

Synthetic Biologics, Inc.
Form 424B3
November 14, 2012

Filed Pursuant to Rule 424(b)(3)

Registration Statement No. 333-180562

November 14, 2012

PROSPECTUS SUPPLEMENT NO. 8

SYNTHETIC BIOLOGICS, INC.

112,573 Shares of Common Stock

This prospectus supplement amends and supplements our prospectus, dated July 26, 2012 relating to the resale, from time to time, of up to 112,573 shares of common stock of Synthetic Biologics, Inc. upon the exercise of warrants issued in July 2011 at an exercise price of \$1.00 per share and warrants sold in our July 2010 offering at an exercise price of \$1.32 per share. We will receive proceeds if the warrants are exercised for cash; to the extent we receive such proceeds, they will be used for working capital purposes.

Our common stock became eligible for trading on the NYSE MKT October 16, 2008. Our common stock is eligible for quotation on the NYSE MKT under the symbol "SYN". The closing price of our stock on November 13, 2012 was \$2.20.

This prospectus supplement is being filed to include the information set forth in the Current Report on Form 8-K filed on November 13, 2012, which is set forth below. This prospectus supplement should be read in conjunction with the prospectus dated July 26, 2012, supplement no. 1 dated August 9, 2012, prospectus supplement no. 2 dated August 15, 2012, prospectus supplement no. 3 dated August 15, 2012, prospectus supplement no. 4 dated September 12, 2012, prospectus supplement no. 5 dated October 9, 2012, prospectus supplement no. 6 dated October 17, 2012, and

prospectus supplement no. 7 dated November 1, 2012 which are to be delivered with this prospectus supplement.

Investing in our securities involves a high degree of risk. See “Risk Factors” beginning on page 4 of the original prospectus for more information.

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

The date of this Prospectus Supplement No. 8 is November 14, 2012.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): **November 8, 2012**

Synthetic Biologics, Inc.

(Exact name of registrant as specified in charter)

Nevada

(State or other jurisdiction of incorporation)

01-12584

13-3808303

(Commission File Number) (IRS Employer Identification No.)

617 Detroit Street, Suite 100

Ann Arbor, MI 48104

(Address of principal executive offices and zip code)

(734) 332-7800

(Registrant's telephone number including area code)

N/A

(Former Name and Former Address)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of registrant under any of the following provisions:

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

Item 1.01 Entry into a Material Definitive Agreement.

On November 8, 2012, Synthetic Biologics, Inc. (the “Company”) entered into an Asset Purchase Agreement (the “Agreement”) with Prev ABR LLC (“Prev”), pursuant to which the Company has the right to acquire the *C. diff* program assets of Prev, including pre-Investigational New Drug (IND) package, Phase I and Phase II clinical data, manufacturing process data and all issued and pending U.S. and international patents. Pursuant to the Agreement, the Company paid Prev an initial cash payment of \$100,000 upon execution of the Agreement and subject to closing conditions anticipated to occur within 30 days, the Company will pay an additional payment \$135,000 in cash and 625,000 unregistered shares of the Company’s common stock to Prev. In addition, upon the achievement of the milestones set forth below, Prev may be entitled to receive additional consideration payable 50% in cash and 50% in stock of the Company, subject to Prev’s option to receive the entire payment in shares of the Company’s stock, with the exception of the first milestone payments to be paid in cash: (i) upon commencement of an IND; (ii) upon commencement of a Phase I clinical trial; (iii) upon commencement of a Phase II clinical trial; (iv) upon commencement of a Phase III clinical trial; (v) upon Biologic License Application (BLA) filing in the U.S. and for territories outside of the U.S. (as defined in the Agreement); and, (vi) upon BLA approval in the U.S. and upon approval in territories outside the-U.S. The Agreement and stock issuances are subject to prior approval of the NYSE MKT, LLC. The Agreement is subject to certain due diligence obligations and no royalties are payable to Prev under the Agreement.

The Agreement provides for termination prior to closing: (i) upon the mutual agreement of the parties; (ii) by Prev if the closing has not occurred within thirty (30) days of the execution of the Agreement; provided that such failure to close is not due to the failure of Prev to fulfill its obligations under the Agreement or Prev has not been the cause of such failure, or (iii) by the Company at any time. If the Agreement is terminated by the Company then the Company shall be entitled to receive a refund of half of its initial cash payment, in addition to any fees paid by the Company on behalf of Prev and if such termination is due to the failure of Prev to fulfill its obligations under the Agreement or a breach of a representation or warranty of Prev then the Company shall be entitled to a refund of the entire cash payment in addition to any fees paid by the Company on behalf of Prev.

The Agreement also provides that Prev has a right to the return to it of all assets acquired by the Company under the Agreement if on or prior to the date that is (i) thirty (30) months after the execution of the Agreement, the Company has not initiated toxicology studies in non-rodent models or (ii) thirty six (36) months have not filed an IND under the program related to the assets and such failure is not due to action or inaction of Prev or breach of its representations or warranties or covenants or if there is a change of control as defined in the Agreement and after such change of control the assets are not further developed; provided however that such thirty (30) and thirty six (36) month periods can be extended by the Company for an additional twelve (12) months upon payment of a cash milestone payment.

The foregoing description of the Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Agreement which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

On November 12, 2012, the Company issued the press release attached hereto as Exhibit 99.1 regarding the Agreement described herein.

Important Notice regarding the Agreement

The Agreement has been included as an exhibit to this Current Report on Form 8-K to provide investors and security holders with information regarding its terms. It is not intended to provide any other financial information about the Company. The representations, warranties and covenants contained in the Agreement were made only for purposes of those agreements and as of specific dates; were solely for the benefit of the parties to the Agreement; may be subject to limitations agreed upon by the parties, including being qualified by disclosures made for the purposes of allocating contractual risk between the parties to the Agreement instead of establishing these matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of the Company. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Agreement, which subsequent information may or may not be fully reflected in public disclosures by the Company.

Item 9.01

(d)

Financial Statements and Exhibits.

Exhibits

Exhibit No. Description

10.1 Asset Purchase Agreement between Synthetic Biologics, Inc. and Prev ABR LLC dated November 8, 2012**

99.1 Press Release dated November 12, 2012.

** Confidential treatment has been requested as to certain portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

Dated: November 13, 2012 SYNTHETIC
BIOLOGICS, INC.
(Registrant)

By: /s/ C. Evan Ballantyne
Name: C. Evan Ballantyne
Title: Chief Financial
Officer

INDEX OF EXHIBITS

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10.1 Asset Purchase Agreement between Synthetic Biologics, Inc. and Prev ABR LLC dated November 8, 2012**

99.1 Press Release dated November 12, 2012.

** Confidential treatment has been requested as to certain portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made and entered into as of the 8th day of November, 2012 by and between SYNTHETIC BIOLOGICS, INC, a Nevada corporation having its principal place of business at 617 Detroit Street, Ann Arbor, Michigan 48104 ("Synthetic" or "Buyer"), and PREV ABR LLC, a Maryland limited liability company having its principal place of business at 7272 Wisconsin Avenue, Suite 300, Bethesda, Maryland 20814 ("Seller").

WITNESSETH:

WHEREAS, Seller owns and desires to sell and assign to Buyer certain assets and related intellectual property (collectively, the "Assets") as specifically defined in Section 1.1 of this Agreement and Buyer desires to purchase and acquire such Assets from Seller and, thereafter, to use, market, license, sublicense, develop, maintain, collect and otherwise deal with the Assets without restriction.

NOW, THEREFORE, in consideration of the respective representations and warranties hereinafter set forth and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

As used herein, the following terms shall have the following meanings:

1.1 "Assets" shall mean the Seller's CDAD program including any and all of the following assets of the Seller, including any and all rights and benefits constituting and relating to the Seller's -lactamase technology and all other biomedical or pharmaceutical technologies of the Seller and all -lactamase products detained and/or developed with the aforementioned technologies, including without limitation the lead P1A, P2A and P3A-based products in preclinical and clinical phases (the "Program") and all tangible and intangible intellectual property and know how exclusively related thereto including the following:

1

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(a) all methods and data sets , and all technical documentation pertaining to the Program, including any specifications, flow charts, diagrams, lab results and any and all notes, all inventor notebook pages specific to the Program, plans and other documentation describing problems, future directions or other matters exclusively related to the Program;

(b) (i) all patents, patent rights, copyrights, trademarks, trademark rights, tradenames, tradename rights and patent, copyright or trademark applications exclusively respecting the Program and related intellectual property; (ii) all reissues, reexaminations, extensions, continuations, continuations-in-part, continuing prosecution applications, requests for continuing examinations, divisions and registrations of any item in any of the foregoing categories; (iii) foreign counterparts of any of the foregoing; (iv) all patent and patent applications claiming any right of priority to or through the patent applications of the patents listed on Exhibit B hereto; (v) all rights to apply in all countries of the world for patents certificates of invention, utility models, industrial design protections, design patent protections, or other governmental grants or issuances of any type related to any item in any of the foregoing categories (i) through (v), including, without limitation, under the Paris Convention for the Protection of Industrial Property, the International Patent Cooperation Treaty, or any other convention, treaty, agreement, or understanding; (vi) all invention, invention disclosures and discoveries described in any of the patents listed on Exhibit B hereto that are included in any claim in such patents, and/or are subject matter capable of being reduced to a patent claim in a reissue or reexamination proceeding brought on any of the patents; (vii) all causes of action (whether known or unknown, or whether currently pending, filed or otherwise) and other enforcement rights under, or on account of, any of the patents and/or rights (as described on Exhibit B); (viii) all rights to collect royalties and other payments under or on account of the patents or any item in any categories (i) through (vii); (ix) all ideas, know-how, trade secrets, inventions, invention disclosures, discoveries, technology, designs and any other proprietary rights which Seller owns, in each case with respect to any of the above, pertaining exclusively to the Program (collectively, "Proprietary Rights"); and (x) a list of upcoming filings, all US Patent and Trademark Office and other patentability assessments;

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- (c) all cGMP and non-cGMP material and master cell banks of P1A, P2A and P3A and all other tangible assets related thereto;
- (d) any and all U.S. and international investigational new drug applications (IND) and pre-INDs of Seller;
- (e) information and know-how related to research, development, manufacture and/or business (commercial/marketing), used or held for use in connection with the Program;
- (f) any and all health and regulatory registrations, approvals and/or applications and related documentation for the Program;
- (g) any and all drugs, formulations and user devices, applications, and safety data;
- (h) all other information, documentation and goodwill relating to the Program;
- (i) all regulatory files (paper and electronic) or so-called regulatory files and records of communications and filings with any and all regulatory authorities in both paper and electronic form; and
- (j) the Assets shall be maintained by the Seller's office and warehouse located at Wisconsin Avenue, Bethesda, MD and working and master cell banks, cGMP and non-cGMP drug substance and drug product wherever located pending the Closing or until earlier relocated by operation of this Agreement. The Seller shall cooperate with and allow the Buyer to remove the Assets during normal business hours during such period.

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1.2 “Buyer” shall refer to Synthetic Biologics, Inc., however Synthetic Biologics, Inc shall have the right, in its sole discretion, to determine that the Assets shall be acquired by one of its wholly owned subsidiaries and in such case Buyer shall refer to such wholly owned subsidiary.

ARTICLE II

SALE AND PURCHASE OF ASSETS

2.1 Sale and Purchase. Subject to the terms and conditions contained herein, Seller hereby sells, transfers, assigns, conveys and delivers to Buyer, and Buyer hereby purchases and accepts from Seller, all of Seller's right, title and interest in and to the Assets, free and clear of any liens, pledges, security interests, claims or encumbrances of any kind, other than liens for taxes not yet due and payable. Upon the Closing, Buyer shall have the sole responsibility and authority to prosecute any pending patent application included in the Assets or related thereto.

2.2 Limitation on Assumption. Except for the Assumed Liabilities (as defined in Section 2.3 below), Buyer shall not assume, pay or discharge or in any respect be liable for any liability, obligation, commitment or expense of Seller arising in connection with the Assets or otherwise. The liabilities for which Buyer shall not be liable include, without limitation, any liability (actual or contingent), loss, commitment, obligation or expense of Seller:

(a) incident to, or arising out of, the negotiation and preparation of, or performance under this Agreement by Seller, including, without limitation, costs incurred in connection with the assignment of the Assets;

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(b) incident to, or arising out of, any claims, actions, suits, proceedings, liabilities, fines, penalties, deficiencies or judgments existing on the date hereof or arising at any time thereafter as a result of or in connection with the conduct of the business of Seller, including, without limitation, the ownership or use of the Assets by Seller and Seller's conduct of its business up to and including the Closing Date;

(c) incident to, or arising out of, any tax liabilities (or penalties or interest thereon), domestic or foreign (including any which may arise as a result of the sale of the Assets as contemplated by this Agreement), of Seller on account of this Agreement or the operations of Seller up to and including the Closing Date; or

(d) incident to or arising out of any liability incurred prior to the date hereof with respect to the patents listed on Exhibit B hereto, including annuity, maintenance, extension, legal and other similar fees.

2.3 Assumption of Liabilities; Limitation on Seller's Liability. Buyer (or Synthetic and Buyer jointly and severally, if Buyer is a wholly owned subsidiary of Synthetic) shall assume, be responsible for and pay, perform and discharge when due all liabilities, obligations, commitments or expenses arising after the Closing from the ownership, possession and/or use of the Assets by Buyer, its affiliates, successors or assigns (collectively, the "Assumed Liabilities"). In addition, Buyer (or Synthetic and Buyer jointly and severally, if Buyer is a wholly owned subsidiary of Synthetic) shall assume, be responsible for and pay, perform and discharge when due the following liabilities, obligations, commitments or expenses arising after the execution of this Agreement and prior to the Closing; provided, however that neither the Buyer nor any affiliate, parent or subsidiary thereof shall have no such obligation if this Agreement is terminated prior to Closing:

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(a) incident to, or arising out of, any claims, actions, suits, proceedings, liabilities, fines, penalties, deficiencies or judgments as a result of Buyer's conduct of its business or Buyer's ownership and use of the Assets after the execution of this Agreement;

(b) incident to, or arising out of, any tax liabilities (or penalties or interest thereon), domestic or foreign, of Buyer or the operations of Buyer or Buyer's ownership and use of the Assets after the Closing, specifically excluding any tax liabilities associated with the transactions contemplated by this Agreement; or

(c) incident to or arising out of any liability incurred after the date hereof with respect to the patents listed on Exhibit B hereto, including annuity, maintenance, extension, legal and other similar fees with respect to the filings in the jurisdictions set forth on Exhibit B.

To the extent Buyer is (or Synthetic and Buyer are, if Buyer is a wholly owned subsidiary of Synthetic) responsible for any such costs or expenses pursuant to this Section 2.3 and the expenses are advanced by the Seller between execution of this Agreement and Closing, at the Closing, Buyer (or Synthetic and Buyer, if Buyer is a wholly owned subsidiary of Synthetic) and shall reimburse Seller for such costs and expenses, with such reimbursement being a condition to Seller's obligation to close. If Buyer does not close the transaction contemplated herein or the transaction is terminated, neither Buyer nor any affiliate, parent or subsidiary thereof shall have any obligation to Seller under this Section 2.3 and its only obligation to Seller shall be under Article XII of this Agreement.

2.4 Consideration. The consideration payable by Buyer (or Synthetic and Buyer, if Buyer is a wholly owned subsidiary of Synthetic) for the Assets to be sold to Buyer as provided herein shall be as follows:

(a) A cash payment payable by wire transfer of immediately available funds to an account designated by Seller in writing in the amount of Two Hundred Thirty Five Thousand Dollars (\$235,000) payable as follows: (i) One Hundred Thousand Dollars (\$100,000) payable on the date of the execution of this Agreement; and (ii) One Hundred Thirty Five Thousand Dollars (\$135,000) payable on the Closing Date.

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(b) On the Closing Date, Six Hundred Twenty Five Thousand (625,000) shares of Synthetic's common stock (the "Shares"), of which Two Hundred Fifty Thousand (250,000) Shares shall be issued to Seller and Three Hundred Seventy Five Thousand (375,000) shares shall be held in escrow by Gracin & Marlow, LLP, as escrow agent, for a period of 180 days in accordance with the terms of the Escrow Agreement annexed hereto as Exhibit C (the "Escrow Agreement"); and

(c) The fees set forth on Exhibit D annexed hereto upon the attainment of the milestones set forth on Exhibit D. Buyer and Seller shall promptly make such payments upon reaching such milestones.

2.5 Allocation of the Purchase Price. For tax purposes, the parties agree that all of the consideration for the Assets shall be allocated to the purchase of the Program and the other Assets in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (and any similar provision of domestic or foreign law, as appropriate) as set forth on Exhibit E.

ARTICLE III

CLOSING; CONDITIONS TO CLOSING; DELIVERIES

3.1 Closing. The closing of this transaction (the "Closing") shall be held on the date which is five days after all conditions to Closing set forth in Section 3.2 have been met, unless this Agreement has been earlier terminated in accordance with the provisions of Article XI (the "Closing Date") at such time and place upon which the parties shall agree.

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3.2 Conditions to Buyer's Obligation. Buyer's obligation hereunder to purchase and pay for the Assets is subject to the satisfaction, on or before the Closing, of the following conditions, any of which may be waived, in whole or in part, by Buyer in its sole discretion:

(a) Representations and Warranties Correct; Performance. The representations and warranties of Seller contained in this Agreement (including the Exhibits hereto) shall be true, complete and accurate in all material respects (except that such representations and warranties which are qualified as to materiality shall be accurate and complete in all respects) as of the date hereof and the Closing Date, and Seller shall have delivered to Buyer a certificate, dated as of the date hereof and the Closing Date, to such effect signed by its President. Seller shall have duly and properly performed, complied with and observed in all material respects each of its covenants, agreements and obligations contained in this Agreement to be performed, complied with and observed on or before the Closing Date, and Seller shall have delivered to Buyer a certificate, dated the Closing Date, to such effect signed by its Managing Member.

(b) Purchase Permitted by Applicable Laws. The purchase of and payment for the Assets to be purchased by Buyer hereunder shall not be prohibited by any applicable law or governmental regulation.

(c) Proceedings; Receipt of Documents. All corporate and other proceedings taken or required to be taken by Seller in connection with the transactions contemplated hereby and all documents incident thereto shall have been taken and shall be reasonably satisfactory in form and substance to Buyer, and Buyer shall have received all such information and such counterpart originals or certified or other copies of such documents as Buyer may reasonably request.

(d) Delivery of Documents. Seller shall have delivered, or caused to be delivered, to Buyer the following:

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(i) on the date hereof and the Closing Date, a certificate of the Managing Member of Seller, certifying resolutions of the Managing Member of Seller authorizing the transactions contemplated herein and the incumbency of the Managing Member of Seller executing any document or instrument delivered in connection with such transactions;

(ii) on the date hereof and the Closing Date, a limited liability company good standing certificate of Seller from the jurisdiction in which Seller is organized dated as of a recent date;

(iii) on the Closing Date documentation evidencing the assignment of all patents from the inventors of the Program to Seller and the related filing with the US Patent and Trademark Office and all files and documents reasonably necessary to establish Seller's ownership of the Assets;

(iv) on the Closing Date documentation evidencing the payment of all patent prosecution fees owed on such date and all annuity, maintenance, extension and the like fees on the patents that comprise the Assets through the date of Closing;

(v) on the Closing Date a duly executed Assignment and Bill of Sale with respect to the Assets, in substantially the form of Exhibit F annexed hereto and with respect to all of the Patents listed on Exhibit B hereto an executed and notarized Patent Assignment in the form of Exhibit H annexed hereto for filing by the Buyer with the United States Patent and Trademark Office;

(vi) on the Closing Date, evidence of ownership of the Patents listed on Exhibit B;

(vii) on the Closing Date a duly executed copy of the Escrow Agreement;

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(viii) on the Closing Date transfer of possession of any tangible property related to the Program which is in Seller's possession or readily available to Seller; and

(ix) all other consents, agreements, schedules, documents and exhibits required by this Agreement to be delivered by Seller at or before the Closing.

(e) No Adverse Decision. There shall be no action, suit, investigation or proceeding pending or threatened by or before any court, arbitrator or administrative or governmental body which seeks to restrain, enjoin, prevent the consummation of or otherwise affect the transactions contemplated by this Agreement or questions the validity or legality of any such transactions or seeks to recover damages or to obtain other relief in connection with any such transactions.

(f) Approvals and Consents. Seller shall have duly obtained all authorizations, consents, rulings, approvals, licenses, franchises, permits and certificates, or exemptions therefrom, by or of all governmental authorities and non-governmental administrative or regulatory agencies having jurisdiction over the parties hereto, this Agreement, the Assets or the transactions contemplated hereby, including, without limitation, all third parties pursuant to existing agreements or instruments by which Seller may be bound, which are required for the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, at no material cost or other material adverse consequence to Buyer, and all thereof shall be in full force and effect at the time of Closing.

(g) Employees and Consultants. Seller shall have delivered to Buyer agreements signed by each of its employees, if any, and consultants involved in any manner with development efforts related to the Program (i) waiving any and all rights to, and conveying to Seller, any and all right, title and interest in, all proprietary products, patents, copyrights, trademarks (or applications in respect of any thereof) and any and all other intellectual property comprising any part of the Assets or developed or conceived by such employee or consultant while so employed; and (ii) agreeing that each such employee or consultant will not disclose any confidential information and documents related to the Assets in perpetuity, except as may be permitted under such agreements for exclusions typically taken for information already released to the public and other similar exclusions.

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(h) Due Diligence. Buyer shall have completed the due diligence on the Assets and the Seller, the completion of and the satisfactoriness of the scientific and financial due diligence in the sole discretion of the Buyer.

(i) Audit. If Buyer shall deem it necessary, Seller shall have permitted a PCAOB registered independent accounting firm retained by Buyer, at Buyer's expense, to review the books and records of Seller and such firm shall have either completed an audit of Buyer's books and records or concluded that Buyer's books and records are auditable.

3.3 Conditions to the Obligation of Seller. The obligation of Seller to consummate the transactions contemplated hereby is subject to the fulfillment of the following conditions on or prior to the Closing Date, any of which may be waived, in whole or in part, by Seller in its sole discretion:

(a) Representations and Warranties Correct; Performance. The representations and warranties of Buyer in this Agreement shall be true, complete and accurate in all material respects (except that such representations and warranties which are qualified as to materiality shall be accurate and complete in all respects) when made and on and as of the date hereof and the Closing Date and Buyer shall have delivered to Seller a certificate, dated the date hereof and the Closing Date, certifying to such matters and signed by its President. Buyer shall have duly and properly performed, complied with and observed in all material respects each of its covenants, agreements and obligations contained in this Agreement to be performed, complied with and observed on or before the Closing Date. Buyer shall have delivered to Seller a certificate, dated the Closing Date, certifying to such matters and signed by its President.

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(b) Purchase Permitted by Applicable Laws. The purchase of and payment for the Assets shall not be prohibited by any applicable law or governmental regulation.

(c) No Adverse Decision. There shall be no action, suit, investigation or proceeding pending or threatened by or before any court, arbitrator or administrative or governmental body which seeks to restrain, enjoin or prevent the consummation of or otherwise affect the transactions contemplated by this Agreement or questions the validity or legality of any such transactions or seeks to recover damages or to obtain other relief in connection with any such transactions.

(d) Delivery of Documents. Buyer shall have delivered, or caused to be delivered, to Seller the following:

(i) on the date hereof and the Closing Date, a certificate of an appropriate officer of Buyer (or a certificate of both Synthetic and Buyer, if Buyer is a wholly owned subsidiary of Synthetic), certifying resolutions of the Board of Directors of Buyer authorizing the transactions contemplated herein and the incumbency of officers of Buyer executing any document or instrument delivered in connection with such transactions;

(ii) on the date hereof evidence that Buyer has been duly incorporated in Nevada and on the Closing Date, a corporate good standing certificate of Buyer from the jurisdiction in which Buyer is incorporated dated as of a recent date;

(iii) the cash consideration set forth in Section 2.4(a) on the dates specified therein;

(iv) on the Closing Date, certificates evidencing the Shares, of which Three Hundred Seventy Five Thousand (375,000) shall be delivered to the escrow agent in accordance with the terms of the Escrow Agreement;

(v) on the Closing Date a duly executed copy of the Escrow Agreement;

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- (vi) on the Closing Date documentation evidencing approval of the NYSE MKT, LLC of the issuance of the Shares;
- (vii) on the Closing Date payment of any audit fees incurred by Buyer from a PCAOB registered and certified accounting firm retained by Buyer in connection with this transaction;
- (viii) all other consents, agreements, schedules, documents and exhibits required by this Agreement to be delivered by Buyer at or before the Closing; and
- (ix) reimbursement of costs and expenses for which Buyer (or Buyer and Synthetic, if Buyer is a wholly owned subsidiary of Synthetic) are responsible under Section 2.3.

ARTICLE IV

SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to, and agrees with, Buyer as follows as of the date hereof:

4.1 Organization and Good Standing. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland.

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4.2 Limited Liability Company Authority. Seller has full authority to execute and to perform this Agreement in accordance with its terms; the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby does not and will not result in a breach, violation or default or give rise to an event which, with the giving of notice or after the passage of time, or both, would result in a breach, violation or default of (i) any of the terms or provisions of Seller's Articles of Organization or Operating Agreement; or (ii) of any indenture, agreement, judgment, decree or other instrument or restriction to which Seller is a party or by which Seller or any of the Assets may be bound or affected, except in the case of clause (ii) where such breach, violation or default would not have a material adverse effect on the assets or the Program ("Material Adverse Effect"); the execution and delivery of this Agreement has been and, as of the Closing Date, the consummation of the transactions contemplated hereby will have been, duly authorized by all requisite limited liability company action on the part of Seller and, as of the date hereof, no further authorization or approval, whether of the stockholders or directors of Seller or governmental bodies or otherwise will be necessary in order to enable Seller to enter into and perform the same; and, assuming the due authorization, execution and delivery of this Agreement by Buyer, this Agreement constitutes a valid and binding obligation of Seller enforceable against Seller in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing) regardless of whether considered in a proceeding in equity or at law.

4.3 Title to Assets.

(a) Seller has good and marketable title to all of the Assets, including, without limitation, the Program and the Proprietary Rights;

(b) None of such Assets, or the use thereof is subject to any easements or restrictions or to any mortgages, liens, pledges, charges, security interests, encumbrances or encroachments, or to any rights of others of any kind of nature whatsoever. There are no agreements or arrangements between Seller and any third person which have any effect upon Seller's title to or other rights respecting the Assets;

(c) Seller has made available to Buyer all files owned or controlled by Seller relating to the ownership, prosecution or issuance of the Proprietary Rights being assigned other than those files retained by its patent and/or trademark counsel, in which case Seller has made its counsel available to Buyer; and

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(d) Seller is unaware of any divisional, continuation, continuation in part, reissue or re-examination applications, or any patents issued therefrom, that rely on the patents set forth on Exhibit B hereto.

4.4 Intellectual Property.

(a) Seller owns all right, title and interest by assignment and possesses a valid and enforceable right to use, all of the Proprietary Rights used in the Program, and no claim to the contrary by any other person to the rights of Seller with respect to the foregoing is pending or, to Seller's knowledge, threatened and Seller does not have any reason to believe that Seller will not be able to properly record the assignment of the patents and patent applications that are included in the Assets with the appropriate U.S. and international patent offices in the name of Buyer at Closing.

(b) There is no unauthorized use, disclosure, infringement or misappropriation of Seller's Proprietary Rights by any third party, other than any such unauthorized use, disclosure, infringement or misappropriation that would not have a Material Adverse Effect.

(c) Exhibit B attached hereto lists all patents and patent applications and all registered trademarks, service marks and copyrights included as part of the Assets ("Registered Proprietary Rights"). Except as set forth on Exhibit B, Seller owns exclusively all such Registered Proprietary Rights.

(d) Seller has no present or known future obligation or requirement to compensate any person with respect to the Assets, whether by the payment of royalties or not, or whether by reason of the ownership, use, license, lease, sale or any commercial use or any disposition whatsoever of the Program or the Proprietary Rights;

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(e) None of the present or former employees of Seller own directly or indirectly, or has any other right or interest in, in whole or in part, the Program, or the Proprietary Rights;

(f) Seller has not granted any rights or interest in the Assets to any third party;

(g) All issued patents listed on Exhibit B hereto are subsisting and in full force and effect. Neither the execution of this Agreement nor the assignment of the patents and patent rights listed on Exhibit B hereto will result in any loss or impairment of the right, title and interest in and to such patents. None of the patents listed on Exhibit B hereto is currently involved in any reexamination reissue, interference, opposition or similar proceeding, and no such proceedings are pending or threatened;

(h) All licenses necessary for the present conduct of Seller's business related to the Program and its making, using, licensing and selling of the Program and products related thereto have been obtained and are listed in Exhibit B hereto; and

(i) To the best knowledge of Seller, the pending patent applications listed in Exhibit B are currently pending at the United States Patent and Trademark Office and International PTO and all required filings relating thereto have been made.

4.5 Compliance With Law. Seller is not in violation in any material respect of any laws, governmental orders, rules or regulations to which the Assets or Seller's business related to the Assets are subject.

4.6 Agreements. There are no material contracts, instruments, commitments or agreements relating to the Assets, whether oral or written, including any license or sublicense agreements, presently in effect to which Seller is a party or to which Seller or any of its properties is subject, including, without limitation, the following:

(a) any plan or contract or arrangement, oral or written, relating to the Assets providing for employment or consulting services, bonuses, royalties, commissions, pensions, stock purchase or stock option or other stock rights, deferred compensation, retirement or severance payments, profit sharing, or the like;

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(b) any instrument or arrangement relating to the Assets evidencing or relating in any way to (i) indebtedness for borrowed money by way of direct loan, purchase money obligation, conditional sale, lease purchase arrangement, guarantee or otherwise; (ii) liens, encumbrances or security interests (other than liens for taxes not yet due and payable); (iii) guaranties or indemnification; or (iv) investments in any person;

(c) any contract relating to the Assets containing provisions limiting the freedom of Seller to engage in any business or compete in any line of business or in any geographic area or with any person;

(d) any license, sublicense, lease or sublease agreement relating to the Assets, whether as licensor, sublicensor, licensee, sublicensee, lessor, sublessor, lessee, sublessee or otherwise, or any agreements relating to the Assets with dealers, vendors, customers, suppliers, sales representatives, any governmental entity, fund or university, or any agents, marketing representatives, brokers or distributors; or

(e) any joint venture contract or arrangement or other agreement relating to the Assets involving a sharing of profits or expenses, or any joint or other technology development, cooperation or exchange contract or arrangement.

4.7 Litigation. There are no actions, suits, proceedings or investigations (including any purportedly on behalf of Seller) relating to the Assets pending or, to the knowledge of Seller, threatened against or affecting the Assets or Seller's business related to the Assets whether at law or in equity or admiralty or before or by any governmental department, commission, board, agency, court or instrumentality, domestic or foreign; including any patent enforcement actions or any other intellectual property prosecution actions.

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4.8 Liabilities. As of the Closing Date, there will be no outstanding liabilities with respect to the Assets, other than liens for taxes not yet due and payable, and all intellectual property prosecution fees owed through the date hereof, if any have been paid in full. As of the Closing Date, all filing, maintenance and annuity, extensions and like fees required to be paid or accrued as of the date hereto with respect to all of the issued patents listed on Exhibit B hereto will have been paid by Seller (for the avoidance of doubt, such timely payment includes payment of any maintenance fees for which the fee is payable even if the surcharge date or final deadline for such fee would be in the future). With respect to the jurisdictions set forth on Exhibit B, the anticipated filing, maintenance and annuity, extensions and like fees required that will be required to be paid with respect to all of the issued patents listed on Exhibit B hereto within the next thirty (30) days is accurate.

4.9 Brokers. There has been no broker or finder involved in any manner in the negotiations leading up to the execution of this Agreement or the consummation of any transactions contemplated hereby and Seller agrees to indemnify Buyer against and hold Buyer harmless from any claim made by any party for a broker's or finder's fee or other similar payment based upon any agreements, arrangements or understanding made by Seller.

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4.10 Accredited Investor. The Seller is acquiring the Shares for its own account for investment only and not with a view towards the public sale or distribution thereof and not with a view to or for sale in connection with any distribution thereof. The Seller was not formed for the purpose of investing in the Shares. Each member of the Seller is (i) an “accredited investor” as that term is defined in Rule 501 of the General Rules and Regulations under the Securities Act by reason of Rule 501(a)(3); (ii) experienced in making investments of the kind described in this Agreement and the related documents; (iii) able, by reason of the business and financial experience of its officers and professional advisors (who are not affiliated with or compensated in any way by the Buyer or any of its affiliates or selling agents), to protect its own interests in connection with the transactions described in this Agreement, and the related documents, and (iv) able to afford the entire loss of its investment in the Shares. The Seller understands that the Shares are being offered and issued to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Buyer is relying upon the truth and accuracy of, and the Seller’s compliance with, the representations, warranties, agreements, acknowledgements and understandings of the Seller set forth herein in order to determine the availability of such exemptions and the eligibility of the Seller to acquire the Shares;

4.11 SEC Filings. The Seller and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Buyer and materials relating to the offer and sale of the Shares which have been requested by the Seller. The Seller and its advisors, if any, have been afforded the opportunity to ask questions of the Buyer and have received complete and satisfactory answers to any such inquiries. Without limiting the generality of the foregoing, the Seller has also had the opportunity to obtain and to review the Buyer’s Annual Report on Form 10-K/A for the year ended December 31, 2011, its Quarterly Report on Form 10-Q for each of the quarters ended March 31, 2012 and June 30, 2012 filed with the Securities and Exchange Commission (the “SEC Documents”). Neither the Buyer nor any other person on its behalf has made any representations to the Seller except as contained in the Buyer’s SEC Documents or in this Agreement and in making the decision to purchase the Shares, the Seller has not relied on any representation or information other than those which Seller has independently investigated and verified.

4.12 Risks. The Seller understands that its investment in the Shares involves a high degree of risk and that Seller can bear the economic risk of the purchase of the Shares, including total loss of his investment. Seller has adequate means of providing for current needs and has no need for liquidity in the investment. Reference is made to the factors discussed in the “Risk Factor” section of Buyer’s SEC documents.

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4.13 Grants. The Seller has no knowledge that any pending NIH grants or any other grants that it has shall be terminated or are subject to termination or non-fulfillment either prior to or as a result of this Agreement. Seller shall provide all reasonable cooperation to assist Buyer in finalizing any NIH pending grants associated with the Program.

4.14 Exclusive Representations and Warranties. Other than the representations and warranties set forth in this Agreement (including the Exhibits hereto), Seller is not making any other representation or warranty, express or implied, with respect to the Assets or the Program.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer (or Synthetic and Buyer jointly and severally, if Buyer is a wholly owned subsidiary of Synthetic) represents and warrants to, and agrees with, Seller as follows:

5.1 Organization and Good Standing. It is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada.

5.2 Corporate Authority. It has full authority to execute and to perform this Agreement in accordance with its terms; the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby does not and will not result in a breach, violation or default or give rise to an event which, with the giving of notice or after the passage of time, or both, would result in a breach, violation or default of any of the terms or provisions of its Certificate of Incorporation, By-Laws or of any indenture, agreement, judgment, decree or other instrument or restriction to which it is a party or by which it may be bound or affected; the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of it and no further authorization or approval, whether of its stockholders or directors or governmental bodies or otherwise, is necessary in order to enable it to enter into and perform the same (other than NYSE MKT approval); and this Agreement constitutes a valid and binding obligation enforceable against it in accordance with its terms.

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5.3 Capitalization. Synthetic has provided to Seller a schedule that sets forth its authorized and issued capital stock, options, warrants and convertible securities. Other than as set forth on such schedule, Synthetic does not have outstanding any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into or any contracts or commitments to issue or sell common stock or any such warrants, convertible securities or obligations.

5.4 Validity of Shares. The Shares have been duly authorized and upon receipt of the approval of the NYSE MKT LLC, will be validly issued (including, without limitation, in compliance with applicable federal and state securities laws) and when issued as provided herein will be fully paid and non-assessable. Such Shares are free and clear of all mortgages, pledges, liens, security interests, encumbrances, conditional sales agreements, charges, claims and restrictions of any kind and nature whatsoever, and the Seller will obtain good and valid title to such Shares free and clear of all mortgages, pledges, liens, security interests, encumbrances, conditional sales agreements, charges, claims and restrictions of any kind and nature whatsoever.

5.5 SEC Documents. Notwithstanding the foregoing, it represents and warrants that each of the SEC Documents presents fairly Synthetic's financial condition as of the date of such filing and there has been no material adverse change in its financial condition from the date of the SEC Documents.

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5.5 Brokers. There has been no broker or finder involved in any manner in the negotiations leading up to the execution of this Agreement or the consummation of any transactions contemplated hereby and Buyer agrees to indemnify Seller against and hold Seller harmless from any claim made by any party for a broker's or finder's fee or other similar payment based upon any agreements, arrangements or understanding made by Buyer.

ARTICLE VI

COVENANTS OF SELLER

6.1 Delivery of Assets. Simultaneously herewith, Seller shall deliver to Buyer all materials and other information Seller has which comprise or exclusively relate to the Assets, including all existing, proposed or expired agreements exclusively respecting the Program and all regulatory filings related to the Assets.

6.2 Further Assurances. Seller agrees that, at any time after the date hereof, upon the request of Buyer, it will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acknowledgments, deeds, assignments, bills of sale, transfers, conveyances, instruments, consents and assurances as may reasonably be required for the better assigning, transferring, granting, conveying, assuring and confirming to Buyer, its successors and assigns, the Assets to be transferred to Buyer as provided herein. Seller agrees to cause its officers, managing member and management to reasonably cooperate with Buyer and Buyer's representatives and agents to make themselves available to the extent reasonably necessary to complete the transfer of the Assets and the filing of any assignments with the United States Patent and Trademark Office and any foreign similar office. In the event that a party hereto becomes aware of any existing patent or pending patent application that is covered by the definition of Proprietary Rights but which is not currently listed on Exhibit B hereto, such patent or patent application shall automatically be covered by the definition of Proprietary Rights and shall be deemed to constitute a Proprietary Right of Buyer. Seller, at no cost or expense to Seller, shall take all action reasonably requested by Buyer to effectuate the assignment to Buyer of any grants or pending grants and to effectuate the obtainment and possession of any tangible material related to the Program.