

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

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**FORM 8-K**

**CURRENT REPORT**

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

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Date of Report (Date of earliest event reported): May 12, 2008

**Transdel Pharmaceuticals, Inc.**

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction  
of Incorporation)

000-52998

(Commission File Number)

45-0567010

(IRS Employer  
Identification No.)

4225 Executive Square, Suite 460  
La Jolla, CA

(Address of Principal Executive Offices)

92037

(Zip Code)

Registrant's telephone number, including area code: (858) 457-5300

N/A

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 3.02. Unregistered Sale of Equity Securities.**

On May 12, 2008, Transdel Pharmaceuticals, Inc. (the “Company”) accepted subscriptions for units (the “Units”) in a private placement, consisting of an aggregate of 1,818,180 shares of the Company’s common stock and five-year warrants to purchase an aggregate of an additional 227,272 shares of the Company’s common stock at an initial cash exercise price of \$4.40 per share and an initial cashless exercise price of \$5.50 per share. The Company received gross proceeds from such private placement in the aggregate amount of \$4,000,000. There were no discounts or commissions paid in connection with this private placement.

The private placement was made solely to “accredited investors,” as that term is defined in Regulation D under the Securities Act of 1933, as amended (“Securities Act”). The securities sold in the private placement were not registered under the Securities Act or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering.

#### **Description of Warrants**

The warrants included in the Units may be exercised, at the option of the holder, by cash payment of the exercise price or by “cashless exercise.” A “cashless exercise” means that in lieu of paying the aggregate exercise price for the shares being purchased upon exercise of the warrants in cash, the holder will forfeit a number of shares underlying the warrants with a “fair market value” equal to such aggregate exercise price. The Company will not receive additional proceeds to the extent that warrants are exercised by cashless exercise.

The exercise price and number of shares of common stock issuable on exercise of the warrants may be adjusted in certain circumstances, including a recapitalization, reclassification, merger or consolidation of the Company.

The foregoing is not a complete summary of the terms of the private placement described in this Item 3.02, and reference is made to the complete text of the Form of Subscription Agreement and Form of Subscriber Warrant attached hereto as Exhibits 10.1 and 10.2, respectively.

### **Item 8.01. Other Events.**

On May 15, 2008, the Company issued a press release announcing the closing of a private placement of its common stock and warrants. A copy of the press release is attached hereto as Exhibit 99.1.

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

(d) Exhibits.

The exhibits listed in the following Exhibit Index were filed as exhibits to the Form 8-K.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Subscription Agreement
10.2	Form of Warrant for Subscribers
99.1	Press Release dated May 15, 2008

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**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 thereunto duly authorized.

**Transdel Pharmaceuticals, Inc.**

Date: May 15, 2008

By: /s/ John T. Lomoro  
John T. Lomoro  
Chief Financial Officer

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## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Subscription Agreement
10.2	Form of Warrant for Subscribers
99.1	Press Release dated May 15, 2008

## SUBSCRIPTION AGREEMENT

**SUBSCRIPTION AGREEMENT** made as of this \_\_\_\_ day of \_\_\_\_\_, 2008, between Transdel Pharmaceuticals, Inc., a Delaware corporation (the “**Company**”), and the undersigned (the “**Subscriber**”).

**WHEREAS**, the Company is offering in a private placement to accredited investors Units at a purchase price of \$110,000 per Unit for an aggregate purchase price of \$4,000,000 (the “**Offering**”). Each Unit consists of 50,000 shares of the Company’s common stock, par value \$0.001 per share (the “**Common Stock**”), and a five-year, redeemable warrant to purchase 6,250 shares of Common Stock at a cash exercise price of \$4.40 per share and a cashless exercise price of \$5.50 per share (the “**Warrants**”). As used herein, the term “Units” means such Units, and all Common Stock and Warrants underlying the Units), and

**WHEREAS**, the Subscriber desires to subscribe for the number of Units set forth on the signature page hereof, on the terms and conditions hereinafter set forth.

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

### **I. SUBSCRIPTION FOR AND REPRESENTATIONS AND COVENANTS OF SUBSCRIBER**

1.1 Subject to the terms and conditions hereinafter set forth, the Subscriber hereby subscribes for and agrees to purchase from the Company such number of Units set forth upon the signature page hereof, at a price equal to \$110,000 per Unit, and the Company agrees to sell such to the Subscriber for said purchase price, subject to the Company’s right to sell to the Subscriber such lesser number of (or no) Units as the Company may, in its sole discretion, deem necessary or desirable. The purchase price is payable by wire transfer of immediately available funds, pursuant to the wire instructions attached as Exhibit A to this Subscription Agreement.

1.2 The Subscriber recognizes that the purchase of Units involves a high degree of risk in that (i) an investment in the Company is highly speculative and only investors who can afford the loss of their entire investment should consider investing in the Company and the Units; (ii) the Units are not registered under the Securities Act of 1933, as amended (the “**Act**”), or any state securities law; (iii) there is no trading market for the Units, none is likely ever to develop, and the Subscriber may not be able to liquidate his, her or its investment; (iv) transferability of the Units is extremely limited; and (v) an investor could suffer the loss of his, her or its entire investment.

1.3 The Subscriber is an “accredited investor,” as such term is defined in Rule 501 of Regulation D promulgated under the Act, and the Subscriber is able to bear the economic risk of an investment in the Units.

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1.4 The Subscriber has prior investment experience (including investment in non-listed and non-registered securities), and has read and evaluated, or has employed the services of an investment advisor, attorney or accountant to read and evaluate, all of the documents furnished or made available by the Company to the Subscriber and to all other prospective investors in the Units, as well as the merits and risks of such an investment by the Subscriber. The Subscriber's overall commitment to investments which are not readily marketable is not disproportionate to the Subscriber's net worth, and the Subscriber's investment in the Units will not cause such overall commitment to become excessive. The Subscriber, if an individual, has adequate means of providing for his or her current needs and personal and family contingencies and has no need for liquidity in his or her investment in the Units. The Subscriber is financially able to bear the economic risk of this investment, including the ability to afford holding the Units for an indefinite period or a complete loss of this investment.

1.5 The Subscriber acknowledges receipt and careful review of all documents furnished in connection with this transaction by the Company (collectively, the "**Offering Documents**") and has been furnished or made available by the Company during the course of this transaction with all public information regarding the Company which the Subscriber has requested or desires to know; and the Subscriber has been afforded the opportunity to ask questions of and receive answers from duly authorized officers or other representatives of the Company concerning the terms and conditions of the Offering, and any additional information which the Subscriber has requested.

1.6 The Subscriber acknowledges that the purchase of the Units may involve tax consequences to the Subscriber and that the contents of the Offering Documents do not contain tax advice. The Subscriber acknowledges that the Subscriber must retain his, her or its own professional advisors to evaluate the tax and other consequences to the Subscriber of an investment in the Units. The Subscriber acknowledges that it is the responsibility of the Subscriber to determine the appropriateness and the merits of a corporate entity to own the Subscriber's Units and the corporate structure of such entity.

1.7 The Subscriber acknowledges that this Offering has not been reviewed by the Securities and Exchange Commission (the "SEC") or any state securities commission, and that no federal or state agency has made any finding or determination regarding the fairness or merits of the Offering. The Subscriber represents that the Units are being purchased for his, her or its own account, for investment only, and not with a view toward distribution or resale to others. The Subscriber agrees that he, she or it will not sell or otherwise transfer the Units unless they are registered under the Act or unless an exemption from such registration is available.

1.8 The Subscriber understands that the provisions of Rule 144 under the Act are not available for at least six (6) months to permit resales of the Units or the Common Stock and Warrants comprising the Units and even though the Company will use its best efforts to comply with the conditions for compliance with Rule 144, there can be no assurance that the conditions necessary to permit such sales under Rule 144 will be satisfied. The Subscriber understands that, except as set forth in the immediately preceding sentence, the Company is under no obligation to comply with the conditions of Rule 144 or take any other action necessary in order to make available any exemption from registration for the sale of the Units or the Common Stock and Warrants comprising the Units.

1.9 The Subscriber understands that the Units have not been registered under the Act by reason of a claimed exemption under the provisions of the Act which depends, in part, upon his, her or its investment intention. In this connection, the Subscriber understands that it is the position of the SEC that the statutory basis for such exemption would not be present if his, her or its representation merely meant that his, her or its present intention was to hold such securities for a short period, such as the capital gains period of tax statutes, for a deferred sale, for a market rise or for any other fixed period. The Subscriber realizes that, in the view of the SEC, a purchase now with an intent to resell would represent a purchase with an intent inconsistent with his, her or its representation to the Company and the SEC might regard such a sale or disposition as a deferred sale, for which such exemption is not available.

1.10 The Subscriber agrees to indemnify and hold the Company, its directors, officers and controlling persons and their respective heirs, representatives, successors and assigns harmless against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by the Subscriber contained herein or any sale or distribution by the Subscriber in violation of the Act (including, without limitation, the rules promulgated thereunder), any state securities laws, or the Company's Certificate of Incorporation or By-laws, as amended from time to time.

1.11 The Subscriber consents to the placement of a legend on any certificate or other document evidencing the Common Stock or the Warrants stating that such securities have not been registered under the Act and setting forth or referring to the restrictions on transferability and sale thereof. Assuming the Company is in compliance with its obligations under Rule 144 (and the Subscriber is in compliance with its obligations under Rule 144) after the 6 month period noted in Section 1.8, the Company will coordinate to have a legal opinion issued that will facilitate the removal of the restrictive legend on the securities to allow for the transferability and sale of the securities.

1.12 The Subscriber understands that the Company will review and rely on this Subscription Agreement without making any independent investigation; and it is agreed that the Company reserves the unrestricted right to reject or limit any subscription and to withdraw the Offering at any time.

1.13 The Subscriber hereby represents that the address of the Subscriber furnished at the end of this Subscription Agreement is the undersigned's principal residence, if the Subscriber is an individual, or its principal business address if it is a corporation or other entity.

1.14 The Subscriber acknowledges that if the Subscriber is a Registered Representative of a National Association of Securities Dealers, Inc. ("**NASD**") member firm, the Subscriber must give such firm the notice required by the NASD's Conduct Rules, receipt of which must be acknowledged by such firm on the signature page hereof.

1.15 The Subscriber hereby acknowledges that neither the Company nor any persons associated with the Company who may provide assistance or advice in connection with the Offering (other than the placement agent, if one is engaged by the Company) are or are expected to be members or associated persons of members of the NASD or registered broker-dealers under any federal or state securities laws.



1.16 The Subscriber hereby represents that, except as expressly set forth in the Offering Documents, no representations or warranties have been made to the Subscriber by the Company or any agent, employee or affiliate of the Company and, in entering into this transaction, the Subscriber is not relying on any information other than that contained in the Offering Documents and the results of independent investigation by the Subscriber.

1.17 All information provided by the Subscriber in the Investor Questionnaire attached as Exhibit B to this Subscription Agreement is true and accurate in all respects, and the Subscriber acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can sell these securities to the Subscriber without giving rise to the loss of the exemption from registration under applicable securities laws.

## II. REPRESENTATIONS BY THE COMPANY

The Company represents and warrants to the Subscriber that as of the date of the closing of this Offering (the “**Closing Date**”):

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power to conduct the business which it conducts and proposes to conduct.

(b) The execution, delivery and performance of this Subscription Agreement by the Company have been duly authorized by the Company and all other corporate action required to authorize and consummate the offer and sale of the Units has been duly taken and approved.

(c) The Units and the underlying Common Stock have been duly and validly authorized and issued.

(d) The Company is not in violation of or default under, nor will the execution and delivery of this Subscription Agreement or the issuance of the Common Stock, or the consummation of the transactions herein contemplated, result in a violation of, or constitute a default under, the Company’s Certificate of Incorporation or By-laws, any material obligations, agreements, covenants or conditions contained in any bond, debenture, note or other evidence of indebtedness or in any material contract, indenture, mortgage, loan agreement, lease, joint venture or other agreement or instrument to which the Company is a party or by which it or any of its properties may be bound or any material order, rule, regulation, writ, injunction, or decree of any government, governmental instrumentality or court, domestic or foreign.

(e) The Company is subject to, and in full compliance with, the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). The Company has made available to each Subscriber through the EDGAR system true and complete copies of the Company’s Annual and Quarterly Reports on Form 10-KSB and 10-QSB, respectively, and each of the Company’s Current Reports on Form 8-K (collectively, the “**SEC Filings**”), and all such SEC Filings are incorporated herein by reference. The SEC Filings, including the financial statements included therein, when they were filed with the SEC (or, if any amendment with respect to any such document was filed, when such amendment was filed), complied in all material respects with the applicable requirements of the Exchange Act and the rules and regulations thereunder and did not, as of such date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

### **III. TERMS OF SUBSCRIPTION**

3.1 The Subscriber has effected a wire transfer in the full amount of the purchase price for the Units to the Company in accordance with the wire instructions attached as Exhibit A to this Subscription Agreement.

3.2 The Subscriber hereby authorizes and directs the Company to deliver any certificates or other written instruments representing the Units to be issued to such Subscriber pursuant to this Subscription Agreement to the address indicated on the signature page hereof.

3.3 If the Subscriber is not a United States person, such Subscriber shall immediately notify the Company and the Subscriber hereby represents that the Subscriber is satisfied as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Units or any use of this Subscription Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Units, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Units. Such Subscriber’s subscription and payment for, and continued beneficial ownership of, the Units will not violate any applicable securities or other laws of the Subscriber’s jurisdiction.

### **IV. MISCELLANEOUS**

4.1 Any notice or other communication given hereunder shall be deemed sufficient if in writing and sent by reputable overnight courier, facsimile (with receipt of confirmation) or registered or certified mail, return receipt requested, addressed to the Company, 4225 Executive Square, Suite 460, La Jolla, California, 92037, Attention: Chief Financial Officer, facsimile: (858) 457-5308, and to the Subscriber at the address or facsimile number indicated on the signature page hereof. Notices shall be deemed to have been given on the date when mailed or sent by facsimile transmission or overnight courier, except notices of change of address, which shall be deemed to have been given when received.

4.2 This Subscription Agreement shall not be changed, modified or amended except by a writing signed by both (a) the Company and (b) subscribers in the Offering holding a majority of the Units issued in the Offering.

4.3 This Subscription Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, legal representatives, successors and assigns. This Subscription Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

4.4 Notwithstanding the place where this Subscription Agreement may be executed by any of the parties hereto, the parties expressly agree that all the terms and provisions hereof shall be construed in accordance with and governed by the laws of the State of Delaware. The parties hereby agree that any dispute which may arise between them arising out of or in connection with this Subscription Agreement shall be adjudicated only before a Federal court located in Kent County, State of Delaware and they hereby submit to the exclusive jurisdiction of the federal courts located in Kent County, State of Delaware with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Subscription Agreement or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth below or such other address as the undersigned shall furnish in writing to the other. The parties further agree that in the event of any dispute, action, suit or other proceeding arising out of or in connection with this Subscription Agreement or other matters related to this subscription brought by a Subscriber (or transferee), the Company (and each other defendant) shall recover all of such party's attorneys' fees and costs incurred in each and every action, suit or other proceeding, including any and all appeals or petitions therefrom. As used herein, attorney's fees shall be deemed to mean the full and actual costs of any investigation and of legal services actually performed in connection with the matters involved, calculated on the basis of the usual fee charged by the attorneys performing such services.

4.5 This Subscription Agreement may be executed in counterparts. Upon the execution and delivery of this Subscription Agreement by the Subscriber, this Subscription Agreement shall become a binding obligation of the Subscriber with respect to the purchase of Units as herein provided; subject, however, to the right hereby reserved by the Company to (i) enter into the same agreements with other subscribers, (ii) add and/or delete other persons as subscribers and (iii) reduce the amount of or reject any subscription.

4.6 The holding of any provision of this Subscription Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Subscription Agreement, which shall remain in full force and effect.

4.7 It is agreed that a waiver by either party of a breach of any provision of this Subscription Agreement shall not operate or be construed as a waiver of any subsequent breach by that same party.

4.8 The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further actions as may be necessary or appropriate to carry out the purposes and intent of this Subscription Agreement.

***[Signature Pages Follow]***

IN WITNESS WHEREOF, the parties have executed this Subscription Agreement as of the day and year first written above.

\_\_\_\_\_ X \$110,000 for each Unit = \$ \_\_\_\_\_.  
Number of Units subscribed for Aggregate Purchase Price

**Manner in which Title is to be held (Please Check One):**

- |                             |   |                              |  |
|-----------------------------|---|------------------------------|--|
| 1. <input type="checkbox"/> | Individual  | 7. <input type="checkbox"/>  | Trust/Estate/Pension or Profit Sharing Plan<br>Date Opened: _____                              |
| 2. <input type="checkbox"/> | Joint Tenants with Right of Survivorship              | 8. <input type="checkbox"/>  | As a Custodian for<br>_____<br>Under the Uniform Gift to Minors Act of the State of _____      |
| 3. <input type="checkbox"/> | Community Property                                    | 9. <input type="checkbox"/>  | Married with Separate Property   |
| 4. <input type="checkbox"/> | Tenants in Common                                     | 10. <input type="checkbox"/> | Keogh  |
| 5. <input type="checkbox"/> | Corporation/Partnership/ Limited Liability<br>Company | 11. <input type="checkbox"/> | Tenants by the Entirety  |
| 6. <input type="checkbox"/> | IRA   | 12. <input type="checkbox"/> | Foundation described in Section 501(c)(3) of the Internal Revenue<br>Code of 1986, as amended. |

**IF MORE THAN ONE SUBSCRIBER, EACH SUBSCRIBER MUST SIGN:**

- **INDIVIDUAL SUBSCRIBERS MUST COMPLETE PAGE 8**
- **SUBSCRIBERS WHICH ARE ENTITIES MUST COMPLETE PAGE 9**

**EXECUTION BY NATURAL PERSONS**

\_\_\_\_\_  
Exact Name in Which Title is to be Held

\_\_\_\_\_  
Name (Please Print)

\_\_\_\_\_  
Name of Additional Subscriber

\_\_\_\_\_  
Residence: Number and Street

\_\_\_\_\_  
Address of Additional Subscriber

\_\_\_\_\_  
City, State and Zip Code

\_\_\_\_\_  
City, State and Zip Code

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number (if available)

\_\_\_\_\_  
Fax Number (if available)

\_\_\_\_\_  
E-Mail (if available)

\_\_\_\_\_  
E-Mail (if available)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature of Additional Subscriber)

ACCEPTED this \_\_\_\_ day of \_\_\_\_\_ 2008, on behalf of Transdel Pharmaceuticals, Inc.

By: \_\_\_\_\_

Name: Juliet Singh, Ph.D.

Title: Chief Executive Officer

**EXECUTION BY SUBSCRIBER WHICH IS AN ENTITY**

(Corporation, Partnership, Trust, Etc.)

\_\_\_\_\_  
Name of Entity (Please Print)  
Date of Incorporation or Organization:  
State of Principal Office:  
Federal Taxpayer Identification Number:

\_\_\_\_\_  
Office Address  
\_\_\_\_\_  
City, State and Zip Code  
\_\_\_\_\_  
Telephone Number  
\_\_\_\_\_  
Fax Number (if available)  
\_\_\_\_\_  
E-Mail (if available)

[seal]  
  
Attest: \_\_\_\_\_  
(If Entity is a Corporation)

By: \_\_\_\_\_  
Name:  
Title:

**\*If Subscriber is a Registered Representative with an NASD member firm, have the following acknowledgement signed by the appropriate party:**  
The undersigned NASD member firm acknowledges receipt of the notice required by Rule 3050 of the NASD Conduct Rules

ACCEPTED this \_\_\_\_ day of \_\_\_\_\_ 2008, on behalf of Transdel Pharmaceuticals, Inc.

Name of NASD Firm  
  
By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name: Juliet Singh, Ph.D.  
Title: Chief Executive Officer

NO. TPIX - \_\_\_\_

**WARRANT**  
**TRANSDel PHARMACEUTICALS, INC.**

\_\_\_\_\_ Shares

**WARRANT TO PURCHASE COMMON STOCK**

**VOID AFTER 5:30 P.M., EASTERN  
TIME, ON THE EXPIRATION DATE**

**THIS WARRANT AND ANY SHARES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, DONATED OR OTHERWISE TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM.**

FOR VALUE RECEIVED, TRANSDel PHARMACEUTICALS, INC., a Delaware corporation (the "Company"), hereby agrees to sell upon the terms and on the conditions hereinafter set forth, but no later than 5:30 p.m., Eastern Time, on the Expiration Date (as hereinafter defined) to \_\_\_\_\_ or registered assigns (the "Holder"), under the terms as hereinafter set forth, \_\_\_\_\_ (\_\_\_\_\_) fully paid and non-assessable shares of the Company's Common Stock, par value \$0.001 per share (the "Warrant Stock"), at a cash purchase price of FOUR DOLLARS AND FORTY CENTS (\$4.40) per share (the "Cash Warrant Price") or a cashless purchase price of FIVE DOLLARS AND FIFTY CENTS (\$5.50) per share (the "Cashless Warrant Price"), pursuant to this warrant (this "Warrant"). The number of shares of Warrant Stock to be so issued and each Warrant Price are subject to adjustment in certain events as hereinafter set forth. The term "Common Stock" shall mean, when used herein, unless the context otherwise requires, the stock and other securities and property at the time receivable upon the exercise of this Warrant.

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1. Exercise of Warrant.

a. The Holder may exercise this Warrant according to its terms by (i) surrendering this Warrant, properly endorsed, to the Company at the address set forth in Section 10, (ii) delivering the subscription form attached hereto to the Company, duly executed by the Holder, and (iii) payment of the purchase price being made to the Company for the number of shares of the Warrant Stock specified in the subscription form, or as otherwise provided in this Warrant, prior to 5:30 p.m., Eastern Time, on \_\_\_\_\_, 2013 (the "Expiration Date"). Such exercise shall be effected by the surrender of the Warrant, together with a duly executed copy of the Form of Exercise attached hereto, to Company at its principal office and (i) the payment to the Company of an amount equal to the aggregate Cash Warrant Price for the number of shares of Warrant Stock being purchased in cash, certified check or bank draft or (ii) by surrendering such number of shares of Warrant Stock received upon exercise of this Warrant with a Fair Market Value (as defined below) equal to the aggregate Cashless Warrant Price for the Warrant Stock being purchased (a "Cashless Exercise").

b. If the Holder elects the Cashless Exercise method of payment, the Company shall issue to the Holder a number of shares of Warrant Stock determined in accordance with the following formula:

$$X = \frac{Y(A - B)}{A}$$

with: X = the number of shares of Warrant Stock to be issued to the Holder;

Y = the number of shares of Warrant Stock with respect to which the Warrant is being exercised;

A = the fair value per share of Common Stock on the date of exercise of this Warrant; and

B = the then-current Cashless Warrant Price of the Warrant

For the purposes of this Section 1, "Fair Market Value" per share of Common Stock shall mean (A) the average of the closing sales prices, as quoted on the primary national or regional stock exchange on which the Common Stock is listed, or, if not listed, the OTC Bulletin Board if quoted thereon, on the ten (10) trading days immediately preceding the date on which the notice of exercise is deemed to have been sent to the Company, or (B) if the Common Stock is not publicly traded as set forth above, as reasonably and in good faith determined by the Board of Directors of the Company as of the date which the notice of exercise is deemed to have been sent to the Company.

c. This Warrant may be exercised in whole or in part so long as any exercise in part hereof would not involve the issuance of fractional shares of Warrant Stock. If exercised in part, the Company shall deliver to the Holder a new Warrant, identical in form, in the name of the Holder, evidencing the right to purchase the number of shares of Warrant Stock as to which this Warrant has not been exercised, which new Warrant shall be signed by the Chairman, Chief Executive Officer or President of the Company. The term Warrant as used herein shall include any subsequent Warrant issued as provided herein.

d. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. The Company shall pay cash in lieu of fractions with respect to the Warrants based upon the fair market value of such fractional shares of Common Stock (which shall be the closing price of such shares on the exchange or market on which the Common Stock is then traded) at the time of exercise of this Warrant.



e. In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for the Warrant Stock so purchased, registered in the name of the Holder, shall be delivered to the Holder within a reasonable time after such rights shall have been so exercised. The person or entity in whose name any certificate for the Warrant Stock is issued upon exercise of the rights represented by this Warrant shall for all purposes be deemed to have become the holder of record of such shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the Cash Warrant Price or the Cashless Warrant Price, as the case may be, and any applicable taxes was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the opening of business on the next succeeding date on which the stock transfer books are open. The Company shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on exercise of this Warrant.

2. Disposition of Warrant Stock and Warrant.

a. The Holder hereby acknowledges that this Warrant and any Warrant Stock purchased pursuant hereto are, as of the date hereof, not registered: (i) under the Securities Act of 1933, as amended (the "Act"), on the ground that the issuance of this Warrant is exempt from registration under Section 4(2) of the Act as not involving any public offering or (ii) under any applicable state securities law because the issuance of this Warrant does not involve any public offering; and that the Company's reliance on the Section 4(2) exemption of the Act and under applicable state securities laws is predicated in part on the representations hereby made to the Company by the Holder that it is acquiring this Warrant and will acquire the Warrant Stock for investment for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same, subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control.

The Holder hereby agrees that it will not sell or transfer all or any part of this Warrant and/or Warrant Stock unless and until it shall first have given notice to the Company describing such sale or transfer and furnished to the Company either (i) an opinion, reasonably satisfactory to counsel for the Company, of counsel (skilled in securities matters, selected by the Holder and reasonably satisfactory to the Company) to the effect that the proposed sale or transfer may be made without registration under the Act and without registration or qualification under any state law, or (ii) an interpretative letter from the Securities and Exchange Commission to the effect that no enforcement action will be recommended if the proposed sale or transfer is made without registration under the Act.

b. If, at the time of issuance of the shares issuable upon exercise of this Warrant, no registration statement is in effect with respect to such shares under applicable provisions of the Act, the Company may at its election require that the Holder provide the Company with written reconfirmation of the Holder's investment intent and that any stock certificate delivered to the Holder of a surrendered Warrant shall bear legends reading substantially as follows:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THIS CERTIFICATE THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT."

In addition, so long as the foregoing legend may remain on any stock certificate delivered to the Holder, the Company may maintain appropriate “stop transfer” orders with respect to such certificates and the shares represented thereby on its books and records and with those to whom it may delegate registrar and transfer functions.

3. Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance upon the exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance upon exercise of this Warrant. The Company further agrees that all shares which may be issued upon the exercise of the rights represented by this Warrant will be duly authorized and will, upon issuance and against payment of the exercise price, be validly issued, fully paid and non-assessable, free from all taxes, liens, charges and preemptive rights with respect to the issuance thereof, other than taxes, if any, in respect of any transfer occurring contemporaneously with such issuance and other than transfer restrictions imposed by federal and state securities laws.

4. Exchange, Transfer or Assignment of Warrant. This Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of different denominations, entitling the Holder or Holders thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. Upon surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, with the Assignment Form annexed hereto duly executed and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled. This Warrant may be divided or combined with other Warrants that carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the names and denominations in which new Warrants are to be issued and signed by the Holder hereof.

5. Capital Adjustments. This Warrant is subject to the following further provisions:

a. If any recapitalization of the Company or reclassification of its Common Stock or any merger or consolidation of the Company into or with a corporation or other business entity, or the sale or transfer of all or substantially all of the Company's assets or of any successor corporation's assets to any other corporation or business entity (any such corporation or other business entity being included within the meaning of the term "successor corporation") shall be effected, at any time while this Warrant remains outstanding and unexpired, then, as a condition of such recapitalization, reclassification, merger, consolidation, sale or transfer, lawful and adequate provision shall be made whereby the Holder of this Warrant thereafter shall have the right to receive upon the exercise hereof as provided in Section 1 and in lieu of the shares of Common Stock immediately theretofore issuable upon the exercise of this Warrant, such shares of capital stock, securities or other property as may be issued or payable with respect to or in exchange for a number of outstanding shares of Common Stock equal to the number of shares of Common Stock immediately theretofore issuable upon the exercise of this Warrant had such recapitalization, reclassification, merger, consolidation, sale or transfer not taken place, and in each such case, the terms of this Warrant shall be applicable to the shares of stock or other securities or property receivable upon the exercise of this Warrant after such consummation.

b. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its Common Stock, the number of shares of Warrant Stock purchasable upon exercise of this Warrant and each Warrant Price shall be proportionately adjusted.

c. If the Company at any time while this Warrant is outstanding and unexpired shall issue or pay the holders of its Common Stock, or take a record of the holders of its Common Stock for the purpose of entitling them to receive, a dividend payable in, or other distribution of, Common Stock, then (i) each Warrant Price shall be adjusted in accordance with Section 5(e) and (ii) the number of shares of Warrant Stock purchasable upon exercise of this Warrant shall be adjusted to the number of shares of Common Stock that the Holder would have owned immediately following such action had this Warrant been exercised immediately prior thereto.

d. If the Company shall at any time after the date of issuance of this Warrant distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings or current year's or prior year's earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in the immediately preceding paragraph) (any of the foregoing being hereinafter in this paragraph called the "Securities"), then in each such case, the Company shall reserve shares or other units of such securities for distribution to the Holder upon exercise of this Warrant so that, in addition to the shares of the Common Stock to which such Holder is entitled, such Holder will receive upon such exercise the amount and kind of such Securities which such Holder would have received if the Holder had, immediately prior to the record date for the distribution of the Securities, exercised this Warrant.

e. Except as otherwise provided herein, whenever the number of shares of Warrant Stock purchasable upon exercise of this Warrant is adjusted, as herein provided, each Warrant Price payable upon the exercise of this Warrant shall be adjusted to that price determined by multiplying such Warrant Price immediately prior to such adjustment by a fraction (i) the numerator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately prior to such adjustment, and (ii) the denominator of which shall be the number of shares of Warrant Stock purchasable upon exercise of this Warrant immediately thereafter.

f. The number of shares of Common Stock outstanding at any given time for purposes of the adjustments set forth in this Section 5 shall exclude any shares then directly or indirectly held in the treasury of the Company.

g. The Company shall not be required to make any adjustment pursuant to this Section 5 if the amount of such adjustment would be less than one percent (1%) of both Warrant Prices in effect immediately before the event that would otherwise have given rise to such adjustment. In such case, however, any adjustment that would otherwise have been required to be made shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to not less than one percent (1%) of both Warrant Prices in effect immediately before the event giving rise to such next subsequent adjustment.

h. Following each computation or readjustment as provided in this Section 5, each new adjusted Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant shall remain in effect until a further computation or readjustment thereof is required.

6. Redemption. This Warrant may be redeemed prior to the Expiration Date, at the option of the Company, at a price of \$0.001 per share of Warrant Stock ("Redemption Price"), upon not less than 10 days prior written notice ("Redemption Period") to Holder notifying Holder of the Company's intent to exercise such right and setting forth a time and date for such redemption; provided, however, that no redemption under this Section 6 may occur unless (i) the Company's Common Stock has had a closing sales price greater than \$7.50 per share for twenty (20) consecutive trading days and (ii) at the date of redemption notice and during the entire Redemption Period there is an effective registration statement covering the resale of the Warrant Stock. This Warrant may be exercised by Holder, for cash, at any time after notice of redemption has been given by the Company and prior to the time and date fixed for redemption. On and after the redemption date, the Holder shall have no further rights except to receive, upon surrender of this Warrant, the Redemption Price.

7. Notice to Holders.

a. In case:

(i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right;

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation with or merger of the Company into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company will mail or cause to be mailed to the Holder hereof at the time outstanding a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution or winding-up. Such notice shall be mailed at least thirty (30) days prior to the record date therein specified, or if no record date shall have been specified therein, at least thirty (30) days prior to such specified date, provided, however, failure to provide any such notice shall not affect the validity of such transaction.

b. Whenever any adjustment shall be made pursuant to Section 5 hereof, the Company shall promptly make a certificate signed by its Chairman, Chief Executive Officer, President, Vice President, Chief Financial Officer or Treasurer, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and each Warrant Price and number of shares of Warrant Stock purchasable upon exercise of this Warrant after giving effect to such adjustment, and shall promptly cause copies of such certificates to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant.

8. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence satisfactory to it, in the exercise of its reasonable discretion, of the ownership and the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company and, in the case of mutilation, upon surrender and cancellation thereof, the Company will execute and deliver in lieu thereof, without expense to the Holder, a new Warrant of like tenor dated the date hereof.

9. Warrant Holder Not a Stockholder. The Holder of this Warrant, as such, shall not be entitled by reason of this Warrant to any rights whatsoever as a stockholder of the Company.

10. Notices. Any notice required or contemplated by this Warrant shall be deemed to have been duly given if transmitted by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service, to the Company at its principal executive offices located at 4225 Executive Square, Suite 460, La Jolla, California 92037, Attention: Chief Financial Officer, or to the Holder at the name and address set forth in the Warrant Register maintained by the Company.

11. Choice of Law. THIS WARRANT IS ISSUED UNDER AND SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

12. Jurisdiction and Venue. The Company and Holder hereby agree that any dispute which may arise between them arising out of or in connection with this Warrant shall be adjudicated before a court located in Kent County, Delaware and they hereby submit to the exclusive jurisdiction of the federal and state courts of the State of Delaware located in Kent County with respect to any action or legal proceeding commenced by any party, and irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Warrant or any acts or omissions relating to the sale of the securities hereunder, and consent to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth herein or such other address as either party shall furnish in writing to the other.

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IN WITNESS WHEREOF, the Company has duly caused this Warrant to be signed on its behalf, in its corporate name and by its duly authorized officers, as of this \_\_ day of May, 2008.

TRANSDel PHARMACEUTICALS, INC.

By:

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Name: Juliet Singh, Ph.D.

Title: Chief Executive Officer

FORM OF EXERCISE

(to be executed by the registered holder hereof)

The undersigned hereby exercises the right to purchase \_\_\_\_\_ shares of common stock, par value \$0.001 per share ("Common Stock"), of Transdel Pharmaceuticals, Inc. evidenced by the within Warrant Certificate for a Cash Warrant Price of \$4.40 per share or a Cashless Warrant Price of \$5.50 per share and herewith makes payment of the purchase price in full of (i) \$\_\_\_\_\_ in cash or (ii) shares of Common Stock (pursuant to a Cashless Exercise in accordance with Section 1b.). Kindly issue certificates for shares of Common Stock (and for the unexercised balance of the Warrants evidenced by the within Warrant Certificate, if any) in accordance with the instructions given below.

Dated: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

Instructions for registration of stock

\_\_\_\_\_

Name (Please Print)

Social Security or other identifying Number:

Address: \_\_\_\_\_

City/State and Zip Code

Instructions for registration of certificate representing  
the unexercised balance of Warrants (if any)

\_\_\_\_\_

Name (Please Print)

Social Security or other identifying Number: \_\_\_\_\_

Address: \_\_\_\_\_

City, State and Zip Code



**FORM OF ASSIGNMENT**  
(To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto \_\_\_\_\_ the right represented by the within Warrant to purchase \_\_\_\_\_ shares of Common Stock of Transdel Pharmaceuticals, Inc. to which the within Warrant relates, and appoints \_\_\_\_\_ to transfer such right on the books of Transdel Pharmaceuticals, Inc. with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_

(Signature must conform to name  
of holder as specified on the  
face of the Warrant)

\_\_\_\_\_

(Address)

Signed in the presence of:

\_\_\_\_\_



**Contact:**

**John Lomoro**

**Chief Financial Officer**

Transdel Pharmaceuticals, Inc.

858-457-5300

**Transdel Pharmaceuticals Closes \$4 Million Financing**

*Proceeds Will Support Phase 3 Lead Clinical Pain Program for Ketotransdel<sup>(TM)</sup>*

LA JOLLA, CA - May 15, 2008 -- Transdel Pharmaceuticals, Inc. (OTC BB:TDLP), a specialty pharmaceutical company focused on the development and commercialization of non-invasive topically administered medications, today announced the closing of a \$4,000,000 private placement of its common stock and warrants.

The Company issued 1,818,180 shares of common stock at a price of \$2.20 per share through a private placement to accredited investors. In addition, the investors received warrants to purchase 227,272 shares of common stock for a period of five years at a cash and cashless exercise price of \$4.40 and \$5.50 per share, respectively.

Proceeds from the financing will be primarily used to fund the Company's Phase 3 clinical program of Ketotransdel<sup>(TM)</sup>, the Company's lead topical pain drug. Ketotransdel<sup>(TM)</sup> is a novel, topical cream-based formulation containing the non-steroidal anti-inflammatory drug ("NSAID") ketoprofen. The registration trial will be a randomized, double-blind, placebo controlled Phase 3 trial to study the efficacy and safety of Ketotransdel<sup>(TM)</sup> in acute soft tissue injuries.

Dr. Juliet Singh, President and Chief Executive Officer of Transdel Pharmaceuticals, stated, "We are very pleased to have closed this round of financing, as we plan to initiate our Phase 3 clinical study in the second quarter of this year. We are quite confident in our Phase 3 clinical study design, especially since our protocol was carefully reviewed by external experts and the U.S. Food and Drug Administration ("FDA"). We believe that Ketotransdel<sup>(TM)</sup> may address a significant unmet medical need for effective topical pain treatment without the gastrointestinal, cardiovascular and other safety concerns associated with oral pain medications."

The Company is exploring potential partnerships with U.S. and foreign based companies that have sales and marketing infrastructures to support Ketotransdel<sup>(TM)</sup> in the event that the product is approved and commercialized. The Company is also looking to out-license its Transdel<sup>(TM)</sup> drug delivery technology for the development and commercialization of additional innovative drug products. There can be no assurance that any of these activities will lead to definitive agreements.

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The market for NSAIDs and Cox-2 inhibitors exceeds \$6 billion per year and more than 30 million people worldwide use NSAIDs daily. Due to the recognition of cardiovascular, gastrointestinal and other risks associated with orally administered NSAIDs, and the decline in the use of Cox-2 inhibitors because of safety concerns, the Company believes that there is a significant demand for topical pain management products such as Ketotransdel<sup>(TM)</sup>. If approved by the FDA, Ketotransdel<sup>(TM)</sup> has the potential to be the first topical NSAID cream product in the United States for acute pain management.

#### **About Transdel Pharmaceuticals, Inc.**

Transdel Pharmaceuticals, Inc. (OTCBB: TDLP) is a specialty pharmaceutical company focused on the development and commercialization of non-invasive topically delivered medications. The Company's innovative patented proprietary Transdel<sup>(TM)</sup> cream formulation technology is designed to facilitate the effective penetration of drugs through the tough skin barrier to reach the target underlying tissues. In the case of Ketotransdel<sup>(TM)</sup>, the Transdel<sup>(TM)</sup> cream allows the active ingredient ketoprofen to reach the target soft tissue and exert its well-known localized anti-inflammatory and analgesic effects. The Company is also investigating other drug candidates and treatments for transdermal delivery using the patented Transdel<sup>(TM)</sup> platform technology for products in pain management and other therapeutic areas.

#### **Safe Harbor Statement**

Statements made in this release that are not historical in nature constitute forward-looking statements within the meaning of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of words such as “expects,” “plans” “will,” “may,” “anticipates,” “believes,” “should,” “intends,” “estimates,” and other words of similar meaning. These statements are subject to risks and uncertainties that cannot be predicted or quantified and consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties associated with the uncertainty of future financial results, additional financing requirements, development of new products, government approval processes, the impact of competitive products or pricing, and technological changes. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-KSB filed with the SEC on March 26, 2008. Such documents may be read free of charge on the SEC's web site at [www.sec.gov](http://www.sec.gov). All forward-looking statements included in this release are made as of the date of this press release, and the Company assumes no obligation to update any such forward-looking statements.