to this Agreement is relying on any statement, representation or warranty, oral or written, express or implied, made by another party to this Agreement or such other party's Affiliates, representatives or agents, except for the representations and warranties set forth in this Agreement.

8.13. Force Majeure. Neither party shall be responsible to the other for any failure or delay in performing any of its obligations under this Agreement or for other nonperformance hereunder if such delay or nonperformance is caused by strike, stoppage of labor, lockout or other labor trouble, fire, flood, accident, war, act of terrorism, act of God or of the government of any country or of any local government, or by any other similar cause that is unavoidable and beyond the control of such party. In such event, the party affected will use commercially reasonable efforts to resume performance of its obligations.

8.14. Governing Law. This Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of Delaware (without giving effect to principles of conflicts of laws).

8.15. Submission to Jurisdiction. IgDraSol and STI hereby irrevocably submit in any suit, action or proceeding arising out of or related to this Agreement or any of the transactions contemplated hereby or thereby to the jurisdiction of the United States District Court for the District of Delaware and the jurisdiction of any court of the State of Delaware located in Wilmington, Delaware and waive any and all objections to jurisdiction that they may have under the laws of the State of Delaware or the United States.

8.16. Waiver of Jury Trial. EACH OF OPTIONEE AND IGDRASOL HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF OPTIONEE OR IGDRASOL IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first written above.

SORRENTO THERAPEUTICS, INC.

By: /s/ Henry Ji

Name: Henry Ji

Title: President and CEO

IGDRASOL, INC.

By: /s/ Vuong Trieu

Name: Vuong Trieu

Title: CEO

**RESTATED CERTIFICATE OF INCORPORATION
OF
SORRENTO THERAPEUTICS, INC.**

**(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)**

Sorrento Therapeutics, Inc., a corporation organized and existing under and by virtue of the provisions of the Delaware General Corporation Law,

DOES HEREBY CERTIFY:

That the name of this corporation is Sorrento Therapeutics, Inc. and that this corporation was originally incorporated pursuant to the Colorado Revised Statutes on May 26, 1989 under the name QuikByte Software, Inc;

That on December 4, 2009, this corporation was converted from a non-Delaware corporation to a Delaware corporation pursuant to Section 265 of the Delaware General Corporation Law, a certificate of incorporation was filed with the Delaware Secretary of State, and a certificate of ownership changing this corporation's name to Sorrento Therapeutics, Inc. was filed with the Delaware Secretary of State; and

That the Board of Directors duly adopted resolutions proposing to restate and integrate, without further amendment, the provisions of the certificate of incorporation of this corporation as heretofore amended or supplemented, with no discrepancy between those provisions and the provisions herein, declaring said restatement to be advisable and in the best interests of this corporation and its stockholders.

RESOLVED, that the Certificate of Incorporation of this corporation be restated in its entirety as follows:

FIRST: The name of the corporation is Sorrento Therapeutics, Inc. (hereinafter referred to as the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware, 19801. The name of the registered agent of the Corporation at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

FOURTH: The Corporation is authorized to issue two classes of stock to be designated, respectively, “Common Stock” and “Preferred Stock.” The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 850,000,000, of which 750,000,000 shares shall be Common Stock, having a par value of \$0.0001 per share (the “Common Stock”), and 100,000,000 shares shall be Preferred Stock, having a par value of \$0.0001 per share (the “Preferred Stock”).

A. The board of directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a “Preferred Stock Designation”), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the stock of the Corporation entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, or of any series thereof, unless a separate vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

B. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any Preferred Stock Designation).

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the board of directors.

B. The directors of the Corporation need not be elected by written ballot unless the Corporation’s Bylaws so provide.

C. Subject to the rights of the holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

D. Special meetings of stockholders of the Corporation may be called only by the board of directors acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of this Certificate of Incorporation, the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

SIXTH: A. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the board of directors pursuant to a resolution adopted by a majority of the Whole Board. The directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be elected at each annual meeting of stockholders. Each director shall hold office until the next annual meeting of stockholders and until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation, disqualification or removal from office.

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the board of directors resulting from death, resignation, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the board of directors, be filled only by a majority vote of the directors then in office, though less than a quorum (and not by stockholders), and directors so chosen shall serve for the remainder of the full term of the director for which the vacancy was created or occurred or until such director's successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

C. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

D. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire board of directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least sixty-seven percent (67%) of the voting power of all of the then-outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting together as a single class.

SEVENTH: Subject to the rights of the holders of any series of Preferred Stock that may come into existence from time to time, the board of directors is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the board of directors shall require the approval of a majority of the Whole Board. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least sixty-seven percent (67%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws of the Corporation.

EIGHTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability: (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating

or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

NINTH: The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least sixty-seven percent (67%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal this Article NINTH, Sections C or D of Article FIFTH, Article SIXTH, Article SEVENTH, or Article EIGHTH.

TENTH: The name and mailing address of the incorporator is as follows: Antonius Schuh, Ph.D., c/o Sorrento Therapeutics, Inc., 6042 Cornerstone Ct. West, Suite B, San Diego, CA 92121.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Incorporation in San Diego, California this day of May, 2013.

/s/ Richard Vincent

Richard Vincent, Chief Financial Officer

CERTAIN MATERIAL (INDICATED BY AN ASTERISK) HAS BEEN OMITTED FROM THIS DOCUMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT. THE OMITTED MATERIAL HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

ASSIGNMENT AGREEMENT

by and between

TIEN-LI LEE, M.D. AND

JANE WU LEE, M.D.,

as individuals

and

**SORRENTO THERAPEUTICS, INC.,
a Delaware (U.S.) corporation**

ASSIGNMENT AGREEMENT

This Assignment Agreement ("Agreement") is entered into and made effective as of this 7th day of January, 2013 (the "Effective Date"), by and between Tien-Li Lee and Jane Wu Lee as individuals (each individually, "Lee" or collectively, the "Lees") each having an address at 270 Sebastian Drive, Millbrae, California 94030, and Sorrento Therapeutics, Inc., a corporation organized under the laws of the State of Delaware ("Sorrento") located at 6042 Cornerstone Ct., Suite B, San Diego, CA 92121, with respect to the facts set forth below.

RECITALS

WHEREAS, the Lees have previously assigned to Sorrento all of their right, title and interest in and to the inventions described in the U.S. Utility and PCT patent application entitled [***] (such inventions, together with any and all know-how, documentation and data owned or controlled by the Lees related thereto, the "Inventions") filed by Sorrento on [***] and attached hereto along with a copy of such assignment as Exhibit A.

WHEREAS, the Lees and Sorrento desire to now formalize the terms under which the Lees assigned the Inventions.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Lees and Sorrento hereby agree as follows:

1. Definitions. Capitalized terms shall have the meaning set forth herein.

1.1 Affiliate. The term "Affiliate" with respect to Sorrento, shall mean any entity or individual which directly or indirectly Controls, is Controlled by, or is under common Control with Sorrento. Unless otherwise expressly specified, the term Sorrento, as used in this Agreement, includes Sorrento's Affiliates.

1.2 Control. The term "Control" shall mean (a) in the case of corporate entities, direct or indirect ownership of at least fifty percent (50%) of the stock or shares entitled to vote for the election of directors; or (b) in the case of non-corporate entities, direct or indirect ownership of at least fifty percent (50%) of the equity interest with the power to direct the management and policies of such non-corporate entities.

1.3 Assigned Patent Rights. The term "Assigned Patent Rights" shall mean any and all rights arising out of or claiming priority from (a) the U.S utility and PCT patent application(s) provided in Exhibit A hereto and having claims where the Lees (one or both) are considered inventors of such subject matter; (b) any corresponding foreign patent applications associated with the application(s) referenced in sub clause (a) above and having claims where the

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment had previously been granted with respect to the omitted portions.

Lees (one or both) are considered inventors of such subject matter; (c) any patents issuing from the application(s) referenced in sub clauses (a) and (b); (d) any divisionals, continuations, and reissues of any patent or application set forth in sub clauses (a)-(c) above and having claims where the Lees (one or both) are considered inventors of such subject matter; (e) all claims of continuations-in-part that are entitled to the benefit of the priority date of the application(s) referenced in sub clause (a) above and having claims where the Lees (one or both) are considered inventors of such subject matter; and (f) all rights of action throughout the world pertaining to any of the foregoing, including without limitation the right to sue and recover for past, present and future infringement thereof, the right to secure registration of any of the foregoing and of this Agreement and/or any assignment executed in connection herewith, the right to initiate other proceedings before all government and administrative bodies with respect to the same.

1.4 Change of Control. The term “Change of Control” shall mean the occurrence of any of the following events:

(a) a transaction or series of transactions whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) (other than Sorrento, any of its Affiliates, an employee benefit plan maintained by Sorrento or any of its Affiliates or a “person” that, prior to such transaction, directly or indirectly Controls, is Controlled by, or is under common Control with Sorrento) directly or indirectly acquires Control of Sorrento immediately after such acquisition; or

(b) the consummation by Sorrento of (i) a merger, consolidation, reorganization or business combination or (ii) a sale, lease, exclusive license or other disposition, in a single transaction or series of related transactions, of all or substantially all of the assets of Sorrento and its subsidiaries taken as a whole, in each case except where the holders of the equity interests in Sorrento immediately prior to the transaction will, immediately after such transaction, have fifty percent (50%) or more of the voting power of the equity interests in the entity that survives the transaction described in clause (i) or (ii) above, as applicable, or otherwise succeeds to the business of Sorrento, which voting securities are to be held by such holders immediately following such transaction in substantially the same proportion among themselves as such holders’ ownership of the equity interests in Sorrento immediately before such transaction.

1.5 Issued Securities. The term “Issued Securities” shall mean the shares of Sorrento’s common stock which may be issued to the Lees from time to time in consideration for the assignment of the Inventions and the Assigned Patent Rights in accordance with Section 3 of this Agreement.

1.6 rIVIG Product. The term “rIVIG Product” shall mean a recombinant polyclonal antibody formulation being developed, manufactured or marketed by, or on behalf of Sorrento, its Affiliates or licensees, whose use, manufacture, or sale would infringe upon one or more Valid Claims.

1.7 Sorrento’s Confidential Information. The term “Sorrento’s Confidential Information” shall mean (i) the Inventions, (ii) any unpublished patent applications relating to

the Inventions, (iii) any and all proprietary or confidential information of Sorrento or relating to the rIVIG Product which may be disclosed by Sorrento or otherwise become known to the Lees at any time and from time to time during the term of this Agreement. Notwithstanding the foregoing, information shall not be considered confidential to the extent that the Lees can establish by competent proof that it:

(a) is publicly disclosed through no fault of either Lee, either before or after it becomes known to either Lee; or

(b) was known to either Lee prior to the date of this Agreement, which knowledge was acquired independently and not from Sorrento (or Sorrento's employees), provided that this exemption shall not apply with respect to information relating to the Inventions; or

(c) is subsequently disclosed to either Lee in good faith by a third party who has a right to make such disclosure and did not first obtain such information from Sorrento (or Sorrento's employees); or

(d) has been published by a third party as a matter of right; or

(e) has been developed by or on behalf of either Lee independently without access to Sorrento's Confidential Information, provided that this exemption shall not apply with respect to information relating to the Inventions.

If Sorrento's Confidential Information is required to be disclosed by law or court order, each Lee shall limit the same to the minimum required to comply with the law or court order, and shall use reasonable efforts to attempt to seek confidential treatment for that disclosure, and prior to making such disclosure the Lees shall notify Sorrento, not later than ten (10) days (or such shorter period of time as may be reasonably practicable under the circumstances) before the disclosure in order to allow Sorrento to comment and/or to obtain a protective or other order, including extensions of time and the like, with respect to such disclosure.

1.8 Valid Claim. "Valid Claim" means a claim in an issued patent within the Assigned Patent Rights containing at least one (1) Lee as a named inventor, which has not lapsed, been revoked, cancelled, or become abandoned and has not been declared invalid in a decision or judgment of a court or other body of competent jurisdiction, and which has not been admitted to be invalid or unenforceable through an opposition or other post-grant review process, reissue, disclaimer, settlement or otherwise.

2. Assignment.

2.1 Assignment. Each Lee hereby irrevocably assigns, transfers and conveys to Sorrento (to the extent not already previously assigned to Sorrento) such Lee's entire right, title and interest, throughout the world in and to the Inventions and the Assigned Patent Rights and all claims, demands, or causes of action that such Lee has or might have by reason of any infringement of the any of the foregoing prior to the effective date of this assignment, including the right to sue and collect damages for all past, present and future infringement and all lost profits resulting therefrom.

2.2 Further Assurances. Each Lee agrees to execute from time to time all reasonable and appropriate assignments and documents prepared and submitted by Sorrento, which documents are necessary or useful to effectuate fully the assignment of paragraph 2.1 above and to permit Sorrento to be duly recorded as the owner of the Inventions and Assigned Patent Rights.

2.3 Transfer of Documents. Each Lee shall transfer to Sorrento all copies and originals of all documents and databases related to the Inventions which are in either Lee's possession and/or control, including any documents related to the prosecution and maintenance of the Inventions and Assigned Patent Rights.

3. Consideration for Assignment.

3.1 Initial Payments. Subject to each Lee's compliance with its obligations under this Agreement and so long as each representation and warranty made hereunder remains accurate and true at the time of the applicable stock issuance or payment due date, Sorrento shall provide the following consideration to the Lees:

- (a) [***] of Sorrento common stock issuable upon execution of this Agreement;
- (b) \$50,000 in cash, payable in five (5) equal installments as follows:
 - (i) \$10,000 on February 1, 2013;
 - (ii) \$10,000 on March 1, 2013;
 - (iii) \$10,000 on April 1, 2013;
 - (iv) \$10,000 on May 1, 2013; and
 - (v) \$10,000 on June 1, 2013.

3.2 Milestone Payments. Subject to each Lee's compliance with its obligations under this Agreement and so long as each representation and warranty made hereunder remains accurate and true at the time of the applicable stock issuance, Sorrento shall provide the following consideration to the Lees after the achievement of the applicable milestone events (each a "Milestone Payment" and altogether the "Milestone Payments"):

(a) [***] of Sorrento common stock, equitably adjusted for any stock split, reverse stock split, dividend, combination or other recapitalization occurring after the Effective Date, within [***] after (1) a granting or issuance of the first U.S. or European patent from a patent application listed in Exhibit A; and (2) the passage of time for a third party to file

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment had previously been granted with respect to the omitted portions.

an opposition in Europe or a post-grant validity challenge in the U.S. if no such opposition of validity challenge is filed, then the aforementioned Milestone Payment shall not be payable unless and until such patent containing such Valid Claim has been declared valid and enforceable by a final unappealable decision or judgment of a government body or court of competent jurisdiction;

(b) [***] of Sorrento common stock, equitably adjusted for any stock split, reverse stock split, dividend, combination or other recapitalization occurring after the Effective Date, within [***] after Sorrento's receipt of written confirmation from the U.S. FDA of its acceptance of an IND (Investigational New Drug Application) to commence clinical trials for the first rIVIG Product candidate receiving such acceptance;

(c) [***] of Sorrento common stock, equitably adjusted for any stock split, reverse stock split, dividend, combination or other recapitalization occurring after the Effective Date, within [***] after the first dosing of a patient in a phase 3 clinical trial for the first rIVIG Product candidate advancing into phase 3 clinical trials; and;

(d) [***] of Sorrento common stock, equitably adjusted for any stock split, reverse stock split, dividend, combination or other recapitalization occurring after the Effective Date, within [***] after Sorrento's receipt of written confirmation from the U.S. FDA or corresponding EU regulatory agency of marketing approval for the first rIVIG Product receiving such approval.

For clarity, each of the aforementioned milestone payments shall become due and payable only once upon their achievement. In addition, unless otherwise directed by the Lees, Sorrento shall make fifty percent (50%) of each payment due under this Agreement to Tien-Li Lee and fifty percent (50%) to Jane Wu Lee. Each Lee agrees to jointly and severally indemnify and hold Sorrento harmless from any and all claims, damages costs and expenses arising out of any dispute between the Lees and/or their heirs or assigns relating to any payment due or paid by Sorrento pursuant to this Agreement.

4. Investor Representations and Warranties. Each Lee hereby jointly and severally represents, warrants and covenants to Sorrento that:

4.1 the Lees reside in the state of California;

4.2 the Lees have experience as investors in securities of companies in development and have the financial capacity to bear the risk of their acceptance of the Issued Securities as consideration and are accredited investors as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933 ("Securities Act");

4.3 the Lees have either (a) a pre-existing personal or business relationship with Sorrento or any of its officers, directors or controlling persons that is of a nature and duration which enables the Lees to be aware of the character, business acumen and general

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment had previously been granted with respect to the omitted portions.

business and financial circumstances of Sorrento or (b) by reason of their business or financial experience or the business or financial experience of their professional advisors who are unaffiliated with and who are not compensated by Sorrento or selling agent of Sorrento, directly or indirectly, the capacity to protect their own interests in connection with their acquisition of the Issued Securities;

4.4 each Lee has received and reviewed information about Sorrento and has had an opportunity to discuss Sorrento's business, management and financial affairs with Sorrento's management and to review Sorrento's facilities. Each Lee understands and acknowledges that such discussions, as well as any written information issued by Sorrento (i) were intended to describe the aspects of Sorrento's business and prospects which Sorrento believes to be material, but were not necessarily an exhaustive description, and (ii) may have contained forward-looking statements involving known and unknown risks and uncertainties which may cause the Sorrento's actual results in future periods or plans for future periods to differ materially from what was anticipated and that no representations or warranties were or are being made with respect to any such forward-looking statements or the probability of achieving any of the results projected in any of such forward-looking statements;

4.5 the Issued Securities will be acquired for investment for the Lee's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that Lees have no present intention of selling, granting any participation in, or otherwise distributing the same. Neither Lee presently has any contract, undertaking, agreement or arrangement with any person or entity to sell, transfer or grant participations to such person or to any third person, with respect to any of the Issued Securities;

4.6 without limiting any restrictions herein, each Lee agrees not to make any disposition of all or any portion of the Issued Securities unless and until the transferee has agreed in writing for the benefit of Sorrento to be bound by this Section 4.6 and any of the following conditions apply: (a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and the disposition is made in accordance with such registration statement; or (b) (i) the Lee disposing all or any portion of the Issued Securities shall have notified Sorrento of the proposed disposition and shall have furnished Sorrento with a statement of the circumstances surrounding the proposed disposition and (ii) if reasonably requested by Sorrento, the Lee disposing all or any portion of the Issued Securities shall have furnished Sorrento with an opinion of counsel, reasonably acceptable to Sorrento, that such disposition will not require registration under the Securities Act.

4.7 each Lee acknowledges that (i) only a limited public market now exists for Issued Securities; (ii) the Issued Securities have not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of each Lee's representations as expressed herein, (iii) the Issued Securities are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, each Lee must hold such Issued Securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or

an exemption from such registration and qualification requirements is available (iv) Sorrento has no obligation to register or qualify Sorrento's common stock for resale, (v) if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for Sorrento's common stock, and on requirements relating to Sorrento which are outside of each Lee's control, and which Sorrento is under no obligation and may not be able to satisfy and (vi) Sorrento will make a notation on its stock books regarding the restrictions on transfers set forth herein and will transfer securities on the books of Sorrento only to the extent not inconsistent therewith;

4.8 each Lee understands that the Issued Securities, and any securities issued in respect of or exchange for the Issued Securities, may bear one or all of the following legends until they are no longer required by law or the provisions of this Agreement:

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO SORRENTO THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(b) Any legend required by the blue sky laws of any state to the extent such laws are applicable to the shares represented by the certificate so legended.

(c) The legend set forth above shall be removed by Sorrento from any certificate evidencing the Issued Securities upon transfer of the Issued Securities in compliance with Rule 144(k) under the Securities Act or upon delivery to Sorrento of an opinion, in form and substance and by counsel reasonably satisfactory to Sorrento, that a registration statement under the Securities Act is at that time in effect with respect to the legended security or that such security can be freely transferred without such a registration statement being in effect and that such transfer will not jeopardize the exemption or exemptions from registration pursuant to which the Issued Securities were issued.

5. General Representations and Warranties.

5.1 Each Lee hereby jointly and severally represents and warrants to Sorrento that:

(a) to the best of his/her knowledge the Lees are the first inventors of the subject matter claimed within the patent applications listed in Exhibit A and that each Lee has no knowledge, upon thorough investigation, of any third party rights that would preclude Sorrento's freedom to operate with the rIVIG Product;

(b) immediately prior to the assignment of the Assigned Patent Rights to Sorrento, the Lees were the sole owners of the Assigned Patents Rights, the Assigned Patents Rights were unencumbered by any valid lien, security interest, release or license grant, and the Lees had the right to assign, sell and convey to Sorrento such ownership interest;

(c) the Lees have disclosed to Sorrento on Exhibit A all of the Inventions, subject matter, patents and patent applications pertaining to the Assigned Patent Rights;

(d) this Agreement is the legal, valid and binding obligation of each Lee, enforceable against each Lee in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally;

(e) each Lee has the full right and power to enter into this Agreement and has the full rights to grant the assignment hereby being provided to Sorrento; and

(f) entering into this Agreement, and the consummation of the transaction contemplated hereby, does not and shall not violate any agreement with any other person or entity to which it is a party or subject;

5.2 Sorrento. Sorrento hereby represents and warrants to the Lees that as of the Effective Date:

(a) all corporate action on the part of Sorrento necessary for the authorization, execution and delivery of this Agreement and the performance of its obligations hereunder has been taken; and

(b) this Agreement is the legal, valid and binding obligation of Sorrento, enforceable against it in accordance with its terms, except as such enforcement may be limited by general equitable principles or by applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally.

6. Patent Matters.

6.1 Patent Prosecution. Sorrento shall have the sole right, but not the obligation, to control the worldwide filing, prosecution and maintenance of the Assigned Patent Rights. Each Lee shall assist and cooperate with Sorrento regarding the filing, prosecution and maintenance of the Patent Rights, as reasonably requested by Sorrento. As used herein, "filing, prosecution and maintenance" shall include, without limitation, the filing of applications, continuations, continuations-in-part, and divisionals; the conduct of interferences, derivation proceedings, post-grant validity challenges in the U.S. and oppositions in Europe and other strict novelty jurisdictions; and reissues, revocation, nullification and extensions of patent terms.

6.2 Patent Enforcement. Sorrento shall have the sole right, but not the obligation, to control the enforcement of the Assigned Patent Rights against any third party. Each Lee shall cooperate reasonably with Sorrento in any enforcement action claim or action, provided Sorrento shall reimburse such Lee for reasonable out of pocket expenses incurred by such Lee in providing such cooperation. Each Lee shall have no right, authority or standing to bring any action against any third party relating to the third party's infringement of the Assigned Patent Rights.

6.3 Licenses. Sorrento shall have the sole right, but not the obligation, to grant licenses, assignments and releases under the Assigned Patent Rights.

7. Limited Warranty.

7.1 Limited Warranty. EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, EACH LEE MAKES NO WARRANTIES CONCERNING THE ASSIGNED PATENT RIGHTS, OR ANY OTHER MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION ANY EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR ARISING OUT OF COURSE OF CONDUCT OR TRADE CUSTOM OR USAGE, AND EACH LEE DISCLAIMS ALL SUCH EXPRESS OR IMPLIED WARRANTIES. EXCEPT AS SET FORTH IN THIS AGREEMENT.

7.2 Limitation of Liability. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION DAMAGES FOR LOSS OF PROFITS OR EXPECTED SAVINGS OR OTHER ECONOMIC LOSSES, OR FOR INJURY TO PERSONS OR PROPERTY) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ITS SUBJECT MATTER. THE LEES AGGREGATE LIABILITY, IF ANY, FOR ALL DAMAGES OF ANY KIND RELATING TO THIS AGREEMENT OR ITS SUBJECT MATTER SHALL NOT EXCEED THE AMOUNT PAID BY SORRENTO TO THE LEES UNDER THIS AGREEMENT, INCLUDING THE VALUE OF THE SORRENTO COMMON STOCK AT THE TIME OF ISSUANCE BY SORRENTO OR TRANSFER OR SALE BY EITHER LEE (WHICHEVER IS GREATER). SORRENTO'S AGGREGATE LIABILITY, IF ANY, FOR ALL DAMAGES OF ANY KIND RELATING TO THIS AGREEMENT OR ITS SUBJECT MATTER SHALL NOT EXCEED THE AMOUNT OWED BY SORRENTO TO THE LEES UNDER THIS AGREEMENT.

8. Confidentiality. Each Lee agrees that during the term of this Agreement, and for a period of five (5) years after this Agreement terminates or expires, that he/she will (a) maintain in strict confidence Sorrento's Confidential Information; (b) not disclose Sorrento's Confidential Information to any third party without prior written consent of the other party; and (c) not use Sorrento's Confidential Information for any purpose.

9. Term and Termination.

9.1 Term. Unless terminated sooner in accordance with the terms set forth herein, this Agreement shall terminate upon the last-to-expire patent in the Assigned Patent Rights.

9.2 Termination Upon Mutual Agreement. This Agreement may be terminated by mutual written consent of both parties.

9.3 Termination by Sorrento. Sorrento may terminate this Agreement by giving thirty (30) days advance written notice of termination to the Lees. Upon termination by Sorrento, (i) Sorrento shall assign back to the Lees any Assigned Patent Rights provided by the Lees herein and (ii) Sorrento retain for itself as a tenancy in common for any Assigned Patent Rights wherein there is at least one additional inventor (other than a Lee) listed in such Assigned Patent Rights. Notwithstanding anything to the contrary herein, Sorrento shall have no obligation to assign back to the Lees any issued patent or patent application which does not have at least one (1) Lee listed as an inventor.

9.4 Rights Upon Expiration. Neither party shall have any further rights or obligations upon the expiration or proper termination of this Agreement. Sections 2, 4, 5, 6, 7.2, 8, 9.3, 9.4, 10 and 11 shall survive the expiration of this Agreement.

10. Assignment; Successors.

10.1 Assignment. Sorrento may assign this Agreement, in whole or in part. Neither Lee may assign this Agreement without the prior written consent of Sorrento; provided, however, the right to receive his or her portion of the Milestone Payments under Section 3 of the Agreement may be assigned by either Lee to (i) his or her spouse or descendant, (ii) any trust or family partnership whose beneficiaries shall solely be such individual and/or such individual's spouse and/or any person related by blood or adoption to such individual or such individual's spouse, and (iii) the estate of such individual, provided such assignee agrees to be bound by the terms of this Agreement and the Lee's remain liable for any breaches hereof. Any attempted assignment in violation of this Section 10.1 shall be null and void.

10.2 Binding Upon Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of any successors in interest and assigns of Sorrento. Any such successor or assignee of Sorrento's interest shall expressly assume in writing the performance of all the terms and conditions of this Agreement to be performed by Sorrento. [***]

11. General Provisions.

11.1 Independent Contractors. The relationship between the Lees and Sorrento is that of independent contractors. The Lees and Sorrento are not joint venturers, partners, principal and agent, master and servant, employer or employee, and have no other relationship other than independent contracting parties. The Lees and Sorrento shall have no power to bind or obligate each other in any manner, other than as is expressly set forth in this Agreement.

11.2 Governmental Approvals and Marketing of rIVIG Product. Sorrento shall have the sole right to seek and obtain all necessary governmental approvals for the development, production, distribution, performance, sale and use of any rIVIG Product, at Sorrento's expense, including, without limitation, any safety studies. Sorrento shall have sole responsibility for any warning labels, packaging and instructions as to the use of rIVIG Product and for the quality control for any rIVIG Product.

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment had previously been granted with respect to the omitted portions.

11.3 Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof shall be settled by binding confidential arbitration in accordance with the Commercial Arbitration Rules of the AAA, and the procedures set forth below. In the event of any inconsistency between the Rules of AAA and the procedures set forth below, the procedures set forth below shall control. Judgment upon the award rendered by the arbitrators may be enforced in any court having jurisdiction thereof.

11.3.1 Location. The location of the arbitration shall be in the County of San Diego. Each Lee and Sorrento hereby irrevocably submit to the exclusive jurisdiction and venue of the AAA arbitration panel selected by the parties and located in San Diego County, California for any dispute regarding this Agreement, and to the exclusive jurisdiction and venue of the federal and state courts located in San Diego County, California for any action or proceeding to enforce an arbitration award or as otherwise provided, and waive any right to contest or otherwise object to such jurisdiction or venue.

11.3.2 Selection of Arbitrators. The arbitration shall be conducted by a panel of three neutral arbitrators who are independent and disinterested with respect to the parties, this Agreement, and the outcome of the arbitration. Sorrento and the Lees shall appoint one neutral arbitrator, and these two arbitrators so selected shall then select the third arbitrator, and all arbitrators must have at least ten (10) years' experience in mediating or arbitrating cases regarding the same or substantially similar subject matter as the dispute between Sorrento and the Lees. If one party has given written notice to the other party as to the identity of the arbitrator appointed by the party, and the party thereafter makes a written demand on the other party to appoint its designated arbitrator within the next ten (10) days, and the other party fails to appoint its designated arbitrator within ten (10) days after receiving said written demand, then the arbitrator who has already been designated shall appoint the other two arbitrators.

11.3.3 Discovery. The arbitrators shall decide any disputes and shall control the process concerning these pre-hearing discovery matters. Pursuant to the Rules of AAA, the parties may subpoena witnesses and documents for presentation at the hearing.

11.3.4 Case Management. Prompt resolution of any dispute is important to both parties and Sorrento and the Lees agree that the arbitration of any dispute shall be conducted expeditiously. The arbitrators are instructed and directed to assume case management initiative and control over the arbitration process (including scheduling of events, pre-hearing discovery and activities, and the conduct of the hearing), in order to complete the arbitration as expeditiously as is reasonably practical for obtaining a just resolution of the dispute.

11.3.5 Remedies. The arbitrators may grant any legal or equitable remedy or relief that the arbitrators deem just and equitable, to the same extent that remedies or relief could be granted by a state or federal court, provided however, that no punitive damages

may be awarded. No court action shall be maintained seeking punitive damages. The decision of any two of the three arbitrators appointed shall be binding upon the parties. Notwithstanding anything to the contrary in this Agreement, prior to or while an arbitration proceeding is pending, Sorrento and the Lees each have a right to seek and obtain injunctive and other equitable relief from a court of competent jurisdiction to enforce that party's rights hereunder.

11.3.6 Expenses. The expenses of the arbitration, including the arbitrators' fees, expert witness fees, and attorney's fees, may be awarded to the prevailing party (Sorrento or the Lees), in the discretion of the arbitrators, or may be apportioned between the parties (Sorrento or the Lees) in any manner deemed appropriate by the arbitrators. Unless and until the arbitrators decide that one party is to pay for all (or a share) of such expenses, both parties shall share equally in the payment of the arbitrators' fees as and when billed by the arbitrators.

11.3.7 Confidentiality. Except as set forth herein, and as necessary to obtain or enforce a judgment upon any arbitration award, Sorrento and each Lee shall keep confidential the fact of the arbitration, the dispute being arbitrated, and the decision of the arbitrators. Notwithstanding the foregoing, Sorrento and each Lee may disclose information about the arbitration to persons who have a need to know, such as directors, trustees, management employees, witnesses, experts, investors, attorneys, lenders, insurers, and others who may be directly affected. Additionally, if Sorrento or either Lee has stock which is publicly traded, the party with such stock may make such disclosures as required by applicable securities laws, rules and regulations.

11.4 California Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to its conflicts or choice of laws principles.

11.5 Headings. The headings for each article and section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular article or section.

11.6 Severability. Should any one or more of the provisions of this Agreement be held invalid or unenforceable by a court of competent jurisdiction, it shall be considered severed from this Agreement and shall not serve to invalidate the remaining provisions thereof. The parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by them when entering this Agreement may be realized.

11.7 No Waiver. Any delay in enforcing a party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such party's rights to the future enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time.

11.8 Name. Whenever there has been an assignment by Sorrento as permitted by this Agreement, the term “Sorrento” as used in this Agreement shall also include and refer to, if appropriate, such assignee.

11.9 Attorneys’ Fees. In the event of a dispute between Sorrento and the Lees hereto or in the event of any default hereunder, the party prevailing in the resolution of any such dispute or default (Sorrento or the Lees) shall be entitled to recover its reasonable attorneys’ fees and other costs incurred in connection with resolving such dispute or default.

11.10 Notices. Any notices required by this Agreement shall be in writing, shall specifically refer to this Agreement and shall be sent by registered or certified airmail, postage prepaid, or by facsimile, or by overnight courier, postage prepaid and shall be forwarded to the respective addresses set forth below unless subsequently changed by written notice to the other party:

For Tien-Li Lee:	Tien-Li Lee [***]
For Jane Wu Lee:	Jane Wu Lee [***]
For Sorrento:	Sorrento Therapeutics, Inc. 6042 Cornerstone Ct., Suite B San Diego, CA 92121 Attention: Chief Executive Officer Fax No.: (858) 210-3759

Notices shall be deemed delivered upon the earlier of (a) when received; (b) five (5) days after deposit into U.S. mail; (c) receipt of successful transmission of notice sent via facsimile; or (d) the day immediately following delivery to an overnight courier guaranteeing next-day delivery (except Sunday and holidays).

11.11 Entire Agreement; Modification. This Agreement and all of the attached exhibits set forth the entire agreement and understanding between the parties as to the subject matter hereof, and supersede all prior or contemporaneous agreements or understandings, whether oral or written. There shall be no amendments or modifications to this Agreement, except by a written document which is signed by both parties.

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment had previously been granted with respect to the omitted portions.

11.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together will constitute one instrument, binding upon all parties hereto, notwithstanding that all of such parties may not have executed the same counterpart. The delivery of an executed counterpart of this Agreement by facsimile or portable document format (.pdf) shall be deemed to be valid delivery thereof.

Signature Page Follows

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives as of the date set forth above.

TIEN-LI LEE:

/s/ Tien-Li Lee

JANE WU LEE:

/s/ JANE WU LEE

SORRENTO:

By: _____
Name: Henry Ji
Title: President and CEO

EXHIBIT A
PATENT RIGHTS

*** Certain information on this page has been omitted and filed separately with the Commission. Confidential treatment had previously been granted with respect to the omitted portions.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “*Agreement*”) is made as of March 7, 2013 (“*Effective Date*”) between IgDraSol, Inc., a Delaware corporation having an office at 11100 Warner Avenue, Suite 266, Fountain Valley, California 92708 (“*Seller*”) and Sorrento Therapeutics, Inc., a Delaware corporation having an office at 6042 Cornerstone Court West, Suite B, San Diego, California 92121 (“*Buyer*”).

1. PURCHASE AND SALE OF ASSETS.

1.1 Purchased Assets. Subject to the terms and conditions of this Agreement, on the Closing Date (i.e., upon payment of the Purchase Price as provided below), Seller hereby sells, assigns, transfers and conveys to Buyer, and Buyer purchases and acquires from Seller, all of Seller’s rights, title and interest in and to the following assets (collectively, the “*Purchased Assets*”):

- (a) the documentation, equipment, information and other know-how related to the compound identified as Tococol and related technologies, including documentation specifically identified on Schedule 1; and
- (b) the patents and trademarks specifically identified on Schedule 2, and all causes of action and enforcement rights for such patents and trademarks, including all rights to pursue and retain damages, injunctive relief and other remedies for past, current and future infringement of such patents and trademarks.

1.2 Purchase Price; Closing Date; Termination. In consideration of the transfer contemplated in Section 1.1, within forty-five (45) days after the Effective Date, Buyer shall (a) pay Seller USD \$1,210,000 (one million two hundred ten thousand U.S. dollars) (the “*Purchase Price*”) by wire transfer in immediately available funds to an account provided by Seller to Buyer pursuant to the terms of Section 4.1. The date of payment of the Purchase Price shall be referred to herein as, the “*Closing Date*.” If Buyer does not pay the Purchase Price to Seller within forty-five (45) days after the Effective Date, this Agreement shall immediately terminate without further action required by either party and there shall be no purchase and sale of the Purchased Assets and neither party shall have any rights or obligations under this Agreement.

1.3 Services Agreement. On the Closing Date, the parties shall enter into the Services Agreement attached hereto as Exhibit A whereby the Seller shall provide product and technology development services to the Buyer for the development of Tococol and related technologies. Upon the expiration or termination of the Services Agreement, upon the written notice by Seller to Buyer, the parties will negotiate in good faith to enter into a co-development and commercialization agreement in connection with the Purchased Assets.

1.4 Passage of Title; Delivery. Title to all of the Purchased Assets will pass to Buyer upon receipt of payment in full of the Purchase Price by Seller. As soon as reasonably practicable upon such payment, Seller shall deliver to Buyer possession of all of the Purchased Assets.

1.6 Taxes. Seller shall be solely responsible for and shall pay all transfer, documentary, sales, use, stamp, registration and other such taxes and fees (including any penalties and interest) incurred in connection with the sale of Purchased Assets pursuant to this Agreement, and Seller will, at its own expense, file all necessary tax returns and other documentation with respect to all such taxes and fees.

1.7 Representation of Seller. Seller represents and warrants that the Purchased Assets constitute all of the intellectual property, data and information related to Tocosol in its possession or with respect to which it has control, and the Seller owns, and has good, valid and marketable title to the Purchased Assets.

2. DISCLAIMER. EXCEPT AS SET FORTH IN SECTION 1.6, SELLER EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY EXPRESS OR IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT WITH RESPECT TO THE PURCHASED ASSETS, WHICH ARE SOLD "AS IS". WITHOUT LIMITING THE FOREGOING, BUYER REPRESENTS THAT IT HAS REVIEWED THE PURCHASED ASSETS IDENTIFIED IN SCHEDULE 1 AND AGREES TO ACCEPT POSSESSION IN THEIR "AS IS" CONDITION.

3. INDEMNIFICATION. Buyer shall defend, indemnify and hold harmless Seller and its respective affiliates, officers, directors, representatives and agents, from and against any third party claim, liability, damage, action or cause of action (including reasonable attorneys' fees) that arises or results from or with respect to the use, development and/or commercialization of the Purchased Assets or any products developed based on the Purchased Assets from and after the Closing Date.

4. MISCELLANEOUS.

4.1 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if sent via facsimile with confirmation of receipt, when transmitted and receipt is confirmed; (c) if sent by registered, certified or first class mail, the third business day after being sent; and (d) if sent by overnight delivery via a national courier service, one business day after being sent, in each case to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

If to Seller:

IgDraSol, Inc.
11100 Warner Avenue, Suite 266, Fountain Valley, CA 92708
Attn: Chief Executive Officer

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

Snell & Wilmer L.L.P.
600 Anton Boulevard, Suite 1400
Costa Mesa, CA 92626
Attention: William Pedranti

If to Buyer:

Sorrento Therapeutics, Inc.
6042 Cornerstone Ct. W., Suite B
San Diego, CA 92121
Attn: Chief Executive Officer

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

Cooley LLP
3175 Hanover Street, CA 94304
Attention: Glen Y. Sato

4.2 Entire Agreement. This Agreement, including the Exhibit and Schedules hereto (which are incorporated herein by reference), and any other agreements referred to herein set forth the entire understanding of the parties hereto relating to the subject matter hereof and thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof.

4.3 Amendment. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of all of the parties hereto.

4.4 Waiver.

(a) No failure on the part of any person or entity to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any person or entity in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(b) No person or entity shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such person or entity; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

4.5 No Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or to give any person, firm or corporation, other than the parties hereto, any rights or remedies under or by reason of this Agreement.

4.6 Execution in Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other party hereto, it being understood that all parties hereto need not sign the same counterpart.

4.7 Successors and Assigns. This Agreement may not be assigned by either party hereto without the prior written consent of the other party. Subject to the foregoing, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against, the parties hereto and their respective successors and permitted assigns.

4.8 Governing Law. This Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of Delaware (without giving effect to principles of conflicts of laws).

4.9 Severability. In the event that any provision of this Agreement, or the application of any such provision to any person or entity or set of circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or entities or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

4.10 No Consequential Damages. EXCEPT FOR THE INDEMNITY OBLIGATION SET FORTH IN SECTION 3, IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY LOSS OF DATA OR CONTENT, LOSS OF PROFITS, COST OF COVER OR OTHER SPECIAL, INCIDENTAL, CONSEQUENTIAL, INDIRECT, EXEMPLARY OR RELIANCE DAMAGES ARISING FROM OR IN RELATION TO THIS AGREEMENT.

4.11 Remedies Cumulative; Specific Performance. Except for the express remedy provided in Section 1.2, the parties to this Agreement agree that, in the event of any breach or threatened breach by any party to this Agreement of any covenant, obligation or other provision set forth in this Agreement, for the benefit of any other party to this Agreement: (a) such other party shall be entitled (in addition to any other remedy that may be available to it) to: (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision; and (ii) an injunction restraining such breach or threatened breach; and (b) such other party shall not be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related action or Legal Proceeding; provided that, the sole and exclusive remedy of Seller with respect to a breach by Buyer of Sections 1.2 or 1.3 shall be the right of Seller to not deliver or, if previously delivered, have returned within five (5) business days, the Purchased Assets. For purposes of this Section 4.11, "Legal Proceeding" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other governmental body or any arbitrator or arbitration panel.

[SIGNATURE PAGE FOLLOWS]

Execution Version

IN WITNESS WHEREOF, each of Buyer and Seller has caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized, all as of the date first written above.

IgDraSol, Inc.

By: /s/ Vuong Trieu
Name: Vuong Trieu
Title: CEO

Sorrento Therapeutics, Inc.

By: /s/ Henry Ji
Name: Henry Ji
Title: President and CEO

Asset Purchase Agreement

Exhibit A
SERVICES AGREEMENT

This Services Agreement (the “**Agreement**”) is entered into as of _____, 2013 (the “**Effective Date**”) by and between **SORRENTO THERAPEUTICS, INC.**, a Delaware corporation (“**STI**”) having an office at 6042 Cornerstone Court West, Suite B, San Diego, California 92121 and **IGDRASOL, INC.**, a Delaware corporation (“**IgDraSol**”) having an office at 11100 Warner Avenue, Suite 266, Fountain Valley, California 92708. STI and IgDraSol may be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

1. DEFINITIONS. As used in this Agreement:

1.1 “Anti-Corruption Law” means all international, national, state and local laws, statutes, rules, and regulations regarding corruption, bribery, ethical business conduct, money laundering, political contributions, gifts and gratuities, or lawful expenses to public officials and private persons, agency relationships, commissions, lobbying, books and records, and financial controls.

1.2 “Applicable Laws” means all international, national, state and local laws, statutes, rules, and regulations that are applicable to a Party’s activities hereunder, including without limitation Good Clinical Practices.

1.3 “Deliverables” means the items to be provided or actually provided by IgDraSol to STI under this Agreement, including items specifically designated or characterized as deliverables in the Development Plan mutually agreed in writing by the Parties.

1.4 “Development Plan” means the development plan and related budget for research and development of the Product and related compounds attached hereto as Exhibit A, as may be amended from time to time pursuant to Section 2.1.

1.5 “FCPA” means the U.S. Foreign Corrupt Practices Act (15 U.S.C. Section 78dd-1, *et seq.*) as may be amended or supplemented from time to time.

1.6 “FDA” means the United States Food and Drug Administration or any successor entity thereto.

1.7 “FTE Payments” has the meaning set forth in Section 4.2.

1.8 “Good Clinical Practices” or “**GCPs**” means, as applicable, the then-current Good Clinical Practices as such term is defined from time to time by the FDA or other relevant governmental authority having jurisdiction over the development, manufacture or sale of the Product pursuant to its regulations, guidelines or otherwise, as applicable.

1.9 “Intellectual Property” or “**IP**” means ideas, concepts, discoveries, inventions, developments, know-how, trade secrets, techniques, methodologies, modifications, innovations, improvements, writings, documentation, electronic code, data and rights (whether or not protectable under state, federal or foreign patent, trademark, copyright or similar laws) or the like, whether or not written or otherwise fixed in any form or medium, regardless of the media on which contained and whether or not patentable or copyrightable.

1.10 “Materials” means any tangible materials supplied by STI to IgDraSol for use in connection with the Services.

1.11 “Product” means Tocosol® and related compounds.

1.12 “Records and Accounts” has the meaning set forth in Section 5.

1.13 “Research IP” has the meaning set forth in Section 6.3.

1.14 “Services” means the research and development services to be provided by IgDraSol hereunder, as specifically set forth in the Development Plan.

1.15 “Services Manager” has the meaning set forth in Section 2.3.

1.16 “Specifications” means any protocols, procedures, process parameters, analytical tests and other specifications for the Services and Deliverables included in the Development Plan.

1.17 “STI Contact” has the meaning set forth in Section 2.3.

2. SERVICES

2.1 Development Plan. On the Effective Date, the Parties have agreed to the Development Plan that specifies the Services to be performed and Deliverables to be provided by IgDraSol hereunder, as well as the terms and conditions (including Specifications, delivery and performance schedules, fees and payment schedule) under which IgDraSol will perform such Services. STI hereby consents to IgDraSol’s use of certain Intellectual Property of STI or its licensors, relating to the Product and as specified in the Development Plan, solely as necessary to perform the Services under the Development Plan. In the event of any conflict between this Agreement and the Development Plan, this Agreement shall control. The Development Plan may only be amended by written agreement of both Parties. If the Development Plan extends beyond September 30, 2013, the parties shall negotiate in good faith an extension of the budget to cover any additional period remaining through the term of this Agreement.

2.2 Performance of Services. IgDraSol shall perform the Services in accordance with the terms of this Agreement, the Development Plan, and all Applicable Laws. IgDraSol shall provide, at its own expense, a place of work for its employees performing the Services and all equipment, tools and other materials necessary to complete the Development Plan.

2.3 Services Manager. IgDraSol shall appoint one of its employees as its **“Services Manager”** for the Services. The Services Manager shall be responsible for all aspects of the Services hereunder through completion of such Services. Such Services Manager shall coordinate with the person designated by STI for coordination of the Services as its **“STI Contact”** for the performance of the Services. Unless otherwise agreed, all communications between STI and IgDraSol regarding the conduct of the Services pursuant to the Development Plan shall be addressed between such Services Manager and STI Contact.

2.4 Timelines. IgDraSol shall use commercially reasonable efforts to comply with any timelines, schedules or target dates for delivering to STI the Deliverables and completing the Services or any portion thereof as set forth in the Development Plan. If at any time IgDraSol anticipates a delay in meeting such timelines, IgDraSol shall promptly notify STI in writing of such anticipated delay and the estimated duration of such delay, and the Parties shall negotiate in a timely, good faith manner to resolve such anticipated delay.

2.5 Records. IgDraSol shall create and maintain written records of the data and other information generated or recorded in the performance of the Services and all other information related to the performance of the Services in a timely, accurate, complete, and legible manner. IgDraSol shall maintain such records in compliance with the terms and conditions of this Agreement, the Development Plan, and Applicable Laws. IgDraSol shall not destroy any records without STI's prior written consent. During the course of conducting the Services, IgDraSol shall, at STI's request and expense, provide STI with copies of the records. Promptly upon expiration or termination of this Agreement, IgDraSol shall transfer to STI copies of all records requested by STI.

2.6 Subcontracting. IgDraSol shall not subcontract or otherwise delegate any of its obligations under this Agreement without STI's express prior written consent, such consent not to be unreasonably withheld. Upon receipt of such consent, before allowing any such subcontractor to begin performing such task, IgDraSol shall enter into a written agreement with such subcontractor that obligates such subcontractor to be bound by the applicable terms and conditions of this Agreement, in the same manner as such terms and conditions apply to IgDraSol. All such subcontractors shall be retained directly by IgDraSol and no contractual relationship shall be created between STI and subcontractors. STI shall have no obligation to pay any subcontractor, and IgDraSol shall do so using the payment submitted by STI as part of the overall budget set forth in the Development Plan. As between STI and IgDraSol, IgDraSol shall be the Party obligated and responsible for the performance of all Services hereunder, regardless of whether any portion of such Services is delegated pursuant to this Section 2.6.

2.7 Employees. Subject to Section 2.6, IgDraSol shall conduct the Services through its employees and consultants approved in advance by STI. IgDraSol shall ensure that each of its employees and consultants who will have access to any Confidential Information or perform any Services are bound by contractual obligations (either through their employment contract, consultant contract or other written agreement with IgDraSol) that protects STI's rights and interests to at least the same degree as this Agreement.

2.8 Materials. STI shall be responsible for providing IgDraSol with sufficient amounts of the Materials for IgDraSol to perform the Services. Title to the Materials shall remain with STI. IgDraSol shall use the Materials solely to perform the Services under the Development Plan and for no other purpose, and in compliance with STI's instructions and Applicable Laws. IgDraSol shall not sell, transfer, disclose or otherwise provide access to the Materials to any person or entity without the prior written consent of STI. Upon completion of the applicable Services or earlier upon STI's request, IgDraSol shall, according to STI's instructions, return the Materials to STI or destroy the Materials and certify such destruction in writing.

2.9 Reports. Upon completion of all Services under the Development Plan, or at such other times as set forth in the Development Plan, IgDraSol shall provide STI with a written report summarizing all records and Services completed to date, in both electronic and hard copy.

3. INDEPENDENT CONTRACTOR RELATIONSHIP. IgDraSol's relation to STI under this Agreement is that of an independent contractor. Nothing in this Agreement is intended or should be construed to create a partnership, joint venture, or employer-employee relationship between STI and any of IgDraSol's employees or agents. Neither Party is the agent of the other Party and neither Party is authorized, and must not represent to any third party that it is authorized, to make any commitment or otherwise act on behalf of the other Party.

4. COMPENSATION

4.1 Fees. Subject to the terms and conditions of this Agreement, STI shall pay IgDraSol the fees specified in the Development Plan ("**Fees**") as IgDraSol's sole and complete compensation for all Services (including Deliverables, and Intellectual Property rights) provided by IgDraSol under this Agreement. No other fees shall be owed by STI under this Agreement. Such Fees are contemplated to include FTE Payments and Expenses (as defined in Section 4.2 below).

4.2 Reimbursement of FTE Payments and Expenses. STI shall reimburse IgDraSol for its full time employees ("**FTEs**") actually utilized in the provision of Services at the FTE rate set forth in the Development Plan, to the extent within the number of FTEs set forth in the budget in such Development Plan (the "**FTE Payments**") as well as any out-of-pocket costs and expenses previously approved by STI ("**Expenses**").

4.3 Invoice. IgDraSol shall provide STI with written, itemized monthly invoices in accordance with the payment schedule set forth in the Development Plan, with each such invoice specifying the Services performed for which payment is being requested, the FTE Payments (including itemized expenses) and adequate supporting documentation. If at any time IgDraSol anticipates that the Fees under the Development Plan would exceed the budget set forth therein, IgDraSol shall promptly notify STI in writing of such anticipated budget overrun and the amount thereof, and the Parties shall in good faith renegotiate the budget as necessary to meet the goals of the Development Plan.

4.4 Payments. Unless otherwise expressly provided in the Development Plan, payment to IgDraSol of FTE Payments and Expenses shall be paid as follows: . Payments shall be addressed to:

Payment Address: 11100 Warner Avenue, Suite 266
Fountain Valley, California 92708
Attention: Amit Shah
IgDraSol's Tax Identification Number: 45-5358939

4.5 Disputed Amounts. For disputed invoices or the disputed portion of an invoice, STI shall use reasonable efforts to provide to IgDraSol, in writing, within ten (10) business days, a description of the disputed amounts. STI and IgDraSol shall negotiate in a timely, good faith manner to resolve billing queries.

5. AUDITS. IgDraSol shall maintain accurate and complete records and accounts relating to Services provided hereunder, and, in accordance with generally-accepted accounting principles, complete and accurate records of employee time as well as expenses incurred sufficient to document the Fees invoiced to STI for at least three (3) years following the date of the invoice (“**Records and Accounts**”). Upon request by STI provided with reasonable prior notice, IgDraSol shall allow STI or STI’s authorized representatives to visit IgDraSol’s facilities during normal business hours to observe and verify IgDraSol’s compliance with this Agreement, review the Records and Accounts, inspect those facilities of IgDraSol which are being utilized in the Services, and/or to make copies of relevant records. If the audit reveals any overpayment by STI, IgDraSol shall promptly refund IgDraSol such overpaid amount and if the audit reveals any underpayment by STI, STI shall promptly pay IgDraSol such underpaid amount. In addition, if the amount of any such overpayment revealed in an audit exceeds five percent (5%) of the amounts actually due during the period being audited, IgDraSol shall reimburse STI for the costs of any said audit.

6. INTELLECTUAL PROPERTY

6.1 STI Intellectual Property. Subject to the rights granted in Section 2.1, STI shall retain all right, title and interest in and to all Intellectual Property owned or known by STI prior to the Effective Date or made or acquired by STI during the Term.

6.2 IgDraSol Intellectual Property. Subject to the licenses set forth in Section 6.4 and except as otherwise expressly assigned or licensed pursuant to a separate agreement, IgDraSol shall retain all right, title and interest in and to all Intellectual Property owned by IgDraSol prior to the Effective Date or made by IgDraSol during the Term independent of this Agreement.

6.3 Research Intellectual Property.

6.3.1 Ownership. STI shall own all right, title and interest in and to the Deliverables and all intellectual property rights and know-how therein, as well as all Intellectual Property or know-how made or developed solely or jointly by IgDraSol in the course of performing the Services or otherwise under this Agreement (collectively, the “**Research IP**”). STI grants IgDraSol a non-exclusive, royalty-free, non-transferable, perpetual license to use Deliverables solely for internal quality assurance of regulated laboratory operations.

6.3.2 Disclosure and Assignment. IgDraSol shall notify STI in writing of any and all Research IP promptly after its conception, development or reduction to practice. IgDraSol hereby assigns and transfers to STI all of its right, title and interest in and to the Research IP and agrees to take, and to cause its employees, agents, and consultants to take, all further acts reasonably required to evidence such assignment and transfer to STI, at STI’s reasonable expense. STI shall have the sole right and discretion, at its expense, to prepare, file, prosecute and maintain any patent applications and patents claiming the Research IP.

6.4 License Grants to STI. IgDraSol hereby grants to STI a non-exclusive, perpetual, irrevocable, worldwide, royalty-free, fully paid, sub licensable (through multiple tiers) license under all IP owned by IgDraSol incorporated into the Deliverables to exploit the Deliverables.

7. CONFIDENTIALITY

7.1 Confidential Information. All information that is disclosed or provided by one Party to the other Party pursuant to this Agreement shall be “**Confidential Information**” of the disclosing Party. Confidential Information may be disclosed by either Party in oral, written or other tangible form or otherwise learned by the receiving Party under this Agreement, and may include, but not be limited to, the disclosing Party’s research, development, preclinical and clinical programs, data and results; pharmaceutical or biologic candidates and products; inventions, works of authorship, trade secrets, processes, conceptions, formulas, patents, patent applications, and licenses; business, product, marketing, sales, scientific and technical strategies, programs and results, including costs and prices; suppliers, manufacturers, customers, market data, personnel, and consultants; and other confidential or proprietary matters related to the Services. In addition, all Research IP, records and reports delivered under Section 2.9 shall be deemed Confidential Information of STI. Except to the extent expressly authorized by this Agreement or by the disclosing Party in writing, during the Term and for thereafter, each Party shall maintain in strict trust and confidence and shall not disclose to any third party or use for any purpose other than as provided for in this Agreement any Confidential Information of the other Party. IgDraSol may use the Confidential Information of STI only to the extent required to perform the Services and for no other purpose. Neither Party shall use the Confidential Information of the other Party for any purpose or in any manner that would constitute a violation of Applicable Laws.

7.2 Exceptions. The obligations of confidentiality and nonuse set forth in Section 7.1 shall not apply to any specific portion of information that a Party can demonstrate by competent written proof: (a) is in the public domain or comes into the public domain through no fault of the receiving Party; (b) is furnished to the receiving Party by a third party rightfully in possession of such information not subject to a duty of confidentiality with respect thereto, as shown by the receiving Party’s written records contemporaneous with such third party disclosure; (c) is already known by the receiving Party at the time of receiving such Confidential Information and as evidenced by the receiving Party’s prior written records; or (d) is independently developed by the receiving Party’s employee or agent who had no access to the other Party’s Confidential Information, as demonstrated by the receiving Party’s independent written records contemporaneous with such development.

7.3 Authorized Disclosure. Notwithstanding the foregoing in this Section 7, a Party may disclose certain Confidential Information of the other Party to the extent such disclosure is required by Applicable Laws, or pursuant to a valid order of a court or other governmental body having jurisdiction; *provided, however*, that the receiving Party provides the disclosing Party with reasonable prior written notice of such disclosure and reasonable assistance in obtaining a protective order or confidential treatment preventing or limiting the disclosure and/or requiring that such Confidential Information so disclosed be used only for the purposes for which the Applicable Law required, or for which the order was issued.

7.4 Third Party Confidential Information. Neither Party shall disclose to the other Party any confidential or proprietary information that belongs to any third party unless the disclosing Party first obtains the consent of such third party. The disclosing Party shall not represent to receiving Party as being unrestricted any designs, plans, models, samples, or other writings or products that disclosing Party knows are covered by valid patent, copyright, or other form of intellectual property protection belonging to a third party.

7.5 Return of Confidential Information. Upon termination or expiration of the Agreement, or upon written request of disclosing Party, receiving Party shall promptly return or destroy all documents, notes and other tangible materials representing disclosing Party's Confidential Information and all copies thereof; *provided, however*, that receiving Party may retain a single archival copy of such Confidential Information for the sole purpose of facilitating compliance with the surviving provisions of this Agreement.

7.6 Injunctive Relief. The Parties expressly acknowledge and agree that any breach or threatened breach of this Section 7 by one Party may cause immediate and irreparable harm to the other Party that may not be adequately compensated by damages. Each Party therefore agrees that in the event of such breach or threatened breach by receiving Party, and in addition to any remedies available at law, disclosing Party shall have the right to seek equitable and injunctive relief, without bond, in connection with such a breach or threatened breach.

8. REPRESENTATIONS AND WARRANTIES

8.1 Due Authorization. Each Party represents and warrants that (a) it has the full power and authority to enter into this Agreement, (b) this Agreement has been duly authorized, (c) this Agreement is binding upon it, and (d) the execution of and its performance under this Agreement is not inconsistent with any contractual obligation with a third party.

8.2 No Debarred Person. IgDraSol represents and warrants that it will not employ, contract with, or retain any person directly or indirectly to perform the Services under this Agreement if such person is under investigation by the FDA for debarment or is presently debarred by the FDA pursuant to the Generic Drug Enforcement Act of 1992, as amended (21 U.S.C. § 301, *et seq.*). In addition, IgDraSol represents and warrants that it has not engaged in any conduct or activity that could lead to any such debarment actions. If during the Term, IgDraSol or any person employed or retained by it to perform the Services (a) comes under investigation by the FDA for a debarment action, (b) is debarred, or (c) engages in any conduct or activity that could lead to debarment, IgDraSol shall immediately notify STI of same.

8.3 No Infringement. Each Party represents and warrants that to its knowledge, the performance of the Services will not infringe or misappropriate, and the Deliverables or any element thereof will not infringe or misappropriate, any intellectual property right of any third party.

8.4 Warranty Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 8, EACH PARTY HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

8.5 Compliance with Law. Each Party represents and warrants that in its performance of this Agreement, (a) it will comply with all Applicable Laws, including the FCPA and other applicable Anti-Corruption Laws; and (b) it shall take no action that would cause the other Party to be in violation of the FCPA or other applicable Anti-Corruption Laws.

9. INDEMNIFICATION; LIMITATION OF LIABILITY

9.1 By IgDraSol. IgDraSol shall indemnify, defend and hold harmless STI and its affiliates and their respective directors, officers, employees, and agents (the “**STI Indemnitees**”) from and against any and all costs, expenses, liabilities, damages, losses and harm (including reasonable legal expenses and attorneys’ fees) arising out of or resulting from any third party suits, claims, actions, or demands (collectively, “**Claims**”), to the extent resulting from or caused by: (a) the negligence, recklessness or willful misconduct of any IgDraSol Indemnitee; or (b) IgDraSol’s breach of its obligations, warranties, or representations under this Agreement, except in each case to the extent that a Claim arises out of or results from the negligence, recklessness or willful misconduct of any STI Indemnitee or STI’s breach of its obligations, warranties, or representations under this Agreement.

9.2 By STI. STI shall indemnify, defend and hold harmless IgDraSol and its directors, officers, employees, and agents (the “**IgDraSol Indemnitees**”) from and against any and all Claims to the extent resulting from or caused by: (a) the negligence, recklessness or willful misconduct of any STI Indemnitee; (b) STI’s breach of its obligations, warranties or representations under this Agreement; or (c) STI’s use of the Deliverables, except in each case to the extent that a Claim arises out of or results from the negligence, recklessness or willful misconduct of any IgDraSol Indemnitee or IgDraSol’s breach of its obligations, warranties, or representations under this Agreement.

9.3 Indemnification Conditions and Procedures. Each Party’s agreement to indemnify, defend and hold harmless the other Party is conditioned on the indemnified Party: (a) providing written notice to the indemnifying Party of any claim or demand for which is it seeking indemnification hereunder promptly after the indemnified Party has knowledge of such claim; (b) permitting the indemnifying party to assume full responsibility to investigate, prepare for and defend against any such claim or demand, except that the indemnified Party may cooperate in the defense at its expense using its own counsel; (c) assisting the indemnifying Party, at the indemnifying Party’s reasonable expense, in the investigation of, preparing for and defense of any such claim or demand; and (d) not compromising or settling such claim or demand without the indemnifying Party’s prior written consent.

9.4 Limitation of Liability. EXCEPT FOR DAMAGES AVAILABLE FOR BREACHES OF CONFIDENTIALITY OBLIGATIONS UNDER SECTION 7 AND THE INDEMNIFICATION RIGHTS AND OBLIGATIONS UNDER SECTION 9, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR INDIRECT DAMAGES ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

10. TERM AND TERMINATION

10.1 Term. The term of this Agreement (the “**Term**”) shall commence on the Effective Date and, unless earlier terminated in accordance with this Section 10, shall continue for _____ after the Effective Date.

10.2 Termination for Breach. Either Party may terminate this Agreement immediately upon written notice to the other Party if the other Party breaches this Agreement and does not fully cure the breach to the non-breaching Party’s satisfaction within _____ after such Party gives notice of the breach to the other Party.

10.3 Effects of Termination

10.3.1 Survival. Sections 1, 2.8, 3, 6, 7, 9 (solely to the extent the Claims can be attributed to action or omission during the Term), 10 and 11 shall survive any termination or expiration of this Agreement. Termination or expiration of this Agreement shall not affect either Party’s liability for any breach of this Agreement it may have committed before such expiration or termination.

10.3.2 Retention by IgDraSol of Certain STI Property. Upon termination of this Agreement pursuant to Section 10.2, as directed by STI IgDraSol shall (a) return or destroy any materials, if any, (b) return to STI the Confidential Information, as set forth in Sections 2.8 and 7.5, and (c) deliver to STI, or destroy at STI’s request, the Deliverables (in whatever stage of development or completion); provided that IgDraSol shall have the right to any and all right, title and interest to the STI Property developed pursuant to this Agreement that is not necessary or useful with respect to the Product. STI shall provide reasonable cooperation in transferring the relevant STI Property to which IgDraSol has title pursuant to this Section 10.3.2.

11. GENERAL PROVISIONS

11.1 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles that would require the application of the laws of any other jurisdiction. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement.

11.2 Severability. If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement will be unimpaired and the invalid or unenforceable provision will be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

11.3 No Assignment. This Agreement and IgDraSol’s rights and obligations under this Agreement may not be assigned, delegated, or otherwise transferred, in whole or in part, by operation of law or otherwise, by IgDraSol without STI’s express prior written consent. STI may assign this Agreement or any of its rights under this Agreement to any third party without IgDraSol’s consent to any party that acquires all right, title and interest to the Product. In the case of any permitted assignment or transfer of or under this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the successors, executors, heirs, representatives, administrators and assigns of the Parties hereto. Any attempted assignment, delegation, or transfer in violation of the foregoing shall be null and void.

11.4 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if sent via facsimile with confirmation of receipt, when transmitted and receipt is confirmed; (c) if sent by registered, certified or first class mail, the third business day after being sent; and (d) if sent by overnight delivery via a national courier service, one business day after being sent, in each case to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

If to IgDraSol:

IgDraSol, Inc.

11100 Warner Avenue, Suite 266, Fountain Valley, CA 92708

Attn: Chief Executive Officer

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

Snell & Wilmer LLP

600 Anton Blvd., Suite 1400

Costa Mesa, CA 92626

Attention: William Pedranti

If to STI:

Sorrento Therapeutics, Inc.

6042 Cornerstone Ct. W.

San Diego, CA 92121

Attn: Chief Executive Officer

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

Cooley LLP

3175 Hanover Street

Palo Alto, CA 94304

Attention: Glen Y. Sato

11.5 Remedies. The rights and remedies provided to each Party in this Agreement are cumulative and in addition to any other rights and remedies available to such Party at law or in equity.

11.6 Construction. Section headings are included in this Agreement merely for convenience of reference; they are not to be considered part of this Agreement or used in the interpretation of this Agreement. No rule of strict construction will be applied in the interpretation or construction of this Agreement

11.7 Amendment. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of all of the parties hereto.

11.8 Waiver.

(a) No failure on the part of any person or entity to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any person or entity in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(b) No person or entity shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such person or entity; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

11.9 Entire Agreement. This Agreement, including the Exhibit hereunder, is the final, complete, and exclusive agreement of the Parties with respect to the subject matter hereof and supersedes and merges all prior or contemporaneous communications and understandings between the Parties.

11.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute together the same instrument. Each Party may execute this Agreement by facsimile transmission or in Adobe™ Portable Document Format (PDF) sent by electronic mail. In addition, facsimile or PDF signatures of authorized signatories of either Party will be deemed to be original signatures and will be valid and binding, and delivery of a facsimile or PDF signature by either Party will constitute due execution and delivery of this Agreement.

<Signature Page to Follow>

IN WITNESS WHEREOF, the Parties have executed this Services Agreement as of the Effective Date.

SORRENTO THERAPEUTICS, INC.

By: _____

Name: _____

Title: _____

IGDRASOL, INC.

By: _____

Name: _____

Title: _____

Schedule 1

Miscellaneous Equipment, Documentation and Data

The following documentation, data with respect to the product candidate known as “Tocosol” to the extent maintained by Seller:

- (A) Miscellaneous equipment which could be useful for formulation studies with Tocosol
- (B) Database of SAS Materials (in available format).
- (C) The following documentation (whether in paper or electronic form):

Asset Purchase Agreement

Schedule 2

(A) Patents

<u>Title/Owner</u>	<u>Country</u>	<u>Appl. No./ Date Filed</u>	<u>Patent No./ Issue Date</u>
Emulsion vehicle for poorly soluble drugs Sonus Pharmaceuticals, Inc.	U.S.	09003173 01/05/1998	6458373 10/01/2002
Emulsion vehicle for poorly soluble drugs Sonus Pharmaceuticals, Inc.	U.S.	10151079 05/17/2002	6982282 01/03/2006
Emulsion vehicle for poorly soluble drugs Sonus Pharmaceuticals, Inc.	U.S.	10151066 05/17/2002	7030155 04/18/2006

(B) Trademarks

<u>Mark/Owner</u>	<u>Country/Intl Class</u>	<u>Appl. No./ Date Filed</u>	<u>Reg. No./ Reg. Date</u>
TOCOSOL OncoGenex Pharmaceuticals, Inc.	Australia IC5	1142357 10/20/2006	1142357 06/04/2007
TOCOSOL Sonus Pharmaceuticals, Inc.	Community IC5	005419007 10/26/2006	005419007 08/22/2007
TOCOSOL Sonus Pharmaceuticals, Inc.	India IC5	1499034 10/25/2006	697751 03/15/2008
TOCOSOL Sonus Pharmaceuticals, Inc.	Israel IC5	194657 10/22/2006	194657 04/06/2008
TOCOSOL Sonus Pharmaceuticals, Inc.	Japan IC5	2006-100327 10/27/2006	05069784 08/10/2007
TOCOSOL Sonus Pharmaceuticals, Inc.	Mexico IC5	815221 10/26/2006	1013203 11/26/2007
TOCOSOL Sonus Pharmaceuticals, Inc.	Singapore IC5	T06/23131I 10/30/2006	T06/23131I 10/30/2006
TOCOSOL Sonus Pharmaceuticals, Inc.	South Korea IC5	2006-53432 10/23/2006	716904 07/12/2007

Asset Purchase Agreement

<u>Mark/Owner</u>	<u>Country/Intl Class</u>	<u>Appl. No./ Date Filed</u>	<u>Reg. No./ Reg. Date</u>
TOCOSOL Sonus Pharmaceuticals, Inc.	Switzerland IC1	59545/2006 10/23/2006	556.831 03/30/2007
TOCOSOL OncoGenex Pharmaceuticals, Inc.	USA IC5	78/023066 08/25/2000	2824000 03/16/2004

Asset Purchase Agreement

SERVICES AGREEMENT

This Services Agreement (the “**Agreement**”) is entered into as of March 7, 2013 (the “**Effective Date**”) by and between **SORRENTO THERAPEUTICS, INC.**, a Delaware corporation (“**STI**”) having an office at 6042 Cornerstone Court West, Suite B, San Diego, California 92121 (“**STI**”) and **IGDRASOL, INC.**, a Delaware corporation (“**IgDraSol**”) having an office at 11100 Warner Avenue, Suite 266, Fountain Valley, California 92708. STI and IgDraSol may be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

1. DEFINITIONS. As used in this Agreement:

1.1 “Anti-Corruption Law” means all international, national, state and local laws, statutes, rules, and regulations regarding corruption, bribery, ethical business conduct, money laundering, political contributions, gifts and gratuities, or lawful expenses to public officials and private persons, agency relationships, commissions, lobbying, books and records, and financial controls.

1.2 “Applicable Laws” means all international, national, state and local laws, statutes, rules, and regulations that are applicable to a Party’s activities hereunder, including without limitation Good Clinical Practices.

1.3 “Deliverables” means the items to be provided or actually provided by IgDraSol to STI under this Agreement, including items specifically designated or characterized as deliverables in the Development Plan mutually agreed in writing by the Parties.

1.4 “Development Plan” means the development plan and related budget for research and development of the Products and related compounds attached hereto as Exhibit A, as may be amended from time to time pursuant to Section 2.1.

1.5 “FCPA” means the U.S. Foreign Corrupt Practices Act (15 U.S.C. Section 78dd-1, *et seq.*) as may be amended or supplemented from time to time.

1.6 “FDA” means the United States Food and Drug Administration or any successor entity thereto.

1.7 “Good Clinical Practices” or “**GCPs**” means, as applicable, the then-current Good Clinical Practices as such term is defined from time to time by the FDA or other relevant governmental authority having jurisdiction over the development, manufacture or sale of the Products pursuant to its regulations, guidelines or otherwise, as applicable.

1.8 “Intellectual Property” or “**IP**” means ideas, concepts, discoveries, inventions, developments, know-how, trade secrets, techniques, methodologies, modifications, innovations, improvements, writings, documentation, electronic code, data and rights (whether or not protectable under state, federal or foreign patent, trademark, copyright or similar laws) or the like, whether or not written or otherwise fixed in any form or medium, regardless of the media on which contained and whether or not patentable or copyrightable.

1.9 “Materials” means any tangible materials supplied by STI to IgDraSol for use in connection with the Services.

1.10 “Products” means potential compounds from STI’s proprietary antibody library.

1.11 “Records and Accounts” has the meaning set forth in Section 5.

1.12 “Research IP” has the meaning set forth in Section 6.3.

1.13 “Services” means the research and development services to be provided by IgDraSol hereunder, as specifically set forth in the Development Plan.

1.14 “Services Manager” has the meaning set forth in Section 2.3.

1.15 “Specifications” means any protocols, procedures, process parameters, analytical tests and other specifications for the Services and Deliverables included in the Development Plan.

1.16 “STI Contact” has the meaning set forth in Section 2.3.

2. SERVICES

2.1 Development Plan. Effective March 1, 2013, the Parties have agreed to the Development Plan that specifies the Services to be performed and Deliverables to be provided by IgDraSol hereunder, as well as the terms and conditions (including Specifications, delivery and performance schedules, fees and payment schedule) under which IgDraSol will perform such Services. STI hereby consents to IgDraSol’s use of certain Intellectual Property of STI or its licensors, relating to the Products and as specified in the Development Plan, solely as necessary to perform the Services under the Development Plan. In the event of any conflict between this Agreement and the Development Plan, this Agreement shall control. The Development Plan may only be amended by written agreement of both Parties.

2.2 Performance of Services. IgDraSol shall perform the Services in accordance with the terms of this Agreement, the Development Plan, and all Applicable Laws. IgDraSol shall provide, at its own expense, a place of work for its employees performing the Services and all equipment, tools and other materials necessary to complete the Development Plan.

2.3 Services Manager. IgDraSol shall appoint one of its employees as its **“Services Manager”** for the Services. The Services Manager shall be responsible for all aspects of the Services hereunder through completion of such Services. Such Services Manager shall coordinate with the person designated by STI for coordination of the Services as its **“STI Contact”** for the performance of the Services. Unless otherwise agreed, all communications between STI and IgDraSol regarding the conduct of the Services pursuant to the Development Plan shall be addressed between such Services Manager and STI Contact.

2.4 Timelines. IgDraSol shall use commercially reasonable efforts to comply with any timelines, schedules or target dates for delivering to STI the Deliverables and completing the Services or any portion thereof as set forth in the Development Plan. If at any time IgDraSol

anticipates a delay in meeting such timelines, IgDraSol shall promptly notify STI in writing of such anticipated delay and the estimated duration of such delay, and the Parties shall negotiate in a timely, good faith manner to resolve such anticipated delay.

2.5 Records. IgDraSol shall create and maintain written records of the data and other information generated or recorded in the performance of the Services and all other information related to the performance of the Services in a timely, accurate, complete, and legible manner. IgDraSol shall maintain such records in compliance with the terms and conditions of this Agreement, the Development Plan, and Applicable Laws. IgDraSol shall not destroy any records without STI's prior written consent. During the course of conducting the Services, IgDraSol shall, at STI's request and expense, provide STI with copies of the records. Promptly upon expiration or termination of this Agreement, IgDraSol shall transfer to STI copies of all records requested by STI.

2.6 Subcontracting. IgDraSol shall not subcontract or otherwise delegate any of its obligations under this Agreement without STI's express prior written consent, such consent not to be unreasonably withheld. Upon receipt of such consent, before allowing any such subcontractor to begin performing such task, IgDraSol shall enter into a written agreement with such subcontractor that obligates such subcontractor to be bound by the applicable terms and conditions of this Agreement, in the same manner as such terms and conditions apply to IgDraSol. All such subcontractors shall be retained directly by IgDraSol and no contractual relationship shall be created between STI and subcontractors. STI shall have no obligation to pay any subcontractor, and IgDraSol shall do so using the payment submitted by STI as part of the overall budget set forth in the Development Plan. As between STI and IgDraSol, IgDraSol shall be the Party obligated and responsible for the performance of all Services hereunder, regardless of whether any portion of such Services is delegated pursuant to this Section 2.6.

2.7 Employees. Subject to Section 2.6, IgDraSol shall conduct the Services through its employees and consultants approved in advance by STI. IgDraSol shall ensure that each of its employees and consultants who will have access to any Confidential Information or perform any Services are bound by contractual obligations (either through their employment contract, consultant contract or other written agreement with IgDraSol) that protects STI's rights and interests to at least the same degree as this Agreement.

2.8 Materials. STI shall be responsible for providing IgDraSol with sufficient amounts of the Materials for IgDraSol to perform the Services. Title to the Materials shall remain with STI. IgDraSol shall use the Materials solely to perform the Services under the Development Plan and for no other purpose, and in compliance with STI's instructions and Applicable Laws. IgDraSol shall not sell, transfer, disclose or otherwise provide access to the Materials to any person or entity without the prior written consent of STI. Upon completion of the applicable Services or earlier upon STI's request, IgDraSol shall, according to STI's instructions, return the Materials to STI or destroy the Materials and certify such destruction in writing.

2.9 Reports. Upon completion of all Services under the Development Plan, or at such other times as set forth in the Development Plan, IgDraSol shall provide STI with a written report summarizing all records and Services completed to date, in both electronic and hard copy.

3. INDEPENDENT CONTRACTOR RELATIONSHIP. IgDraSol's relation to STI under this Agreement is that of an independent contractor. Nothing in this Agreement is intended or should be construed to create a partnership, joint venture, or employer-employee relationship between STI and any of IgDraSol's employees or agents. Neither Party is the agent of the other Party and neither Party is authorized, and must not represent to any third party that it is authorized, to make any commitment or otherwise act on behalf of the other Party.

4. COMPENSATION. Subject to the terms and conditions of this Agreement, on the Effective Date, STI shall pay IgDraSol the fees specified in the Development Plan ("**Fees**") as IgDraSol's sole and complete compensation for all Services (including Deliverables, and Intellectual Property rights) provided by IgDraSol under this Agreement. No other fees shall be owed by STI under this Agreement. Such Fees are contemplated to include payments for full time employees and out-of-pocket expenses.

5. AUDITS. IgDraSol shall maintain accurate and complete records and accounts relating to Services provided hereunder, and, in accordance with generally-accepted accounting principles, complete and accurate records of employee time as well as expenses incurred sufficient to document the Fees invoiced to STI for at least three (3) years following the date of the invoice ("**Records and Accounts**"). Upon request by STI provided with reasonable prior notice, IgDraSol shall allow STI or STI's authorized representatives to visit IgDraSol's facilities during normal business hours to observe and verify IgDraSol's compliance with this Agreement, review the Records and Accounts, inspect those facilities of IgDraSol which are being utilized in the Services, and/or to make copies of relevant records.

6. INTELLECTUAL PROPERTY

6.1 STI Intellectual Property. Subject to the rights granted in Section 2.1, STI shall retain all right, title and interest in and to all Intellectual Property owned or known by STI prior to the Effective Date or made or acquired by STI during the Term.

6.2 IgDraSol Intellectual Property. Subject to the licenses set forth in Section 6.4 and except as otherwise expressly assigned or licensed pursuant to a separate agreement, IgDraSol shall retain all right, title and interest in and to all Intellectual Property owned by IgDraSol prior to the Effective Date or made by IgDraSol during the Term independent of this Agreement.

6.3 Research Intellectual Property.

6.3.1 Ownership. STI shall own all right, title and interest in and to the Deliverables and all intellectual property rights and know-how therein, as well as all Intellectual Property or know-how made or developed solely or jointly by IgDraSol in the course of performing the Services or otherwise under this Agreement (collectively, the "**Research IP**"). STI grants IgDraSol a non-exclusive, royalty-free, non-transferable, perpetual license to use Deliverables solely for internal quality assurance of regulated laboratory operations.

6.3.2 Disclosure and Assignment. IgDraSol shall notify STI in writing of any and all Research IP promptly after its conception, development or reduction to practice. IgDraSol hereby assigns and transfers to STI all of its right, title and interest in and to the

Research IP and agrees to take, and to cause its employees, agents, and consultants to take, all further acts reasonably required to evidence such assignment and transfer to STI, at STI's reasonable expense. STI shall have the sole right and discretion, at its expense, to prepare, file, prosecute and maintain any patent applications and patents claiming the Research IP.

6.4 License Grants to STI. IgDraSol hereby grants to STI a non-exclusive, perpetual, irrevocable, worldwide, royalty-free, fully paid, sub licensable (through multiple tiers) license under all IP owned by IgDraSol incorporated into the Deliverables to exploit the Deliverables.

7. CONFIDENTIALITY

7.1 Confidential Information. All information that is disclosed or provided by one Party to the other Party pursuant to this Agreement shall be "**Confidential Information**" of the disclosing Party. Confidential Information may be disclosed by either Party in oral, written or other tangible form or otherwise learned by the receiving Party under this Agreement, and may include, but not be limited to, the disclosing Party's research, development, preclinical and clinical programs, data and results; pharmaceutical or biologic candidates and products; inventions, works of authorship, trade secrets, processes, conceptions, formulas, patents, patent applications, and licenses; business, product, marketing, sales, scientific and technical strategies, programs and results, including costs and prices; suppliers, manufacturers, customers, market data, personnel, and consultants; and other confidential or proprietary matters related to the Services. In addition, all Research IP, records and reports delivered under Section 2.9 shall be deemed Confidential Information of STI. Except to the extent expressly authorized by this Agreement or by the disclosing Party in writing, during the Term and for thereafter, each Party shall maintain in strict trust and confidence and shall not disclose to any third party or use for any purpose other than as provided for in this Agreement any Confidential Information of the other Party. IgDraSol may use the Confidential Information of STI only to the extent required to perform the Services and for no other purpose. Neither Party shall use the Confidential Information of the other Party for any purpose or in any manner that would constitute a violation of Applicable Laws.

7.2 Exceptions. The obligations of confidentiality and nonuse set forth in Section 7.1 shall not apply to any specific portion of information that a Party can demonstrate by competent written proof: (a) is in the public domain or comes into the public domain through no fault of the receiving Party; (b) is furnished to the receiving Party by a third party rightfully in possession of such information not subject to a duty of confidentiality with respect thereto, as shown by the receiving Party's written records contemporaneous with such third party disclosure; (c) is already known by the receiving Party at the time of receiving such Confidential Information and as evidenced by the receiving Party's prior written records; or (d) is independently developed by the receiving Party's employee or agent who had no access to the other Party's Confidential Information, as demonstrated by the receiving Party's independent written records contemporaneous with such development.

7.3 Authorized Disclosure. Notwithstanding the foregoing in this Section 7, a Party may disclose certain Confidential Information of the other Party to the extent such disclosure is required by Applicable Laws, or pursuant to a valid order of a court or other governmental body having jurisdiction; *provided, however*, that the receiving Party provides the disclosing Party

with reasonable prior written notice of such disclosure and reasonable assistance in obtaining a protective order or confidential treatment preventing or limiting the disclosure and/or requiring that such Confidential Information so disclosed be used only for the purposes for which the Applicable Law required, or for which the order was issued.

7.4 Third Party Confidential Information. Neither Party shall disclose to the other Party any confidential or proprietary information that belongs to any third party unless the disclosing Party first obtains the consent of such third party. The disclosing Party shall not represent to receiving Party as being unrestricted any designs, plans, models, samples, or other writings or products that disclosing Party knows are covered by valid patent, copyright, or other form of intellectual property protection belonging to a third party.

7.5 Return of Confidential Information. Upon termination or expiration of the Agreement, or upon written request of disclosing Party, receiving Party shall promptly return or destroy all documents, notes and other tangible materials representing disclosing Party's Confidential Information and all copies thereof; *provided, however*, that receiving Party may retain a single archival copy of such Confidential Information for the sole purpose of facilitating compliance with the surviving provisions of this Agreement.

7.6 Injunctive Relief. The Parties expressly acknowledge and agree that any breach or threatened breach of this Section 7 by one Party may cause immediate and irreparable harm to the other Party that may not be adequately compensated by damages. Each Party therefore agrees that in the event of such breach or threatened breach by receiving Party, and in addition to any remedies available at law, disclosing Party shall have the right to seek equitable and injunctive relief, without bond, in connection with such a breach or threatened breach.

8. REPRESENTATIONS AND WARRANTIES

8.1 Due Authorization. Each Party represents and warrants that (a) it has the full power and authority to enter into this Agreement, (b) this Agreement has been duly authorized, (c) this Agreement is binding upon it, and (d) the execution of and its performance under this Agreement is not inconsistent with any contractual obligation with a third party.

8.2 No Debarred Person. IgDraSol represents and warrants that it will not employ, contract with, or retain any person directly or indirectly to perform the Services under this Agreement if such person is under investigation by the FDA for debarment or is presently debarred by the FDA pursuant to the Generic Drug Enforcement Act of 1992, as amended (21 U.S.C. § 301, *et seq.*). In addition, IgDraSol represents and warrants that it has not engaged in any conduct or activity that could lead to any such debarment actions. If during the Term, IgDraSol or any person employed or retained by it to perform the Services (a) comes under investigation by the FDA for a debarment action, (b) is debarred, or (c) engages in any conduct or activity that could lead to debarment, IgDraSol shall immediately notify STI of same.

8.3 No Infringement. Each Party represents and warrants that to its knowledge, the performance of the Services will not infringe or misappropriate, and the Deliverables or any element thereof will not infringe or misappropriate, any intellectual property right of any third party.

8.4 Warranty Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 8, EACH PARTY HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

8.5 Compliance with Law. Each Party represents and warrants that in its performance of this Agreement, (a) it will comply with all Applicable Laws, including the FCPA and other applicable Anti-Corruption Laws; and (b) it shall take no action that would cause the other Party to be in violation of the FCPA or other applicable Anti-Corruption Laws.

9. INDEMNIFICATION; LIMITATION OF LIABILITY

9.1 By IgDraSol. IgDraSol shall indemnify, defend and hold harmless STI and its affiliates and their respective directors, officers, employees, and agents (the “**STI Indemnitees**”) from and against any and all costs, expenses, liabilities, damages, losses and harm (including reasonable legal expenses and attorneys’ fees) arising out of or resulting from any third party suits, claims, actions, or demands (collectively, “**Claims**”), to the extent resulting from or caused by: (a) the negligence, recklessness or willful misconduct of any IgDraSol Indemnitee; or (b) IgDraSol’s breach of its obligations, warranties, or representations under this Agreement, except in each case to the extent that a Claim arises out of or results from the negligence, recklessness or willful misconduct of any STI Indemnitee or STI’s breach of its obligations, warranties, or representations under this Agreement.

9.2 By STI. STI shall indemnify, defend and hold harmless IgDraSol and its directors, officers, employees, and agents (the “**IgDraSol Indemnitees**”) from and against any and all Claims to the extent resulting from or caused by: (a) the negligence, recklessness or willful misconduct of any STI Indemnitee; (b) STI’s breach of its obligations, warranties or representations under this Agreement; or (c) STI’s use of the Deliverables, except in each case to the extent that a Claim arises out of or results from the negligence, recklessness or willful misconduct of any IgDraSol Indemnitee or IgDraSol’s breach of its obligations, warranties, or representations under this Agreement.

9.3 Indemnification Conditions and Procedures. Each Party’s agreement to indemnify, defend and hold harmless the other Party is conditioned on the indemnified Party: (a) providing written notice to the indemnifying Party of any claim or demand for which is it seeking indemnification hereunder promptly after the indemnified Party has knowledge of such claim; (b) permitting the indemnifying party to assume full responsibility to investigate, prepare for and defend against any such claim or demand, except that the indemnified Party may cooperate in the defense at its expense using its own counsel; (c) assisting the indemnifying Party, at the indemnifying Party’s reasonable expense, in the investigation of, preparing for and defense of any such claim or demand; and (d) not compromising or settling such claim or demand without the indemnifying Party’s prior written consent.

9.4 Limitation of Liability. EXCEPT FOR DAMAGES AVAILABLE FOR BREACHES OF CONFIDENTIALITY OBLIGATIONS UNDER SECTION 7 AND THE INDEMNIFICATION RIGHTS AND OBLIGATIONS UNDER SECTION 9, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR INDIRECT DAMAGES ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES.

10. TERM AND TERMINATION

10.1 Term. The term of this Agreement (the “**Term**”) shall commence on the Effective Date and, unless earlier terminated in accordance with this Section 10, shall continue for _____ after the Effective Date.

10.2 Termination for Breach. Either Party may terminate this Agreement immediately upon written notice to the other Party if the other Party breaches this Agreement and does not fully cure the breach to the non-breaching Party’s satisfaction within _____ after such Party gives notice of the breach to the other Party.

10.3 Effects of Termination

10.3.1 Survival. Sections 1, 2.8, 3, 6, 7, 9 (solely to the extent the Claims can be attributed to action or omission during the Term), 10 and 11 shall survive any termination or expiration of this Agreement. Termination or expiration of this Agreement shall not affect either Party’s liability for any breach of this Agreement it may have committed before such expiration or termination.

10.3.2 Retention by IgDraSol of Certain STI Property. Upon termination of this Agreement pursuant to Section 10.2, as directed by STI IgDraSol shall (a) return or destroy any materials, if any, (b) return to STI the Confidential Information, as set forth in Sections 2.8 and 7.5, and (c) deliver to STI, or destroy at STI’s request, the Deliverables (in whatever stage of development or completion); provided that IgDraSol shall have the right to any and all right, title and interest to the STI Property developed pursuant to this Agreement that is not necessary or useful with respect to the Products. STI shall provide reasonable cooperation in transferring the relevant STI Property to which IgDraSol has title pursuant to this Section 10.3.2.

11. GENERAL PROVISIONS

11.1 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to any conflict of laws principles that would require the application of the laws of any other jurisdiction. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement.

11.2 Severability. If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement will be unimpaired and the invalid or unenforceable provision will be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

11.3 No Assignment. This Agreement and IgDraSol’s rights and obligations under this Agreement may not be assigned, delegated, or otherwise transferred, in whole or in part, by operation of law or otherwise, by IgDraSol without STI’s express prior written consent. STI may assign this Agreement or any of its rights under this Agreement to any third party without

IgDraSol's consent to any party that acquires all right, title and interest to the Products. In the case of any permitted assignment or transfer of or under this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the successors, executors, heirs, representatives, administrators and assigns of the Parties hereto. Any attempted assignment, delegation, or transfer in violation of the foregoing shall be null and void.

11.4 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if sent via facsimile with confirmation of receipt, when transmitted and receipt is confirmed; (c) if sent by registered, certified or first class mail, the third business day after being sent; and (d) if sent by overnight delivery via a national courier service, one business day after being sent, in each case to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

If to IgDraSol:

IgDraSol, Inc.
11100 Warner Avenue, Suite 266, Fountain Valley, CA 92708
Attn: Chief Executive Officer

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

Snell & Wilmer LLP
600 Anton Blvd., Suite 1400
Costa Mesa, CA 92626
Attention: William Pedranti

If to STI:

Sorrento Therapeutics, Inc.
6042 Cornerstone Ct. W.
San Diego, CA 92121
Attn: Chief Executive Officer

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

Cooley LLP
3175 Hanover Street
Palo Alto, CA 94304
Attention: Glen Y. Sato

11.5 Remedies. The rights and remedies provided to each Party in this Agreement are cumulative and in addition to any other rights and remedies available to such Party at law or in equity.

11.6 Construction. Section headings are included in this Agreement merely for convenience of reference; they are not to be considered part of this Agreement or used in the interpretation of this Agreement. No rule of strict construction will be applied in the interpretation or construction of this Agreement.

11.7 Amendment. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of all of the parties hereto.

11.8 Waiver.

(a) No failure on the part of any person or entity to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any person or entity in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(b) No person or entity shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such person or entity; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

11.9 Entire Agreement. This Agreement, including the Exhibit hereunder, is the final, complete, and exclusive agreement of the Parties with respect to the subject matter hereof and supersedes and merges all prior or contemporaneous communications and understandings between the Parties.

11.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute together the same instrument. Each Party may execute this Agreement by facsimile transmission or in Adobe™ Portable Document Format (PDF) sent by electronic mail. In addition, facsimile or PDF signatures of authorized signatories of either Party will be deemed to be original signatures and will be valid and binding, and delivery of a facsimile or PDF signature by either Party will constitute due execution and delivery of this Agreement.

<Signature Page to Follow>

IN WITNESS WHEREOF, the Parties have executed this Services Agreement as of the Effective Date.

SORRENTO THERAPEUTICS, INC.

By: /s/ Henry Ji

Name: Henry Ji

Title: President and CEO

IGDRASOL, INC.

By: /s/ Vuong Trieu

Name: Vuong Trieu

Title: CEO

Signature Page to Development Services Agreement

EXHIBIT A
DEVELOPMENT PLAN

STI Contact: Gunnar Kaufmann
Services Manager: Chulho Park

The total Fees for the Services shall be one million dollars. This shall include payments for full time employees as well as all out-of-pocket expenses.

The goal of this agreement is to provide a development path for STI's lead antibody product candidates and to recommend up to two candidates for progression into IND enabling studies.

- 1) Project evaluation/review/prioritization/guidance/troubleshooting.
- 2) Define development path for each program.
- 3)
- 4)
- 5)
- 6)
- 7)

	Mar 1-31	Apr 1-20
R&D Expenses	\$	\$
S,G&A expenses		
Total Expenses	<u>\$</u>	<u>\$</u>

VOTING AGREEMENT

THIS VOTING AGREEMENT (“Voting Agreement”) is entered into as of March 7, 2013, by and among **SORRENTO THERAPEUTICS, INC.**, a Delaware corporation (“Sorrento”), **IGDRASOL, INC.**, a Delaware corporation (the “IgDraSol”) and the stockholder signatories hereto (“Stockholder”).

RECITALS

A. Stockholder is a holder of record and the “beneficial owner” (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) of certain shares of common stock of IgDraSol.

B. Sorrento and IgDraSol are parties to an Option Agreement of even date herewith (the “Option Agreement”), which provides Sorrento the right to acquire an exclusive option to acquire IgDraSol (the “Option”) pursuant to terms of that certain Agreement and Plan of Merger to be entered into among Sorrento, STI Merger Sub Inc., a Delaware corporation (“Merger Sub”), IgDraSol and Vuong Trieu (solely in his capacity as the Stockholders’ Agent) (the “Merger Agreement”). The Merger Agreement provides (subject to the conditions set forth therein), among other things, for the merger of Merger Sub into IgDraSol (the “Merger”).

C. In the Merger, each outstanding share of common stock of IgDraSol (“IgDraSol Common Stock”) is to be converted into the right to receive shares of ordinary shares of Sorrento.

D. Stockholder is entering into this Voting Agreement in order to induce Sorrento to enter into the Option Agreement and, if exercised by Sorrento, to cause the Merger to be consummated pursuant to the Merger Agreement.

AGREEMENT

The parties to this Voting Agreement, intending to be legally bound, agree as follows:

SECTION 1. CERTAIN DEFINITIONS

For purposes of this Voting Agreement:

(a) “Expiration Date” shall mean the earliest of: (i) the date on which the Merger Agreement is terminated pursuant to Section 9 thereof; (ii) immediately following the adjournment of the meeting of the stockholders of IgDraSol at which the Merger Agreement is adopted and approved by the stockholders of IgDraSol; (iii) expiration of the Option Period (as defined in the Option Agreement); or (iv) the date the Option Agreement is terminated pursuant to the terms thereof.

(b) “Own” or to have acquired “Ownership” shall mean with respect to any security, that a Stockholder: (i) is the record owner of such security; or (ii) is the “beneficial owner” (within the meaning of Rule 13d-3 under the Exchange Act) of such security.

(c) “Person” shall mean any individual, private or public corporation (including not-for-profit), general or limited partnership, unlimited or limited liability company, joint venture, estate, trust, association, organization or other entity of any kind or nature, including a government or political subdivision or an agency or instrumentality thereof.

(d) “Subject Securities” shall mean: (i) all securities of IgDraSol (including all shares of IgDraSol Common Stock and all options, restricted stock units, warrants and other rights to acquire or convert into shares of IgDraSol Common Stock) Owned by Stockholder as of the date of this Voting Agreement; and (ii) all additional securities of IgDraSol (including any additional shares of IgDraSol Common Stock and any additional options, restricted stock units, warrants and other rights to acquire or convert into shares of IgDraSol Common Stock) of which Stockholder acquires Ownership during the Voting Period (as defined below), whether such acquisition is a result of purchases or other transfers of IgDraSol Common Stock to Stockholder or by virtue of a stock dividend, stock split, recapitalization, reclassification, subdivision, combination or exchange of shares or by exercise of any rights to acquire or convert into IgDraSol Common Stock.

(e) “Transfer” of a security shall mean that a Person shall directly or indirectly: (i) sell, pledge, encumber, grant an option or other right with respect to, transfer or dispose of such security or any interest in such security to any Person other than Sorrento; (ii) enters into an agreement or commitment contemplating the possible sale of, pledge of, encumbrance of, grant of an option with respect to, transfer of or disposition of such security or any interest therein to any Person other than Sorrento; or (iii) reduces such Person’s beneficial ownership of, interest in or risk relating to such security.

(f) “Voting Period” shall mean the period commencing on the date of this Voting Agreement and ending on the Expiration Date.

SECTION 2. TRANSFER OF SUBJECT SECURITIES AND VOTING RIGHTS

2.1 Restriction on Transfer of Subject Securities. Subject to Section 2.3, during the Voting Period, Stockholder shall not, directly or indirectly, cause or permit any Transfer of any of the Subject Securities to any Person other than IgDraSol to be effected without the prior written consent of Sorrento.

2.2 Restriction on Transfer of Voting Rights. During the Voting Period, Stockholder shall ensure that: (a) none of the Subject Securities is deposited into a voting trust; and (b) no proxy is granted that is inconsistent with this Voting Agreement, and no voting agreement or similar agreement is entered into, with respect to any of the Subject Securities.

2.3 Permitted Transfers. Section 2.1 shall not prohibit a Transfer of Subject Securities by Stockholder if Stockholder is a partnership or limited liability company, to one or more partners or members of Stockholder or to an affiliated corporation under common control with Stockholder; *provided, however*, that a Transfer referred to in this Section 2.3 shall be permitted only if, as a condition to such Transfer, the transferee agrees in a writing, satisfactory in form and substance to IgDraSol and Sorrento, to be bound by all of the terms of this Voting Agreement. Any Transfer or purported Transfer of Subject Securities other than in accordance with Sections 2.1 and 2.3 shall be void *ab initio* and of no effect.

SECTION 3. VOTING OF SHARES

3.1 VOTING COVENANT. Stockholder hereby agrees that, prior to the Expiration Date, at any meeting of the stockholders of IgDraSol, however called, or at any adjournment or postponement thereof and on every action or approval by written consent of the stockholders of IgDraSol, unless otherwise directed in writing by Sorrento, Stockholder shall cause any and all issued and outstanding shares of IgDraSol Common Stock Owned by Stockholder as of the record date with respect to such meeting to be voted:

- (a) in favor of the Merger, the execution and delivery by IgDraSol of the Merger Agreement and the adoption and approval of the Merger Agreement and the terms thereof, in favor of each of the other actions contemplated by the Merger Agreement and in favor of any action in furtherance of any of the foregoing;
- (b) in favor of any proposal to adjourn or postpone the meeting of the stockholders of IgDraSol to a later date if there are not sufficient votes for adoption of the Merger Agreement on the date on which such meeting is held;
- (c) against any action or agreement that would result in a material breach of any representation, warranty, covenant or obligation of IgDraSol in the Merger Agreement; and
- (d) against any action which is (i) intended to impede, interfere with, delay, postpone, discourage or adversely affect the Merger or any of the other transactions contemplated by the Merger Agreement or this Voting Agreement, or (ii) would reasonably be expected, to impede, interfere with, materially delay, materially postpone, discourage or adversely affect in any material way the Merger or any of the other transactions contemplated by the Merger Agreement or this Voting Agreement.

Prior to the Expiration Date, Stockholder shall not enter into any agreement or understanding with any Person to vote or give instructions in any manner inconsistent with clause “(a)”, clause “(b)”, clause “(c)” or clause “(d)” of the preceding sentence.

3.2 PROXY

(a) Contemporaneously with the execution of this Voting Agreement: (i) Stockholder shall deliver to Sorrento a proxy in the form attached to this Voting Agreement as **Exhibit A**, which shall be irrevocable to the fullest extent permitted by law (at all times during the Voting Period) with respect to the shares referred to therein (the “Proxy”); and (ii) if applicable, Stockholder shall cause to be delivered to Sorrento an additional proxy (in the form attached hereto as **Exhibit A**) executed on behalf of the record owner of any outstanding shares of IgDraSol Common Stock that are Owned by Stockholder.

(b) Stockholder shall not enter into any tender, voting or other agreement, or grant a proxy or power of attorney, with respect to the Subject Securities that is inconsistent with this Voting Agreement or otherwise take any other action with respect to the Subject Securities that would in any way restrict, limit or interfere with the performance of Stockholder’s obligations hereunder or the transactions contemplated hereby.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF STOCKHOLDER

Stockholder hereby represents and warrants to Sorrento as follows:

4.1 Authorization, etc. Stockholder has the power, authority and capacity to execute and deliver this Voting Agreement and the Proxy and to perform Stockholder's obligations hereunder and thereunder. This Voting Agreement and the Proxy have been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Voting Agreement by Sorrento, constitute legal, valid and binding obligations of Stockholder, enforceable against Stockholder in accordance with their terms, subject to: (a) laws of general application relating to bankruptcy, insolvency and the relief of debtors; and (b) rules of law governing specific performance, injunctive relief and other equitable remedies.

4.2 No Conflicts or Consents.

(a) The execution and delivery of this Voting Agreement and the Proxy by Stockholder do not, and the performance of this Voting Agreement and the Proxy by Stockholder will not: (i) conflict with or violate any law applicable to Stockholder or by which Stockholder or any of Stockholder's properties is or may be bound or affected; or (ii) result in or constitute (with or without notice or lapse of time) any breach of or default under, or give to any other Person (with or without notice or lapse of time) any right of termination, amendment, acceleration or cancellation of, or result (with or without notice or lapse of time) in the creation of any material lien on any of the Subject Securities.

(b) The execution and delivery of this Voting Agreement and the Proxy by Stockholder do not, and the performance of this Voting Agreement and the Proxy by Stockholder will not, require any consent of any Person.

4.3 Title to Securities. As of the date of this Voting Agreement, subject to any vesting or rights of repurchase by IgDraSol, if any: (a) Stockholder holds of record (free and clear of any liens) the number of outstanding shares of IgDraSol Common Stock set forth under the heading "Shares Held of Record" on the signature page hereof; (b) Stockholder holds (free and clear of any liens) the options, restricted stock units, warrants and other rights to acquire shares of IgDraSol Common Stock set forth under the heading "Options and Other Rights" on the signature page hereof; (c) Stockholder Owns the additional securities of IgDraSol set forth under the heading "Additional Securities Beneficially Owned" on the signature page hereof; and (d) Stockholder does not directly or indirectly Own any shares of capital stock or other securities of IgDraSol, or any option, restricted stock unit, warrant or other right to acquire (by purchase, conversion or otherwise) any shares of capital stock or other securities of IgDraSol, other than the shares and options, restricted stock units, warrants and other rights set forth on the signature page hereof.

4.4 Accuracy of Representations. The representations and warranties contained in this Voting Agreement are accurate in all respects as of the date of this Voting Agreement, and will be accurate in all respects at all times prior to the Expiration Date as if made as of any such time or date.

SECTION 5. MISCELLANEOUS

5.1 Stockholder Information. Stockholder hereby agrees to permit Sorrento and IgDraSol to publish and disclose in the proxy statement and any other public disclosure that Sorrento and IgDraSol mutually determine to be necessary or desirable in connection with the Merger and any other transactions contemplated by the Merger Agreement Stockholder's identity and ownership of shares of IgDraSol Common Stock and the nature of Stockholder's commitments, arrangements and understandings under this Voting Agreement.

5.2 Further Assurances. From time to time and without additional consideration, Stockholder shall execute and deliver, or cause to be executed and delivered, such additional transfers, assignments, endorsements, proxies, consents and other instruments, and shall take such further actions, as Sorrento may reasonably request for the purpose of carrying out and furthering the intent of this Voting Agreement.

5.3 Expenses. All costs and expenses incurred in connection with the transactions contemplated by this Voting Agreement shall be paid by the party incurring such costs and expenses.

5.4 Notices. Any notice or other communication required or permitted to be delivered to any party under this Voting Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if sent via facsimile before 5:00 p.m. (Pacific time) with confirmation of receipt, when transmitted and receipt is confirmed; (c) if sent by registered, certified or first class mail, the third business day after being sent; and (d) if sent by overnight delivery via a national courier service, one business day after being sent, in each case to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

if to Stockholder:

at the address set forth on the signature page hereof; and

if to Sorrento:

Sorrento Therapeutics, Inc.
6042 Cornerstone Court West, Suite B
San Diego, CA 92121

Attn.: Chief Financial Officer
Tel. No.: (858) 210-3700
Fax No.: (858) 210-3759

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

Cooley LLP
3175 Hanover Street
Palo Alto, CA 94304
Attn.: Glen Y. Sato
Fax No.: (650) 849-7400

if to IgDraSol:

IgDraSol, Inc.
1110 Warner Avenue, Suite 266
Fountain Valley, CA 92708
Attn.: President
Fax No.: (714) 445-0127

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

Snell & Wilmer L.L.P
600 Anton Blvd., Suite 1400
Costa Mesa, CA 92626
Attn.: William Pedranti
Fax No.: (714) 427-7799

5.5 Severability. In the event that any provision of this Voting Agreement, or the application of any such provision to any Person or set of circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Voting Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

5.6 Entire Agreement. This Voting Agreement, the Proxy, the Merger Agreement, the Option Agreement and any other agreements referred to herein set forth the entire understanding of the parties hereto relating to the subject matter hereof and thereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof.

5.7 Amendments. This Voting Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of all of the parties hereto.

5.8 Assignment; Binding Effect; No Third Party Rights. Except as provided herein, neither this Voting Agreement nor any of the interests or obligations hereunder may be assigned or delegated by Stockholder, and any attempted or purported assignment or delegation of any of such interests or obligations shall be void. Subject to the preceding sentence, this Voting Agreement shall be binding upon Stockholder and Stockholder's successors and assigns, and shall inure to the benefit of Sorrento and its successors and assigns. Without limiting any of the restrictions set forth in Section 2, Section 3 or elsewhere in this Voting Agreement, this Voting Agreement shall be binding upon any Person to whom any Subject Securities are transferred. Nothing in this Voting Agreement is intended to confer on any Person (other than Sorrento and its successors and assigns) any rights or remedies of any nature.

5.9 Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Voting Agreement or the Proxy were not performed in accordance with its specific terms or were otherwise breached. Stockholder agrees that, in the event of any breach or threatened breach by Stockholder of any covenant or obligation contained in this Voting Agreement or in the Proxy, Sorrento shall be entitled (in addition to any other remedy that may be available to it, including monetary damages) to obtain: (a) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation; and (b) an injunction restraining such breach or threatened breach. Stockholder further agrees that neither Sorrento nor any other Person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 5.9, and Stockholder irrevocably waives any right he or it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

5.10 Attorneys' Fees. If any action or proceeding relating to this Voting Agreement or the enforcement of any provision of this Voting Agreement is brought against any party hereto, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).

5.11 Non-Exclusivity. The rights and remedies of Sorrento under this Voting Agreement are not exclusive of or limited by any other rights or remedies which it may have, whether at law, in equity, by contract or otherwise, all of which shall be cumulative (and not alternative).

5.12 Governing Law; Jurisdiction; Waiver of Jury Trial. This Voting Agreement and the Proxy shall be construed in accordance with, and governed in all respects by, the internal laws of the State of Delaware, (without giving effect to principles of conflicts of laws). Any Legal Proceeding (as defined below) relating to this Agreement or the enforcement of any provision of this Agreement (including a Legal Proceeding based upon intentional or willful misrepresentation or fraud) may be brought or otherwise commenced in any state or federal court located in the State of California. Each party to this Agreement: (i) expressly and irrevocably consents and submits to the jurisdiction of each state and federal court located in the State of California (and each appellate court located in the State of California) in connection with any such Legal Proceeding; (ii) agrees that each state and federal court located in the State of California shall be deemed to be a convenient forum; and (iii) agrees not to assert (by way of motion, as a defense or otherwise), in any such Legal Proceeding commenced in any state or federal court located in the State of California, any claim that such party is not subject personally to the jurisdiction of such court, that such Legal Proceeding has been brought in an inconvenient forum, that the venue of such proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court. For purposes of this section, "Legal Proceeding" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

5.13 Waiver of Jury Trial. Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any Legal Proceeding arising out of or related to this Voting Agreement or the transactions contemplated hereby.

5.14 Counterparts; Exchanges by Facsimile or Electronic Delivery. This Voting Agreement may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. The exchange of a fully executed Voting Agreement (in counterparts or otherwise) by facsimile or electronic delivery shall be sufficient to bind the parties to the terms and conditions of this Voting Agreement.

5.15 Headings. The headings contained in this Voting Agreement are for convenience of reference only, shall not be deemed to be a part of this Voting Agreement and shall not be referred to in connection with the construction or interpretation of this Voting Agreement.

5.16 Waiver. Subject to the remainder of this Section 5.16, at any time prior to the Expiration Date, any party hereto may: (a) extend the time for the performance of any of the obligations or other acts of the other parties to this Voting Agreement; (b) waive any inaccuracy in or breach of any representation, warranty, covenant or obligation of the other party in this Voting Agreement or in any document delivered pursuant to this Voting Agreement; and (c) waive compliance with any covenant, obligation or condition for the benefit of such party contained in this Voting Agreement. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Voting Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Voting Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Person shall be deemed to have waived any claim arising out of this Voting Agreement, or any power, right, privilege or remedy under this Voting Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

5.17 Independence of Obligations. The covenants and obligations of Stockholder set forth in this Voting Agreement shall be construed as independent of any other contract between Stockholder, on the one hand, and IgDraSol or Sorrento, on the other. The existence of any claim or cause of action by Stockholder against IgDraSol or Sorrento shall not constitute a defense to the enforcement of any of such covenants or obligations against Stockholder. Nothing in this Voting Agreement shall limit any of the rights or remedies of Sorrento under the Merger Agreement, or any of the rights or remedies of Sorrento or any of the obligations of Stockholder under any agreement between Stockholder and Sorrento or any certificate or instrument executed by Stockholder in favor of Sorrento; and nothing in the Merger Agreement or in any other such agreement, certificate or instrument, shall limit any of the rights or remedies of Sorrento or any of the obligations of Stockholder under this Voting Agreement.

5.18 Other Capacities. Notwithstanding any provision of this Voting Agreement to the contrary, nothing in this Voting Agreement shall limit or restrict Stockholder from acting in good faith in Stockholder's capacity as a director or officer of IgDraSol (it being understood that this Voting Agreement shall apply to Stockholder solely in Stockholder's capacity as a stockholder of IgDraSol).

5.19 Construction.

(a) For purposes of this Voting Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Voting Agreement.

(c) As used in this Voting Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

(d) Except as otherwise indicated, all references in this Voting Agreement to “Sections” and “Exhibits” are intended to refer to Sections of this Voting Agreement and Exhibits to this Voting Agreement.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Sorrento and Stockholder have caused this Voting Agreement to be executed as of the date first written above.

SORRENTO THERAPEUTICS, INC.

/s/ Henry Ji

By
President and CEO

Title

IGDRASOL, INC.

/s/ Vuong Trieu

By
CEO

Title

Voting Agreement Signature Page

IN WITNESS WHEREOF, Sorrento and Stockholder have caused this Voting Agreement to be executed as of the date first written above.

SORRENTO THERAPEUTICS, INC.

Signature: /s/ Henry Ji

Print Name: Henry Ji

Title: President and CEO

STOCKHOLDER

Signature: /s/ Bassil Dahiyat

Print Name: Bassil Dahiyat

Address: 3848 Canyon Lane
Altadena, CA 91001

Facsimile:

<u>Shares Held of Record</u>	<u>Options and Other Rights</u>	<u>Additional Securities Beneficially Owned</u>
125,000		

Voting Agreement Signature Page

IN WITNESS WHEREOF, Sorrento and Stockholder have caused this Voting Agreement to be executed as of the date first written above.

SORRENTO THERAPEUTICS, INC.

Signature: /s/ Henry Ji

Print Name: Henry Ji

Title: President and CEO

STOCKHOLDER

Signature: /s/ Chao Hsiao

Print Name: Chao Hsiao

Address: 526 S. Orange Ave. #B
Monterey Park, CA 91755

Facsimile:

<u>Shares Held of Record</u>	<u>Options and Other Rights</u>	<u>Additional Securities Beneficially Owned</u>
121,875		

Voting Agreement Signature Page

IN WITNESS WHEREOF, Sorrento and Stockholder have caused this Voting Agreement to be executed as of the date first written above.

SORRENTO THERAPEUTICS, INC.

Signature: /s/ Henry Ji

Print Name: Henry Ji

Title: President and CEO

STOCKHOLDER

Signature: /s/ Kouros Motamed

Print Name: Kouros Motamed

Address: 25 Palatine #433
Irvine, CA 92612

Facsimile:

<u>Shares Held of Record</u>	<u>Options and Other Rights</u>	<u>Additional Securities Beneficially Owned</u>
487,500		

Voting Agreement Signature Page

IN WITNESS WHEREOF, Sorrento and Stockholder have caused this Voting Agreement to be executed as of the date first written above.

SORRENTO THERAPEUTICS, INC.

Signature: /s/ Henry Ji

Print Name: Henry Ji

Title: President and CEO

STOCKHOLDER

Signature: /s/ Vuong Trieu

Print Name: Vuong Trieu

Address: 4003 Jim Bowie
Agoura Hills, CA 91301

Facsimile:

<u>Shares Held of Record</u>	<u>Options and Other Rights</u>	<u>Additional Securities Beneficially Owned</u>
2,925,000	Warrant for 416,666	Convertible Promissory Note for \$250,000

Voting Agreement Signature Page

IN WITNESS WHEREOF, Sorrento and Stockholder have caused this Voting Agreement to be executed as of the date first written above.

SORRENTO THERAPEUTICS, INC.

Signature: /s/ Henry Ji

Print Name: Henry Ji

Title: President and CEO

STOCKHOLDER

Signature: /s/ Larn Hwang

Print Name: Larn Hwang

Address: 131 S. Second Ave. #A
Arcadia, CA 91006

Facsimile:

<u>Shares Held of Record</u>	<u>Options and Other Rights</u>	<u>Additional Securities Beneficially Owned</u>
487,500		

Voting Agreement Signature Page

IN WITNESS WHEREOF, Sorrento and Stockholder have caused this Voting Agreement to be executed as of the date first written above.

SORRENTO THERAPEUTICS, INC.

Signature: /s/ Henry Ji

Print Name: Henry Ji

Title: President and CEO

STOCKHOLDER

Signature: /s/ Jason Dekker

Print Name: Jason Dekker

Address: 1001 S. Meadows Pkwy, Apt. 1532
Reno, NV 89521

Facsimile:

<u>Shares Held of Record</u>	<u>Options and Other Rights</u>	<u>Additional Securities Beneficially Owned</u>
487,500	Warrant for 8,333	Convertible Promissory Note for \$5,000

Voting Agreement Signature Page

EXHIBIT A
FORM OF IRREVOCABLE PROXY

IRREVOCABLE PROXY

The undersigned stockholder (the “Stockholder”) of IgDraSol, Inc., a Delaware corporation (the “IgDraSol”), hereby irrevocably (to the fullest extent permitted by law) appoints and constitutes Sorrento Therapeutics, Inc., a Delaware corporation (“Sorrento”), and Dr. Henry Ji and Richard Vincent, solely in their capacities as executive officers of Sorrento, and each of them, the attorneys and proxies of the Stockholder, with full power of substitution and resubstitution, to the full extent of the Stockholder’s rights with respect to the outstanding shares of capital stock of IgDraSol owned of record by the Stockholder as of the date of this proxy, which shares are specified in this proxy, and all shares of capital stock of IgDraSol that may be owned of record by the Stockholder after the date of this proxy. (The shares of the capital stock of IgDraSol referred to in the immediately preceding sentence are referred to as the “Shares.”) Upon the execution of this proxy, all prior proxies given by the Stockholder with respect to any of the Shares are hereby revoked, and the Stockholder agrees that no subsequent proxies inconsistent with this Proxy will be given with respect to any of the Shares.

This proxy is irrevocable, is coupled with an interest and is granted in connection with, and as security for, the Voting Agreement, dated as of the date hereof, by and among Sorrento, IgDraSol and the Stockholder (the “Voting Agreement”), and is granted in consideration of Sorrento entering into the Agreement and Plan of Merger, dated as of the date hereof, among Sorrento, STI Merger Sub Inc., a Delaware corporation, IgDraSol and Vuong Trieu as the Stockholders’ Agent. This proxy will terminate on the Expiration Date (as defined in the Voting Agreement).

Prior to the Expiration Date, the attorneys and proxies named above will be empowered, and may exercise this proxy, to vote any Shares owned by the undersigned, at any meeting of the stockholders of IgDraSol, however called, or at any adjournment or postponement thereof and on every action or approval by written consent of the stockholders of IgDraSol:

(a) in favor of the Merger, the execution and delivery by IgDraSol of the Merger Agreement and the adoption and approval of the Merger Agreement and the terms thereof, in favor of each of the other actions contemplated by the Merger Agreement and in favor of any action in furtherance of any of the foregoing;

(b) in favor of any proposal to adjourn or postpone the meeting of the stockholders of IgDraSol to a later date if there are not sufficient votes for adoption of the Merger Agreement on the date on which such meeting is held;

(c) against any action or agreement that would result in a material breach of any representation, warranty, covenant or obligation of IgDraSol in the Merger Agreement; and

(d) against any action which is (i) intended to impede, interfere with, delay, postpone, discourage or adversely affect the Merger or any of the other transactions contemplated by the Merger Agreement or this Voting Agreement, or (ii) would reasonably be expected, to impede, interfere with, materially delay, materially postpone, discourage or adversely affect in any material way the Merger or any of the other transactions contemplated by the Merger Agreement or this Voting Agreement.

Proxy

The Stockholder may vote the Shares on all other matters not referred to in this proxy, and the attorneys and proxies named above may not exercise this proxy with respect to such other matters.

This proxy shall be binding upon the heirs, estate, executors, personal representatives, successors and assigns of the Stockholder (including any transferee of any of the Shares).

Any term or provision of this proxy that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions of this proxy or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. Upon such determination that any term or provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this proxy so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Dated: , 2013

STOCKHOLDER

[]

By:

Its:

By:

Its:

Signature: _____

Print Name: _____

Title: _____

Number of shares of common stock of IgDraSol owned of record as of the date of this proxy:

Proxy

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Henry Ji, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sorrento Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2013

By: /s/ Henry Ji, Ph.D.

Henry Ji, Ph.D.

Interim Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Richard Glenn Vincent, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sorrento Therapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2013

By: /s/ Richard Glenn Vincent
Richard Glenn Vincent
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATIONS OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Henry Ji, Principal executive officer of Sorrento Therapeutics, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2013 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2013

By: /s/ Henry Ji, Ph.D.

Henry Ji, Ph.D.
Interim Chief Executive Officer
(Principal Executive Officer)

I, Richard Glenn Vincent, Principal financial and accounting officer of Sorrento Therapeutics, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2013 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2013

By: /s/ Richard Glenn Vincent

Richard Glenn Vincent
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of these certifications has been provided to Sorrento Therapeutics, Inc. and will be retained by Sorrento Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of Sorrento Therapeutics, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.