ORE PHARMACEUTICAL HOLDINGS INC. (ORXE)

10–Q

Quarterly report pursuant to sections 13 or 15(d)
Filed on 8/11/2010
Filed Period 6/30/2010

THOMSON REUTERS

Westlaw. BUSINESS

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

FORM 10–Q

(Mark One)

[X] Quarterly Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
For the quarterly period ended June 30, 2010

OR

[ ] Transition Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
For the transition period from _______________ to _______________

Commission File Number: 0–23317

ORE PHARMACEUTICAL HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	27–1088078 (I.R.S. Employer Identification No.)

One Main Street, Suite 300
Cambridge, Massachusetts 02142
(Address of principal executive offices)
(617) 649–2001
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S–T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files): YES ☐ NO ☐

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

Large accelerated filer ☐	Accelerated filer ☐	Non–accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b–2 of the Exchange Act). YES ☐ NO ☒

The number of shares outstanding of the Registrant's Common Stock, $.01 par value per share, was 5,473,519 as of July 30, 2010.

ORE PHARMACEUTICAL HOLDINGS INC.

TABLE OF CONTENTS

PART 1	FINANCIAL INFORMATION	
Item 1.	Financial Statements	3
	Consolidated Condensed Balance Sheets at June 30, 2010 and December 31, 2009	3
	Consolidated Condensed Statements of Operations for the Three and Six Months Ended June 30, 2010 and 2009	4
	Consolidated Condensed Statements of Cash Flows for the Six Months Ended June 30, 2010 and 2009	5
	Notes to Consolidated Condensed Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 4T.	Controls and Procedures	13
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings	15
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	15
Item 3.	Defaults Upon Senior Securities	15
Item 4.	(Removed and Reserved)	15
Item 5.	Other Information	15
Item 6.	Exhibits	15
Signatures		16

Reorganization of Ore Pharmaceuticals Inc. into a Holding Company Structure

On October 20, 2009, the stockholders of Ore Pharmaceuticals Inc. (“Ore”) adopted the Agreement and Plan of Reorganization, dated August 14, 2009, by and among Ore, Ore Pharmaceutical Holdings Inc. (the “Registrant”) and Ore Pharmaceuticals Merger Sub Inc. (the “Agreement”). The reorganization contemplated by the Agreement (the “Reorganization”) was consummated on October 20, 2009. In accordance with the Agreement, as described in the Registrant’s Registration Statement on Form S–4, originally filed with the Securities and Exchange Commission on August 14, 2009, and as amended thereafter, Ore became a wholly owned subsidiary of the Registrant and each share of Common Stock of Ore was exchanged for one share of Common Stock of the Registrant. As a result of the Reorganization, the Registrant is the successor issuer to Ore pursuant to Rule 12g–3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Pursuant to paragraph (a) of Rule 12g–3, the Registrant’s Common Stock is deemed registered under Section 12(g) of the Exchange Act and the Registrant has succeeded to Ore’s reporting obligations under Sections 13(a) and 15(d) of the Exchange Act. References to Ore, the Registrant or the Company for the period prior to October 20, 2009 refer to Ore Pharmaceuticals Inc. and for the period following October 20, 2009 refer to Ore Pharmaceutical Holdings Inc.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

ORE PHARMACEUTICAL HOLDINGS INC.

CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,104	$ 5,756
Accounts receivable	–	150
Prepaid expenses and other current assets	593	207
Notes receivable, net	402	432
Total current assets	4,099	6,545
Property and equipment, net	25	33
Intangibles, net	774	726
Other assets	25	25
Total assets	$ 4,923	$ 7,329
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 206	$ 287
Accrued compensation and employee benefits	65	140
Other accrued expenses	2,365	2,510
Short–term debt	325	450
Total current liabilities	2,961	3,387
Deferred rent	21	23
Total liabilities	2,982	3,410
Commitments and contingencies	–	–
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; and no shares issued or outstanding as of June 30, 2010 or December 31, 2009	–	–
Common stock, $.01 par value; 15,000,000 shares authorized; 5,473,519 shares issued and outstanding as of June 30, 2010 and December 31, 2009	55	55
Additional paid–in–capital	385,168	385,076
Accumulated deficit	(383,282)	(381,212)
Total stockholders' equity	1,941	3,919
Total liabilities and stockholders' equity	$ 4,923	$ 7,329

See accompanying notes.

ORE PHARMACEUTICAL HOLDINGS INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenue	$ –	$ 25	$ –	$ 25
Expenses:				
Research and development	172	639	511	1,580
Selling, general and administrative	796	2,016	1,580	4,305
Total expenses	968	2,655	2,091	5,885
Loss from operations	(968)	(2,630)	(2,091)	(5,860)
Interest income, net	12	81	21	167
Net loss	$ (956)	$ (2,549)	$ (2,070)	$ (5,693)
Basic and diluted net loss per share	$ (0.17)	$ (0.47)	$ (0.38)	$ (1.04)
Shares used in computing basic and diluted net loss per share	5,474	5,474	5,474	5,474

See accompanying notes.

ORE PHARMACEUTICAL HOLDINGS INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Cash flows from operating activities:		
Net loss	$ (2,070)	$ (5,693)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	14	105
Non–cash stock–based compensation expense	98	56
Other non–cash items	(10)	184
Changes in operating assets and liabilities:		
Accounts receivable	150	–
Prepaids and other current assets	(386)	(65)
Accounts payable	(81)	171
Accrued expenses and deferred rent	(228)	(814)
Net cash flows from operating activities	(2,513)	(6,056)
Cash flows from investing activities:		
Proceeds received from notes receivables	40	–
Proceeds from sale of property and equipment	–	70
Purchases of property and equipment	(2)	(16)
Cash paid for patent costs	(52)	(105)
Net cash flows from investing activities	(14)	(51)
Cash flows from financing activities:		
Repayments of debt	(125)	(27)
Net cash flows from financing activities	(125)	(27)
Net decrease in cash and cash equivalents	(2,652)	(6,134)
Cash and cash equivalents, beginning of period	5,756	10,784
Cash and cash equivalents, end of period	$ 3,104	$ 4,650
Supplemental disclosure:		
Interest paid	$ 44	$ –

See accompanying notes.

ORE PHARMACEUTICAL HOLDINGS INC.

Notes to Consolidated Condensed Financial Statements
June 30, 2010
(in thousands, except share and per share data)
(unaudited)

Note 1 — Organization and summary of significant accounting policies

Description of Business

Ore Pharmaceutical Holdings Inc. (the “Company”) is focused on developing and monetizing its current portfolio of pharmaceutical assets, which includes four clinical–stage compounds in–licensed from major pharmaceutical companies: ORE1001, its lead compound, ORE10002, ORE5002 (tiapamil) and ORE5007(romazarit).

On October 20, 2009, Ore Pharmaceuticals Inc. completed a reorganization that was undertaken primarily in order to better protect the value of its approximately $329,000 in gross net operating and capital loss carryforwards that can be used to reduce the amount of income tax that it could be required to pay on future earnings from its business. As a result of this reorganization, Ore Pharmaceuticals Inc. became a wholly owned subsidiary of a new company, Ore Pharmaceutical Holdings Inc., as of October 20, 2009.

Following the reorganization, the Company intended to pursue a strategy of acquiring interests in pharmaceutical assets whose value could be significantly enhanced through targeted development, with the goal of then monetizing these assets through sale or out–licensing transactions. The Company anticipated that it would fund these programs through designing, raising and investing alternative financing vehicles.

In light of the litigation that is ongoing with two landlords of facilities located in Gaithersburg, Maryland, the Company determined that it would be unable to execute upon its strategy for the foreseeable future due to the potential financial impacts of those lawsuits on the Company as well as the reluctance of potential investors to participate in alternative financing vehicles managed by a public entity. As a result, the Company has taken, and is continuing to take, actions to further reduce costs and recognize the value of certain of the Company’s assets while the Company continues the litigation related to the leases.

On April 14, 2010, the Company entered into a Management Services Agreement, effective April 26, 2010, by and between the Company and p–Value Capital Management, LLC, a private pharmaceutical asset management firm (“p–Value”) (the “Agreement”). The Board of Directors of the Company anticipates that the Agreement will further reduce costs to the Company while still permitting the operations of the Company to continue and the potential value of the assets of the Company to be recognized over time. Under the Agreement, the Company engaged p–Value to manage the operations of the Company on behalf, and under the direction, of the Board of Directors. See Note 5 for further discussion of this agreement.

In September 2009, the Company received notice from The NASDAQ Stock Market (“Nasdaq”) that its stock would be subject to delisting if the Company did not regain compliance by having a closing bid price equal or above $1.00 per share for a minimum of 10 consecutive trading days prior to March 15, 2010. On March 16, 2010, the Company was further notified by Nasdaq that it had not regained compliance and that trading in the Company’s stock would be suspended on March 25, 2010 in the event it did not submit an appeal to Nasdaq. The Company determined not to submit an appeal and, as a result, trading in its stock on The Nasdaq Capital Market was suspended on March 25, 2010, and was delisted thereafter. The Company’s stock is currently publicly traded in the OTC Marketplace under the symbol ORXE.

Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (“GAAP”) for interim financial information and the instructions to Form 10–Q and Article 8–03 of Regulation S–X. The consolidated condensed balance sheet as of June 30, 2010, consolidated condensed statements of operations for the three and six months ended June 30, 2010 and 2009 and the consolidated condensed statements of cash flows for the six months ended June 30, 2010 and 2009 are unaudited, but include all adjustments (consisting of normal recurring adjustments) that the Company considers necessary for a fair presentation of the financial position, operating results and cash flows, respectively, for the periods presented. Although the Company believes that the disclosures in these financial statements are adequate to make the information presented not misleading, certain information and footnote information normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). All material intercompany accounts and transactions have been eliminated in consolidation.

Results for any interim period are not necessarily indicative of results for any future interim period or for the entire year. The accompanying unaudited consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10–K for the year ended December 31, 2009.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Company is required to make fair value measurements in preparing the accompanying financial statements. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, fair value is a market–based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, GAAP prescribes a three–tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The Company's recurring financial assets and liabilities subject to fair value measurements and the necessary disclosures are as follows:

	Fair Value as of June 30, 2010	Fair Value Measurements at June 30, 2010 Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Cash and cash equivalents	3,104	3,104	–	–
Total	$ 3,104	$ 3,104	$ –	$ –

The amounts in the Company's consolidated condensed balance sheets for accounts and notes receivable, accounts payable, other current liabilities and long–term debt approximate fair value due to their short–term nature.

There were no required fair value measurements for non–financial assets and liabilities in the second quarter of 2010.

Comprehensive Loss

The Company accounts for comprehensive loss as prescribed by Accounting Standards Update ("ASU") 220, "Comprehensive Income". Comprehensive income (loss) is the total net income (loss), plus all changes in equity during the period, except those changes resulting from investment by and distribution to owners. Total comprehensive loss is equal to all net loss for all periods presented.

New Accounting Pronouncements

In April 2010, the Financial Accounting Standards Board (the "FASB") issued ASU 2010–17, Revenue Recognition – Milestone Method (Topic 605): Milestone Method of Revenue Recognition ("ASU 2010–17"). ASU 2010–17 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. Consideration that is contingent on achievement of a milestone in its entirety may be recognized as revenue in the period in which the milestone is achieved only if the milestone is judged to meet certain criteria to be considered substantive.   ASU 2010–17 is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010, with early adoption permitted. The Company does not expect the adoption of this guidance will have a material impact on its consolidated condensed financial statements.

In February 2010, the FASB issued amended guidance on subsequent events. Under this amended guidance, SEC filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and the Company adopted these new requirements upon issuance of this guidance.

In January 2010, the FASB issued updated standards related to additional requirements and guidance regarding disclosures of fair value measurements. The guidance requires the gross presentation of activity within the Level 3 fair value measurement roll–forward and details of transfers in and out of Level 1 and 2 fair value measurements. In addition, companies will be required to disclose quantitative information about the inputs used in determining fair values. The Company adopted these standards in the first quarter of 2010. The adoption of these standards had no impact on the Company's financial position or results of operations as it only amends required disclosures.

In September 2009, the FASB issued ASU 2009−13, "Multiple Element Arrangements". ASU 2009−13 addresses the determination of when the individual deliverables included in a multiple element arrangement may be treated as separate units of accounting. ASU 2009−13 also modifies the manner in which the transaction consideration is allocated across separately identified deliverables and establishes definitions for determining fair value of elements in an arrangement. This standard must be adopted by no later than January 1, 2011, with earlier adoption permitted. The Company is currently evaluating the impact, if any, that this standard update will have on its consolidated financial statements.

Note 2 — Liquidity and management's plans

Since inception, the Company has incurred, and continues to incur, significant losses from operations. At June 30, 2010, the Company had $3,104 in cash and cash equivalents. The Company has realigned its corporate resources and as a result significantly reduced its workforce to three employees as of June 30, 2010. In addition, in 2009, the Company assigned its original Cambridge, Massachusetts lease and leased new space in Cambridge, Massachusetts at a lower cost. The Company believes that its existing cash and cash equivalents, continuing cash savings resulting from its ongoing cash conservation efforts and proceeds from the collection of its remaining outstanding note receivable, will be sufficient to allow the Company to operate into the first quarter of 2011, including the costs to fund the ongoing Phase Ib/IIa clinical trial for ORE1001, but not taking into account any potential requirement to make payments under the two lease obligations on properties located in Gaithersburg, Maryland, that are currently in litigation (as discussed in Notes 10 and 13 of the Company's Annual Report on Form 10 K for the year ended December 31, 2009, and in Note 6 of this Quarterly Report on Form 10−Q). There can be no assurance that the Company will be successful in achieving its objectives of continuing cash conservation efforts, attracting additional financing, and resolving the potential lease guarantee obligations in a manner favorable to the Company. Furthermore, the Company anticipates that it will likely not have sufficient resources to complete the ongoing trial for ORE1001 without further financing. There is also no assurance, if the Company completes its Phase Ib/IIa clinical trial of ORE1001, that the results will be satisfactory or will enable the Company to successfully out−license ORE1001. If the Company is not successful in achieving its objectives, although not currently anticipated, it might be necessary to substantially reduce or discontinue operations and liquidate the Company. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The balance sheet at June 30, 2010 does not include any adjustments relating to recoverability and classification of recorded asset amounts or the amounts and classifications of liabilities that might be necessary in the event that the Company is unable to continue as a going concern.

Note 3 — Stock−based compensation

At June 30, 2010, the Company has one stock−based compensation plan: the 2009 Omnibus Equity Incentive Plan ("2009 Plan"), which was approved by the stockholders at the Company's annual meeting on October 20, 2009. The 2009 Plan replaces both of the Company's prior plans: the 1997 Equity Incentive Plan and the 1997 Non−Employee Directors' Stock Option Plan.

The Company recorded stock−based compensation expense of $38 and $28 for the three months ended June 30, 2010 and 2009, respectively, and $98 and $56 for the six months ended June 30, 2010 and 2009, respectively.

Stock Option Awards

The Company determined the fair value of each option grant on the date of grant using the Black−Scholes option pricing model for the indicated periods, with the following assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Weighted average fair value of grants	N/A	$0.34	$0.38	$0.28
Expected volatility	N/A	79%	83%	79%
Risk−free interest rate	N/A	1.38%	2.43%	1.31% to 1.38%
Expected lives	N/A	5 years	5 years	5 years
Dividend rate	N/A	0%	0%	0%

There were no stock options granted during the three months ended June 30, 2010.

The following is a summary of option activity for the six months ended June 30, 2010:

	Number of Shares	Per Share Weighted–Average Exercise Price	Aggregate Intrinsic Value
Outstanding at January 1, 2010	1,699,320	$ 5.80	
Options granted	10,050	$ 0.57	
Options exercised	–	$ –	
Options cancelled	(109,200)	$ 40.97	
Outstanding at June 30, 2010	1,600,170	$ 3.37	$ –
Exercisable at June 30, 2010	554,941	$ 8.59	$ –

The aggregate intrinsic value in the table above represents the total intrinsic value (the excess of the Company's closing stock price on the last trading day of June 2010 over the exercise price, multiplied by the number of in–the–money options) that would have been received by the option holders had all option holders exercised their options on June 30, 2010. As of June 30, 2010, only an insignificant number of the Company's options were considered in–the–money, and as a result the intrinsic value was determined to be $0; however, this amount is subject to change based on changes to the fair market value of the Company's Common Stock.

As of June 30, 2010, $181 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted–average period of 1.4 years. This estimate does not include the impact of other possible stock–based awards that may be made during future periods.

Note 4 — Loan and grant agreements with the State of Maryland

In January 2010, the Company reached a settlement agreement with the State of Maryland concerning repayment of the entire amount due to the lender by the Company under a loan and grant agreement with the State of Maryland, which at the time amounted to $719, and consisted of a loan of $450 that was currently due upon demand, as well as repayment of a training program grant of $111 and accrued interest of $158, both of which were included in Other Accrued Expenses at December 31, 2009. Under the settlement agreement, the Company agreed to repay a total of $383, of which $200 was paid in February 2010 ($125 represents payments of the loan obligation, and $75 represents payments of the training program grant and accrued interest), leaving a remaining balance of $183 to be paid in September 2010. If the Company does not repay the remaining $183 by September 30, 2010, the total amount due to the lender will revert to $719. As of June 30, 2010, the Company has continued to reflect the full amount of its liability to the State of Maryland, less the payment made in February 2010. Upon payment of the remaining amounts due under the settlement agreement, the Company would recognize a gain on extinguishment of $336.

Note 5 — Contractual Agreement

On April 14, 2010, the Company entered into a Management Services Agreement (the "Agreement") with p–Value Capital Management, LLC, a private pharmaceutical asset management firm ("p–Value"). The Company's Board of Directors anticipates that the Agreement will further reduce costs to the Company while still permitting the operations of the Company to continue and the potential value of the assets of the Company to be recognized over time.

Under the Agreement, the Company engaged p–Value to manage the operations of the Company on behalf, and under the direction, of the Board of Directors. The four members of p–Value consist of Mark J. Gabrielson, Stephen Donahue, Benjamin L. Palleiko and Geoffrey Wilson. Until April 26, 2010, the four members were all employees of the Company. The Agreement calls for p–Value to provide specified services to the Company in exchange for a quarterly fee and certain incentive payments. The services to be provided include, among other things, management of the Company's operations, and overseeing and managing the Company's intellectual property assets, ongoing litigation, and potential disposition and commercialization of assets and related activities. The Agreement is annually renewable, with an initial term through April 30, 2011 and the quarterly fee to p–Value for the first year is $275. The incentive payments will relate to the achievement of specified objectives as determined by the Board of Directors, and will be based, in certain instances, on the amount of the proceeds received by the Company in connection with certain transactions. The Company will also reimburse p–Value for expenses incurred in the execution of its duties and for certain benefits provided to Messrs. Gabrielson and Wilson in 2010, and will permit p–Value to continue to operate within the Company's leased office space in Cambridge, Massachusetts. The Company has the right to terminate the agreement upon 180 days notice generally, and immediately upon certain events, including a sale of the Company, a determination by the Board that termination is necessary in order to comply with applicable law, bankruptcy or receivership proceedings involving the Company, or a material, unremedied breach of the Agreement by p–Value. p–Value also has the right to terminate the Agreement with 180 days notice. Each of the Company and p–Value have agreed to indemnify one another, subject to certain limitations, under the Agreement.

In addition, p–Value provided to the Company individuals who have been designated by the Company to fill executive officer and other roles at the Company. Under the Agreement, Mr. Gabrielson was appointed as Chief Executive Officer and President of the Company; Mr. Palleiko was appointed Senior Vice President, Chief Financial Officer, Treasurer and Secretary of the Company; and Dr. Donahue was appointed Senior Vice President, Clinical Development of the Company. In addition, Mr. Wilson was appointed to the role of Director, Strategy of the Company. Although these individuals have been appointed to fill the designated roles, they have resigned as employees of the Company and their relationship and responsibilities to the Company are as defined in the Agreement. They will receive no compensation directly from the Company for these activities.

In conjunction with the Agreement, the four named individuals submitted their resignations to the Company as employees of the Company, effective on April 26, 2010, and the Board accepted their resignations. As described above, the Board appointed those individuals to the positions described above, effective April 26, 2010, in conjunction with the Agreement.

Note 6 — Litigation

On January 28 and February 1, 2010, the Company received demand letters from the landlords of the properties located at 620 and 610 Professional Drive in Gaithersburg, Maryland, respectively (the “620 Landlord” and the “610 Landlord,” respectively, and collectively, the “Landlords”), stating that Bridge Global Pharmaceutical Services, Inc. (“Bridge”), which is the lessee under the leases for both properties, had appeared to have vacated the premises and had stopped paying rent on those properties and demanding that the Company pay the amounts due pursuant to the Company’s guaranties of Bridge’s obligations under the leases. On February 9, 2010, the Company received notice of service of process informing the Company that the 620 Landlord had filed a complaint with the Circuit Court for Montgomery County, Maryland. The complaint alleges that the Company breached its guaranty of Bridge’s obligations to pay rent due under the leases and alleges current damages of $116, plus interest and further costs and expenses. On March 1, 2010, the Company received notice of a service of process informing the Company that the 610 Landlord had filed a complaint with the Circuit Court for Montgomery County, Maryland, alleging breach of contract by the Company and asserting current damages in an amount to be determined. The Company estimates that the total potential rent payable to the Landlords through the end of the leases, including the past due rents, is approximately $4.1 million. The Company is contesting these claims vigorously and intends to actively pursue all available avenues to hold Bridge or other affiliated entities responsible for obligations under the leases or to otherwise recoup amounts owed by Bridge or other affiliated entities for non–payment of rent under the leases and other costs and expenses; however, there is no assurance that the Company will be successful in its legal defenses or in its attempts to force the appropriate parties to pay. Discovery in both of these cases is proceeding. The Company established a loss reserve as of December 31, 2009 to account for the estimated potential costs related to these guarantees. No changes to the loss reserves were recorded through June 30, 2010.

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

This Quarterly Report on Form 10–Q ("Form 10–Q") contains forward–looking statements regarding future events and the future results of Ore Pharmaceutical Holdings Inc. ("Ore Holdings") that are based on current expectations, estimates, forecasts and projections about the industries in which Ore Holdings and its subsidiaries operate and the beliefs and assumptions of the management of Ore Holdings. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward–looking statements. These forward–looking statements are only predictions and are subject to risks, uncertainties and assumptions. Therefore, actual results may differ materially and adversely from those expressed in any forward–looking statements. Factors that might cause or contribute to such differences include those discussed in our Annual Report on Form 10–K for the year ended December 31, 2009 under the section entitled "Risk Factors" and in our subsequent filings with the United States Securities and Exchange Commission ("SEC"). Ore Holdings undertakes no obligation to revise or update publicly any forward–looking statements to reflect any change in management's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statements are based.

Unless the context otherwise requires, references in this Form 10–Q to "Ore," "Ore Pharmaceuticals," "Ore Holdings," the "Company," "we," "us," and "our" refer to Ore Pharmaceutical Holdings Inc. and its wholly owned subsidiary, Ore Pharmaceuticals Inc.

Overview

We are focused on developing and monetizing our current portfolio of pharmaceutical assets, which includes four clinical–stage compounds in–licensed from major pharmaceutical companies. Each of these compounds has been observed to be well–tolerated in human clinical trials to date. We are evaluating our lead compound, ORE1001, as a potential treatment for Inflammatory Bowel Disease ("IBD"). IBD is a severe gastrointestinal condition that is estimated to affect as many as one million people in the United States alone. We initiated a Phase Ib/IIa clinical trial in patients with ulcerative colitis – one of the two main disorders comprising IBD – of ORE1001 in the fourth quarter of 2009.

In September 2009, we received notice from The NASDAQ Stock Market ("Nasdaq") that our stock would be subject to delisting if we did not regain compliance by having a closing bid price equal or above $1.00 per share for a minimum of 10 consecutive trading days prior to March 15, 2010. On March 16, 2010, we were further notified by Nasdaq that we had not regained compliance and that trading in our stock would be suspended on March 25, 2010 in the event we did not submit an appeal to Nasdaq. We determined not to submit an appeal and, as a result, trading in our stock on The Nasdaq Capital Market was suspended on March 25, 2010, and was delisted thereafter. Our stock is currently publicly traded in the OTC Marketplace under the symbol ORXE.

On October 20, 2009, we completed a reorganization that was undertaken primarily in order to better protect the value of our approximately $329 million in gross net operating and capital loss carryforwards that can be used to reduce the amount of income tax we could be required to pay on future earnings from our business. As a result of this reorganization, Ore Pharmaceuticals Inc. became a wholly owned subsidiary of a new company, Ore Pharmaceutical Holdings Inc. ("Ore Holdings"). All the outstanding shares of Ore Pharmaceuticals Inc. were converted into shares of Ore Holdings and Ore Holdings then became the publicly traded company that we now refer to as "Ore."

Our intention at the time of the reorganization was to explore and, if feasible, implement a strategy by which we would finance development of our portfolio through establishing alternative investment and program development vehicles, with Ore receiving program management fees from, and equity interests in, these vehicles. However, we have determined that we will be unable to execute upon our strategy for the foreseeable future due to the potential financial impacts on us of the litigation that is ongoing with two landlords of facilities located in Gaithersburg, Maryland, as well as the reluctance of potential investors to participate in alternative financing vehicles managed by a public entity. As a result, we proposed, and the Board of Directors of the Company directed, that we take actions to further reduce costs and recognize the value of certain of our assets while we continue the litigation related to the leases.

As previously announced and as described in Note 5 to the accompanying financial statements, we entered into a Management Services Agreement (the "Agreement"), dated as of April 14, 2010, by and between the Company and p–Value Capital Management, LLC, a private pharmaceutical asset management firm ("p–Value"). Our Board of Directors anticipates that the Agreement will further reduce costs to the Company while still permitting the operations of the Company to continue and the potential value of the assets of the Company to be recognized over time. Under the Agreement, the Company engaged p–Value to manage the operations of the Company on behalf, and under the direction, of the Board of Directors.

We have incurred net losses in each year since our inception, including losses of $8.4 million in 2009 and $22.5 million in 2008. At June 30, 2010, we had an accumulated deficit of $383 million. Our losses have resulted principally from costs incurred by both our ongoing business as well as businesses we have sold. We expect to incur additional losses in the future.

Results of Operations

Three Months Ended June 30, 2010 and 2009

Revenue. We had no revenue for the three months ended June 30, 2010 and $25,000 in revenue for the three months ended June 30, 2009. Revenue during 2009 resulted primarily from a licensing agreement for certain technology unrelated to our pharmaceuticals asset management business.

Research and Development Expense. Research and development expenses, which now consist almost entirely of costs associated with the clinical development of ORE1001, decreased to $172,000 for the three months ended June 30, 2010 from $639,000 for the same period in 2009. The decrease is primarily a result of lower incurred clinical and supplier costs; and lower salary, benefits and facility–related costs due to the significant workforce reductions, facility closures and equipment disposals at the end of 2008 and during the first half of 2009.

Selling, General and Administrative Expense. Selling, general and administrative expenses, which now consist primarily of accounting, legal and other general corporate expenses, decreased to $796,000 for the three months ended June 30, 2010 from $2.0 million for the same period in 2009 primarily as a result of lower employee costs, including severance–related outlays due to our significant workforce reductions at the end of 2008 and in the first half of 2009, and to reduced professional fees.

Net Interest Income. Net interest income decreased to $12,000 for the three months ended June 30, 2010 from $81,000 for the same period in 2009 due to the decline in the balance of our cash and cash equivalents and a decrease in our rates of return on investments.

Six Months Ended June 30, 2010 and 2009

Revenue. We had no revenue for the six months ended June 30, 2010 and $25,000 in revenue for the six months ended June 30, 2009. Revenue during 2009 resulted primarily from a licensing agreement for certain technology unrelated to our pharmaceuticals asset management business.

Research and Development Expense. Research and development expenses, which now consist almost entirely of costs associated with the clinical development of ORE1001, decreased to $511,000 for the six months ended June 30, 2010 from $1.6 million for the same period in 2009. The decrease is primarily a result of lower incurred clinical and supplier costs; and lower salary, benefits and facility–related costs due to the significant workforce reductions, facility closures and equipment disposals at the end of 2008 and during the first half of 2009.

Selling, General and Administrative Expense. Selling, general and administrative expenses, which now consist primarily of accounting, legal and other general corporate expenses, decreased to $1.6 million for the six months ended June 30, 2010 from $4.3 million for the same period in 2009 primarily as a result of lower employee costs, including severance–related outlays due to our significant workforce reductions at the end of 2008 and first half of 2009, and to reduced professional fees.

Net Interest Income. Net interest income decreased to $21,000 for the six months ended June 30, 2010 from $167,000 for the same period in 2009 due to the decline in the balance of our cash and cash equivalents and a decrease in our rates of return on investments.

Liquidity and Capital Resources

Historically, we have financed our operations through the issuance and sale of equity securities, payments from customers and sales of parts of our business and assets from time to time. As of June 30, 2010, we had approximately $3.1 million in cash and cash equivalents, compared to $5.8 million as of December 31, 2009.

Net cash used in operating activities decreased to $2.5 million for the six months ended June 30, 2010 from $6.1 million for the same period in 2009, primarily due to our reduced net loss for the six months ended June 30, 2010. As noted above, the reduced net loss was primarily attributed to lower clinical and supplier costs and to lower employee and facility costs resulting from the significant workforce reductions and facility closure at the end of 2008 and into the first half of 2009.

For the six months ended June 30, 2010 and 2009, our investing activities were not significant.

In 2008, we assigned our lease in Cambridge, Massachusetts, to a third party, but we remain liable under the lease in the event of the assignee's default. The lease expires in August 2013, and at June 30, 2010, the total remaining amount due under the lease for the balance of the term is $3.6 million. In connection with the 2006 sale of our Preclinical Division to Bridge Pharmaceuticals, Inc. ("Bridge"), we continue to guarantee two leases for properties previously occupied by Bridge. The leases expire in February 2011 and December 2013 and at June 30, 2010, the total remaining amounts due under the leases for the balance of the terms is $0.7 million and $3.4 million, respectively.   We have been named as a defendant in two lawsuits brought by the landlords of these properties, formerly occupied by Bridge. See Part II, Item 1, "Legal Proceedings" below for more details.

During the six months ended June 30, 2010, in accordance with the settlement agreement with the State of Maryland, we paid the required interim payment of $200,000 under our loan and grant agreement from the State of Maryland. In January 2010, we reached a settlement agreement with the lender concerning repayment of the entire amount due to the lender by us, which at the time amounted to $719,000 and consisted of a loan of $450,000 that was currently due upon demand, as well as repayment of a training program grant of $111,000 and accrued interest of $158,000, both of which were in Other Accrued Expenses at December 31, 2009. Under the settlement agreement, we agreed to repay a total of $383,000, of which $200,000 was paid in February 2010 and the remaining $183,000 will be paid in September 2010. If we do not repay the total of $383,000 by September 30, 2010, the total amount due will revert to $719,000.   As of June 30, 2010, we have continued to reflect the full amount of our liability to the State of Maryland, less the payment made in February 2010. Upon payment of the remaining amounts due under the settlement agreement, we would recognize a gain on extinguishment of $336,000.

We believe that existing cash and cash equivalents and marketable securities available−for−sale, the receipt of $375,000 relating to a promissory note receivable, which was received in early July 2010, and our ongoing cash conservation efforts, including the settlement agreement with the State of Maryland to reduce the amount due on the outstanding loan, grant and interest, will enable us to support our operations into the first quarter of 2011, including the costs to fund the ongoing Phase Ib/IIa clinical trial for ORE1001, but not taking into account any potential requirement to make payments under the two lease obligations currently in litigation. There can be no assurance that we will be successful in achieving our objectives of continuing cash conservation efforts, attracting additional financing, or achieving a resolution of the potential lease obligations in a manner favorable to us. Furthermore, there is no assurance if we complete our clinical trial of ORE1001 that the results will be satisfactory or will enable us to successfully out−license ORE1001. If we are not successful in achieving our objectives, it might be necessary to substantially reduce or discontinue our operations. We currently expect long−term support of our operations to come from possible future financings and payments from licensing or collaboration arrangements from our portfolio of drug candidates. These estimates are forward−looking statements that involve risks and uncertainties. Our actual future capital requirements and the adequacy of our available funds will depend on those factors discussed above and in our Annual Report on Form 10−K for the year ended December 31, 2009 under the section entitled "Risk Factors."

Recently Issued Accounting Pronouncements

In April 2010, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2010−17, Revenue Recognition – Milestone Method (Topic 605): Milestone Method of Revenue Recognition ("ASU 2010−17"). ASU 2010−17 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. Consideration that is contingent on achievement of a milestone in its entirety may be recognized as revenue in the period in which the milestone is achieved only if the milestone is judged to meet certain criteria to be considered substantive. ASU 2010−17 is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010, with early adoption permitted. We do not expect the adoption of this guidance to have a material impact on our condensed consolidated financial statements.

In February 2010, the FASB issued amended guidance on subsequent events. Under this amended guidance, SEC filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and we adopted these new requirements upon issuance of this guidance.

In January 2010, the FASB issued updated standards related to additional requirements and guidance regarding disclosures of fair value measurements. The guidance requires the gross presentation of activity within the Level 3 fair value measurement roll−forward and details of transfers in and out of Level 1 and 2 fair value measurements. In addition, companies will be required to disclose quantitative information about the inputs used in determining fair values. We adopted these standards in the first quarter of 2010. The adoption of these standards had no impact on our financial position or results of operations as it only amends required disclosures.

In September 2009, the FASB issued ASU 2009−13 ("ASU 2009−13"), "Multiple Element Arrangements". ASU 2009−13 addresses the determination of when the individual deliverables included in a multiple arrangement may be treated as separate units of accounting. ASU 2009−13 also modifies the manner in which the transaction consideration is allocated across separately identified deliverables and establishes definitions for determining fair value of elements in an arrangement. This standard must be adopted by no later than January 1, 2011, with earlier adoption permitted. We are currently evaluating the impact, if any, that this standard update will have on our consolidated financial statements.

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) as of the end of the period covered by this Quarterly Report on Form 10−Q, have concluded that, based on such evaluation, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including the principal executive and principal financial officers, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all instances of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision−making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based, in part, on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the second quarter of 2010 that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

On January 28 and February 1, 2010, we received demand letters from the landlords of the properties located at 620 and 610 Professional Drive in Gaithersburg, Maryland, respectively (the “620 Landlord” and the “610 Landlord,” respectively, and collectively the “Landlords”), stating that Bridge Global Pharmaceutical Services, Inc. (“Bridge”), which is the lessee under the leases for both properties, had appeared to have vacated the premises and had stopped paying rent on those properties and demanding that we pay the amounts due pursuant to our guaranties of Bridge’s obligations under the leases. On February 9, 2010, we received notice of service of process informing us that the 620 Landlord had filed a complaint with the Circuit Court for Montgomery County, Maryland. The complaint alleges that we breached our guaranty of Bridge’s obligations to pay rent due under the leases and alleges current damages of $116,497.69, plus interest and further costs and expenses. On March 1, 2010, we received notice of service of process informing us that the 610 Landlord had filed a complaint with the Circuit Court for Montgomery County, Maryland, alleging breach of contract by us and asserting current damages in an amount to be determined. We estimate that the total potential rent payable to the Landlords through the end of the leases, including the past due rents, is approximately $4.1 million. We are contesting these claims vigorously and intend to actively pursue all available avenues to hold Bridge or other affiliated entities responsible for obligations under the leases or to otherwise recoup amounts owed by Bridge or other affiliated entities for non−payment of rent under the leases and other costs and expenses; however, there is no assurance that we will be successful in our legal defenses or in our attempts to force the appropriate parties to pay. Discovery in both of these cases is proceeding. We established a loss reserve as of December 31, 2009 to account for the estimated potential costs related to these guarantees. No changes to the loss reserves were recorded through June 30, 2010.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Exhibit Description	Filed with this Report	Incorporated by Reference herein from Form or Schedule	Filing Date	SEC File / Registration Number
10.1†	Management Services Agreement by and between the Registrant and p−Value Capital Management, LLC, dated April 14, 2010.	X			
31.1	Certification of Principal Executive Officer under Section 302 of the Sarbanes−Oxley Act of 2002.	X			
31.2	Certification of Principal Accounting and Financial Officer under Section 302 of the Sarbanes−Oxley Act of 2002.	X			
32	Certification of the Principal Executive Officer and the Principal Accounting and Financial Officer under Section 906 of the Sarbanes−Oxley Act of 2002.	X			

† Confidential portions of this document have been filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

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.

ORE PHARMACEUTICAL HOLDINGS INC.

Date: August 11, 2010

By: /s/ Benjamin L. Palleiko

Benjamin L. Palleiko
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

EXECUTION COPY

MANAGEMENT SERVICES AGREEMENT

BY AND BETWEEN

ORE PHARMACEUTICAL HOLDINGS, INC.,

AND

P−VALUE CAPITAL MANAGEMENT, LLC

Dated April 14, 2010

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b−2 of the Securities Exchange Act of 1934, as amended.

MANAGEMENT SERVICES AGREEMENT, (this "Agreement"), dated April 14, 2010 (the "Execution Date") by and between Ore Pharmaceutical Holdings Inc., a Delaware corporation (the "Company"), and p–Value Capital Management LLC, a Delaware limited liability company (the "Manager"). Each party hereto shall be referred to as, individually, a "Party" and, collectively, the "Parties."

WHEREAS, the Company has determined that it would be in its best interests to appoint a manager to perform the Services described herein and have agreed, therefore, to appoint the Manager to perform such Services; and

WHEREAS, the Manager has agreed to act as manager and to perform the Services described herein on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions

Except as otherwise noted, for all purposes of this Agreement, the following terms shall have the respective meanings set forth in this Section 1.1, which meanings shall apply equally to the singular and plural forms of the terms so defined and the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision:

"Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person or (ii) any officer, director, manager, general partner, general member, member or trustee of such Person. For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" shall mean, with respect to any Persons, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least 50% of the directors, managers, general members, general partners, or Persons exercising similar authority with respect to such Person.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Board of Directors" means the Board of Directors of the Company, or any committee thereof that has been duly authorized by the Board of Directors to make a decision on the matter in question or bind the Company, as to the matter in question.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in the City of New York are required, permitted or authorized, by applicable law or executive order, to be closed for regular banking business.

"Chief Executive Officer" means the Chief Executive Officer of the Company, including any interim Chief Executive Officer.

"Chief Financial Officer" means the Chief Financial Officer of the Company, including any interim Chief Financial Officer.

"Clinical development" means the stage of drug development when investigational potential new treatments are tested in trials enrolling human patients.

"Commencement Date" means April 26, 2010.

"Company" has the meaning set forth in the preamble of this Agreement and shall include, as the context requires, Ore Pharmaceuticals, Inc.

"Company Asset" means any tangible or intangible asset owned by, licensed to or optioned by the Company as of the date of this Agreement.

"Company Officers" means the Chief Executive Officer and the Chief Financial Officer and any other officer of the Company hereinafter appointed by the Board of Directors.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Execution Date" has the meaning set forth in the preamble of this Agreement.

"Federal Securities Laws" means, collectively, the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder.

"Fiscal Quarter" means the Company's fiscal quarter for purposes of its reporting obligations under the Exchange Act.

"Fiscal Year" means the Company's fiscal year for purposes of reporting its income for federal income tax purposes.

"Fund" means the first investment vehicle formed by Manager or Manager Affiliate that has as its principal purpose the financing and managing of pharmaceutical product clinical trials.

"GAAP" means generally accepted accounting principles in effect in the United States, consistently applied.

"General Partner" means the General Partner of the investment fund or funds currently contemplated to be sponsored by the Manager.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

“Incentive Payments” means the amounts payable in recognition of certain accomplishments by the Manager, as described in Section 7.3(a).

“Incur” means, with respect to any Indebtedness or other obligation of a Person, to create, issue, acquire (by conversion, exchange or otherwise), assume, suffer, guarantee or otherwise become liable in respect of such Indebtedness or other obligation.

“Indebtedness” means, with respect to any Person, (i) any liability for borrowed money, or under any reimbursement obligation relating to a letter of credit, (ii) all indebtedness (including bond, note, debenture, purchase money obligation or similar instrument) for the acquisition of any businesses, properties or assets of any kind (other than property, including inventory, and services purchased, trade payables, other expenses accruals and deferred compensation items arising in the Ordinary Course of Business), (iii) all obligations under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (iv) any liabilities of others described in the preceding clauses (i) to (iii) (inclusive) that such Person has guaranteed or that is otherwise its legal liability, and (v) (without duplication) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (i) through (iv) above.

“Indemnified Parties” has the meaning set forth in Article X hereof.

“Independent Director” means a director who (i)(a) is not an officer or employee of the Company, or an officer, director or employee of any of the Subsidiaries of the Company or their Subsidiaries, (b) was not appointed as a director pursuant to the terms of this Agreement and (c) is not affiliated with the Manager or any of its Affiliates, and (ii) satisfies the independence requirements under the Exchange Act and the rules and regulations of the Nasdaq Capital Market or any other market or automated quotation system on which the Company may maintain a public listing.

“Investment Advisers Act” means the Investment Advisers Act of 1940, as amended.

“Investment Company Act” means the Investment Company Act of 1940, as amended.

“Losses” has the meaning set forth in Article X hereof.

“Management Agreement Year” means a twelve (12) month period beginning on the Commencement Date and thereafter on each anniversary of the Commencement Date.

“Management Fee” has the meaning set forth in Section 7.1(a) hereof.

“Management Fee Payment Date” means, the day 60 days prior to the quarter for which the Management Fee will apply.

“Manager” has the meaning set forth in the preamble of this Agreement.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant’s application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

"Members" means the four members of the Manager as of the date of execution of the Agreement, who shall be: Mark J. Gabrielson, Stephen Donahue, Benjamin L. Palleiko and Geoff Wilson.

"Nasdaq Capital Market" means the Nasdaq Capital Market (or any successor thereto) or any other market on which the Company may maintain a listing for the trading of its securities.

"Ordinary Course of Business" means, with respect to any Person, an action taken by such Person if such action is (i) consistent with the past practices of such Person and is taken in the normal day−to−day business or operations of such Person and (ii) which is not required to be authorized or approved by the board of directors of such Person.

"Party" and "Parties" have the meaning set forth in the preamble of this Agreement.

"Person" means any individual, company (whether general or limited), limited liability company, partnership, corporation, trust, estate, association, nominee or other entity.

"Preclinical development" means the field of new drug development that does not involve clinical trials and may involve scientific investigations, toxicology, or manufacture of investigational drug.

"Securities Act" means the Securities Act of 1933, as amended.

"Services" has the meaning set forth in Section 3.1(b) hereof.

"Subsidiary" means, with respect to any Person, any corporation, company, joint venture, limited liability company, association or other Person in which such Person owns, directly or indirectly, more than 50% of the outstanding voting equity securities or interests, the holders of which are generally entitled to vote for the election of the Board of Directors or other governing body of such Person.

"Third Party Indebtedness" means, with respect to any Person, Indebtedness of such Person owed to any lenders or other creditors that are not Affiliated with such Person.

ARTICLE II
APPOINTMENT OF THE MANAGER

Section 2.1 Appointment

The Company hereby agrees to, and hereby does, appoint the Manager to perform the Services as set forth in Section 3.1 herein and subject to, and in accordance with, the terms and conditions of this Agreement.

Section 2.2 Term

The Manager shall provide Services to the Company from the Commencement Date until the termination of this Agreement in accordance with Article IX hereof.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b−2 of the Securities Exchange Act of 1934, as amended.

ARTICLE III
OBLIGATIONS OF THE PARTIES

Section 3.1 Obligations of the Manager

(a) Subject always to the direction and approval of the Board of Directors or any officers designated or appointed by the Board of Directors and the terms and conditions of this Agreement, the Manager shall during the term of this Agreement (i) perform the Services as set forth in Section 3.1(b) below and (ii) comply with the operational objectives and business plans and goals of the Company in existence from time to time and as directed by the Board of Directors. The Company shall promptly provide the Manager with all stated operational objectives and business plans of the Company approved by the Board of Directors of the Company and any other available information, in each case as reasonably requested by the Manager.

(b) Subject to Article VII hereof, the Manager agrees and covenants that it shall perform the following services (as may be modified from time to time pursuant to Section 3.4 hereof, the "Services"):

(i) manage the Company's day–to–day business and operations, including managing its liquidity and capital resources and causing the Company to comply with applicable law;

(ii) oversee and manage the ongoing clinical development and preclinical development activities of the Company;

(iii) manage the Company's intellectual property and other assets, including oversight of patent prosecution and other activities;

(iv) as approved by the Board of Directors, direct the legal activities of the Company, including defense against ongoing, future and threatened litigation and any potential settlements;

(v) as approved by the Board of Directors, identify, evaluate, manage, perform due diligence on, negotiate and oversee the acquisitions of any assets by the Company;

(vi) as approved by the Board of Directors, evaluate, manage, negotiate and oversee the disposition of all or any part of the property, assets or investments of the Company, including evaluating strategies for commercialization of assets and business development and licensing activities;

(vii) provide or second, as determined by agreement of the Manager and the Board of Directors, and in accordance with the terms and conditions of this Agreement, employees of the Manager to serve as executive officers or other employees of the Company or as members of the Company's Board of Directors; and

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

(viii) assuming the Company has a class of securities registered under the Federal Securities Laws, perform any other services for and on behalf of the Company to the extent that such services are consistent with those that are customarily performed by the executive officers and employees of a publicly listed or quoted Person, as determined by the Board of Directors, including preparing and filing SEC reports required by Federal Securities Laws or deemed advisable by the Company's legal counsel, and signing required certifications to these reports in the capacity of officers of the Company.

The foregoing Services shall include, but are not limited to, the following: (1) maintaining books, and records and financial statements of the Company in accordance with customary practice and GAAP; (2) recommend to the Board of Directors (x) capital raising activities, including the issuance of debt or equity securities of the Company, the entry into credit facilities or other credit arrangements, structured financings or other capital market transactions and (y) changes or other modifications in the capital structure of the Company, including equity repurchases; (3) recommend to the Company's Board of Directors the engagement of agents, consultants or other third party service providers to the Company, including accountants, lawyers or experts, in each case, as may be considered necessary by the Board of Directors from time to time; (4) maintain the Company's property and assets in the Ordinary Course of Business; (5) manage or oversee litigation, administrative or regulatory proceedings, investigations or any other reviews of the Company's business or operations that may arise in the Ordinary Course of Business or otherwise, subject to the approval of the Board of Directors in connection with the settlement, compromise, consent to the entry of an order or judgment or other agreement resolving any of the foregoing; (6) maintain appropriate insurance policies with respect to the Company's business and operations; (7) recommend to the Board of Directors the payment of dividends or other distributions on the equity interests of the Company; (8) attend to the timely calculation and payment of taxes payable, and the filing of all tax returns due, by the Company; (9) manage contract research organizations and scientific consultants conducting clinical development studies; (10) review reports relating to research and development studies; (11) respond to inquiries and requests from independent monitors of clinical research as well as national and international regulatory authorities and; (12) analyze and interpret new research and development results.

(c) The Manager will not be required to employ any staff to provide the Services other than the Members.

(d) In connection with the performance of its obligations under this Agreement, the Manager shall be required to obtain authorization and approval of the Board of Directors consistent with the Company's past practices regarding action requiring Board of Directors approval, as otherwise required by the Board of Directors (or any applicable committee thereof) or the Company's officers, or as otherwise required by this Agreement or applicable law.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

(e) In connection with the performance of the Services under this Agreement, the Manager shall have all necessary power and authority to perform, or cause to be performed, such Services on behalf of the Company, subject to Sections 3.1(d) and 4.1(a) hereof.

(f) In connection with the performance of its obligations under this Agreement, the Manager is not permitted to engage in any activities that would cause the Manager to become an “investment adviser” as defined in Section 202(a)(11) of the Investment Advisers Act, or any successor provision thereto.

(g) While the Manager is providing the Services under this Agreement, the Manager shall also be permitted to provide services, including services similar to the Services covered hereby, to other Persons, including Affiliates of the Manager, but the Manager shall not render any services to any other Person on behalf of the Company. This Agreement and the Manager’s obligation to provide the Services under this Agreement shall not create an exclusive relationship between the Manager and its Affiliates, on the one hand, and the Company and its Subsidiaries, on the other.

Section 3.2 Obligations of the Company

(a) The Company shall take all actions reasonably necessary as requested by the Manager consistent with the terms of this Agreement to enable the Company to fulfill its obligations under this Agreement.

(b) The Company shall take reasonable steps to ensure that:

(i) its employees act in accordance with the terms of this Agreement and the reasonable directions of the Manager in fulfilling the Company’s obligations hereunder and allowing the Manager to exercise its powers and rights hereunder; and

(ii) the Company provide to the Manager all reports (including monthly management reports and all other relevant reports) which the Manager may reasonably require and on such dates as the Manager may reasonably require.

(c) the Company will continue to employ at least the same number of staff and consultants in the same roles as on the date of execution of the Agreement, unless mutually agreed with the Manager, or to the extent that the Board of Directors, in exercising its fiduciary duties, determines otherwise.

(d) The Company agrees that, in connection with the performance by the Manager of its obligations hereunder, the Manager may recommend to the Company, and may engage in, transactions with any of the Manager’s Affiliates; provided, that any such transactions shall be subject to the advance authorization and approval of the Board of Directors.

(e) Assuming the Company has a class of securities registered under the Federal Securities Laws, the Company shall maintain a Board of Directors consisting of a majority of Independent Directors and of a sufficient number required to meet the legal and regulatory obligations of a publicly held company, as determined by the Board of Directors.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant’s application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

(f) The Company shall take any and all actions necessary to ensure that it does not become an "investment company" as defined in Section 3(a)(1) of the Investment Company Act, or any successor provision thereto.

Section 3.3 Company Asset Disposition Opportunities

(a) The Company agrees that the Manager shall have, and does hereby grant to the Manager, exclusive responsibility for identifying, reviewing and making recommendations to the Board of Directors with respect to opportunities for the disposition of Company Assets. In the event that any such opportunity is not originated by the Manager, the Board of Directors shall seek a recommendation from the Manager prior to making any decision concerning such opportunity; provided, however, that the Board of Directors shall not be bound by any such recommendation from the Manager.

(b) In the case of any opportunities for the disposition of Company Assets that involves an Affiliate of either the Manager or the Company, the Company's Board of Directors shall be required to authorize and approve such transaction in advance in accordance with paragraph (c) below. Any disposition of Company Asset that involves an Affiliate of the Manager will also require an independent, third party valuation in a form acceptable to the Board of Directors in its sole discretion.

(c) The Manager shall review each disposition of Company Asset opportunity presented to the Manager to determine, together with the Board, if such opportunity satisfies the Company's criteria, as established by the Board of Directors from time to time. If it is determined that such an opportunity satisfies such criteria, then such opportunity shall be considered by the Board of Directors for its authorization and approval prior to any consummation thereof.

(d) The Parties agree that the treatment of acquisition opportunities will require development of mutually agreed clear and differentiated selection criteria to determine whether such opportunities should be considered by the Company, the Manager, or an Affiliate of either. The Manager and the Board will develop such criteria as soon as practical after the execution of this Agreement.

Section 3.4 Change of Services

(a) The Company and the Manager shall have the right at any time during the term of this Agreement to change the Services provided by the Manager and such changes shall in no way otherwise affect the rights or obligations of any Party hereunder.

(b) Any change in the Services shall be authorized in writing and evidenced by an amendment to this Agreement, as provided in Section 13.9 hereof. Unless otherwise agreed in writing, the provisions of this Agreement shall apply to all changes in the Services.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

ARTICLE IV
POWERS OF THE MANAGER

Section 4.1 Powers of the Manager

(a) The Manager shall have no power to enter into any contract for or on behalf of the Company or otherwise subject it to any obligation, such power to be the sole right and obligation of the Company, acting through the Board of Directors and the Company officers.

(b) Subject to Section 4.2 and for purposes other than to delegate its duties and powers to perform the Services hereunder, the Manager shall have the power to recommend that the Company engage any agents (including real estate agents and managing agents), valuation experts, contractors and advisors (including accounting, financial, tax and legal advisors) that it deems necessary or desirable in connection with the performance of its obligations hereunder. All such costs will be paid by the Company directly to the extent possible. In the event the Manager incurs those costs on behalf of the Company, those costs shall be subject to reimbursement in accordance with Section 7.2 hereto.

Section 4.2 Delegation

The Manager may delegate or appoint:

(a) Any of its Affiliates as its agent, at its own cost and expense, to perform any or all of the Services hereunder, subject to the approval of the Board of Directors; or

(b) Any other Person, whether or not an Affiliate of the Manager, as its agent, at its own cost and expense, to perform those Services hereunder which, if agreed to by the Manager and the Board of Directors, are not critical to the ability of the Manager to satisfy its obligations hereunder; provided, however, that, in each case, the Manager shall not be relieved of any of its obligations or duties owed to the Company hereunder as a result of such delegation. The Manager shall be permitted to share Company information with its appointed agents subject to appropriate and reasonable confidentiality arrangements. For the avoidance of doubt, any reference to Manager herein shall include its delegates or appointees pursuant to this Section 4.2.

Section 4.3 Manager’s Obligations, Duties and Powers Exclusive

Subject to the provisions of Article IX hereof, the Company agrees that during the term of this Agreement, the obligations, duties and powers imposed on and granted to the Manager under Article III and this Article IV are to be performed or held exclusively by the Manager or its delegates and the Company shall not, through the exercise of the powers of their employees, perform any of the Services except in circumstances where it is necessary to do so to comply with applicable law, including law applicable to the Board of Directors’ exercise of its fiduciary duties, or as otherwise agreed to or delegated, in accordance with Section 4.2 hereof, by the Manager in writing.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant’s application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

ARTICLE V
INSPECTION OF RECORDS

Section 5.1 Books and Records of the Company

At all reasonable times and on reasonable notice, the Manager and any Person authorized by the Manager shall have access to, and the right to inspect, for any reasonable purpose, during the term of this Agreement and for a period of five (5) years after termination hereof, the books, records and data stored in computers and all documentation of the Company pertaining to all Services performed by the Manager or the Management Fee to be paid by the Company to the Manager, in each case, hereunder. There shall be no cost or expense charged by any Party to another Party pursuant to the exercise of rights under this Section 5.1.

Section 5.2 Books and Records of the Manager

At all reasonable times and on reasonable notice, the Company and any Person authorized by the Company shall have access to, and the right to inspect, for any reasonable purpose, during the term of this Agreement and for a period of five (5) years after termination hereof, the books, records and data stored in computers and all documentation of the Manager pertaining to all Services performed by the Manager or the Management Fee to be paid by the Company to the Manager, in each case, hereunder. There shall be no cost or expense charged by any Party to another Party pursuant to the exercise of rights under this Section 5.2.

ARTICLE VI
AUTHORITY OF THE COMPANY
AND THE MANAGER

Each Party represents to the others that it is duly authorized with full power and authority to execute, deliver and perform its obligations and duties under this Agreement. The Company represents that the engagement of the Manager has been duly authorized by the Board of Directors of the Company.

ARTICLE VII
MANAGEMENT FEE; EXPENSES

Section 7.1 Management Fee

(a) Obligation. As payment to the Manager for its services under this agreement, the Company shall pay to the Manager a quarterly fee of $275,000, such fee to be paid by the Management Fee Payment Date.

(b) Use of Office Space. To the extent the Company continues to lease premises, it will also permit the Manager to continue to occupy its current space in the Company's offices and to use all office infrastructure as well as internal and external administrative support services through the end of the lease term, at no additional cost to the Manager. The Company shall be under no obligation to continue its lease, whether during the term of this Agreement or otherwise.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

(c) Negotiation of Future Year Fees. The Company and the Manager agree that the Management Fee in section 7.1(a) shall be for the first Management Agreement Year. Prior to the end of the first Management Agreement Year and for each year following, and assuming that the Agreement has not been terminated in accordance with the provisions hereof, the Company and the Manager shall negotiate in good faith to determine the Management Fee payable for the following Management Agreement Year.

Section 7.2 Reimbursement of Expenses

(a) Subject to Sections 7.1 and 8.2 hereof, the Company shall reimburse the Manager for all costs and expenses of the Company that are Incurred by the Manager or its Affiliates on behalf of the Company, including all out–of–pocket costs and expenses Incurred in connection with preparing for and performing Services hereunder, the cost of health benefits comparable to those provided to Mark Gabrielson and Geoffrey Wilson by the Company as of the date of this Agreement, and all costs and expenses the reimbursement of which is specifically approved by the Board of Directors of the Company.

(b) Other than as described in Sections 7.1 and 7.2(a), the Company shall not be obligated or responsible for reimbursing or otherwise paying for any costs or expenses of the Manager or the Members or their Affiliates.

(c) Any such reimbursement shall be paid monthly, subject to the Company's receipt of reasonable supporting documentation, to the Manager in U.S. dollars by wire transfer in immediately available funds to an account or accounts designated by the Manager from time to time.

(d) Except as otherwise provided for in this Section 7.2, all reimbursements made pursuant to this Section 7.2 shall be reviewed by the Company's Audit Committee of the Board on a quarterly basis in connection with the preparation of the Company's consolidated financial statements. If the Company's Audit Committee identifies any discrepancy in such reimbursements, then the Company's Audit Committee of the Board, on behalf of the Company, and the Manager shall mutually resolve such discrepancy.

Section 7.3 Other Payments

(a) In addition to the payments and reimbursements described in Sections 7.1 and 7.2, the Manager shall be eligible for certain additional payments ("Incentive Payments") related to the accomplishment of specific objectives. Those objectives and their related payments shall consist of:

(i) For satisfactorily [***] the outstanding [***] related to the [***] in [***], the Manager shall receive a payment of $250,000, it being agreed that [***] of the [***] surrounding the [***] for total expense in an amount equal to or less than $[***] shall be deemed to be a satisfactory [***];

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

(ii) For establishing an independent valuation for certain Company Assets through a procedure to be mutually agreeable to the Manager and the Board of Directors, and for negotiating and closing a transaction resulting in the monetization of any of those Company Assets, the Manager shall receive payments equal to 12% of the gross proceeds received by the Company in any transaction, payable at such time and in such form as the proceeds are received by the Company, it being agreed that the following Company Assets shall be included in such valuation: [***] intellectual property; [***], and [***] intellectual property; and

(iii) For negotiating and closing a sale or merger (including a sale of all or substantially all of the assets in a single transaction or series of related transactions, but excluding for this purpose, one or more transactions identified in clause (ii) above to the extent that an Incentive Payment has previously been paid in respect of such transaction) of the Company, which transaction allows for the distribution of proceeds to the Company's shareholders, the Manager shall receive a payment equal to the greater of (i) 5% of the gross proceeds received by the Company or its shareholders in such transaction, or (ii) $250,000.

(b) Determination of the achievement of any of these objectives shall be at the sole discretion of the Board of Directors. Any payments made pursuant to Section 7.3(a) shall be made in U.S. dollars by wire transfer in immediately available funds to an account or accounts designated by the Manager from time to time.

(c) The Manager confirms that it currently intends to [***] to the sole satisfaction of the Board of Directors. In the event that, [***], and subject to the Fund being [***], the Manager does not [***], then the Manager agrees, at the election of the Company, either (i) to repay the full amount of all Management Fees paid under this Agreement or (ii) to grant to the Company a 5% share of the General Partner's carried interest in the Fund. For avoidance of doubt, the Incentive Payments will not be subject to this refund provision.

(d) The Parties acknowledge that any other significant contingent or real liabilities (for example, the [***]) will require vigilant monitoring by the Manager, and if there are any adverse developments with regard to any such liability, the Manager and Board of Directors shall promptly develop a plan to address such developments.

ARTICLE VIII
SECONDMENT OF OFFICERS BY THE MANAGER

Section 8.1 Secondment of the Chief Executive Officer and Chief Financial Officer

The Manager shall second to the Company individuals to serve as the Company's Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial and Accounting Officer). The Board of Directors shall elect the seconded Chief Executive Officer and Chief Financial Officer as officers of the Company in accordance with the operational objectives and business plans of the Company in existence from time to time. The seconded Chief Executive Officer and Chief Financial Officer shall report directly to, and be subject to the direction of, the Board of Directors.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

Section 8.2 Remuneration of the Chief Executive Officer and Chief Financial Officer

(a) The Chief Executive Officer and Chief Financial Officer seconded to the Company pursuant to this Article VIII shall, at all times, remain employees of, and be remunerated by, the Manager or an Affiliate of the Manager.

(b) Except as set forth in Sections 7.2(a) and 8.2(c) hereof, the Services performed for the Company by the Chief Executive Officer, the Chief Financial Officer and all other personnel, if any, of the Manager or its Affiliates shall be provided at the cost of the Manager or an Affiliate of the Manager.

(c) Should the Company desire that the Manager provide additional Services to the Company beyond those provided by the current Members of the Manager, and the Manager agrees to provide those Services, the cost of such staff required to perform the Services shall be provided at the cost of the Manager or an Affiliate of the Manager, as jointly agreed by the Manager and the Board of Directors, and reimbursed by the Company pursuant to Section 7.2 of this Agreement.

(d) The Manager shall disclose the amount of remuneration paid, and other benefits provided, to any officer or employee seconded to the Company, including the Chief Executive Officer and Chief Financial Officer, by the Manager, and shall provide any such additional compensation information reasonably requested by the Company, to the Board of Directors of the Company to the extent required for the Company to comply with the requirements of applicable law, including the Federal Securities Laws.

Section 8.3 Secondment of Additional Officers and Appointees

The Manager and the Company's Board of Directors may agree from time to time that the Manager shall second to the Company one or more additional individuals to serve as officers or apointees of the Company, upon such terms as the Manager and the Company's Board of Directors may mutually agree. Any such individuals shall have such titles and fulfill such functions as the Manager and the Company may mutually agree. The Parties currently anticipate that the Manager will be requested to second to the Company a Senior Vice President, Clinical Development (initially Stephen Donahue), who will be designated an officer of the Company, and a Director of Strategy (initially Geoffrey Wilson) who will be designated as an appointee to the Company.

Section 8.4 Insurance

The Company agrees it shall maintain adequate directors and officers insurance for any individuals seconded to the Company, with liability coverage of no less than $10 million.

ARTICLE IX
TERMINATION; RESIGNATION AND REMOVAL OF THE MANAGER

Section 9.1 Resignation by the Manager

The Manager may resign and terminate this Agreement at any time with 180 days' prior written notice to the Company, which right shall not be contingent upon the finding of a replacement manager. However, if the Manager resigns, until the date on which the resignation becomes effective, in addition to continuing to perform the Services hereunder, the Manager shall, upon request of the Board of Directors, use reasonable efforts to assist the Board of Directors to find a replacement manager, subject to any cost or expense related to this effort being reimbursed by the Company.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

Section 9.2 Removal of the Manager

(a) The Board of Directors may terminate this Agreement and the Manager's appointment if, at any time:

(i) the Board of Directors votes to terminate this Agreement;

(ii) the Company is sold or acquired, by merger or otherwise, or disposes (by sale, exclusive license or otherwise) of all or substantially all of its assets;

(iii) either a majority of the Members of the Manager at the time of execution of this agreement or Mark J. Gabrielson become no longer employed by the Manager;

(iv) the Board of Directors determines it is necessary to do so in order to comply with applicable law or its fiduciary duties, or the Company is involved in bankruptcy or receivership proceedings, or otherwise becomes insolvent (as determined by the Board of Directors); or

(v) (A) the Manager materially breaches the terms of this Agreement and such breach continues unremedied for thirty (30) days after the Manager received written notice from the Company setting forth the terms of such breach, or (B) the Manager (x) acted with gross negligence, willful misconduct, bad faith or reckless disregard in performing its duties and obligations under this Agreement, or (y) engaged in fraudulent or dishonest acts in connection with the business and operations of the Company.

(b) With the exception of Sections 9.2(a)(ii), 9.2(a)(iii), 9.2(a)(iv) or 9.2(a)(v), in which case the termination shall take effect immediately, termination by the Company will require 180 days prior written notice to the Manager.

Section 9.3 Termination

Subject to Section 13.4, this Agreement shall terminate upon the resignation or removal of the Manager in accordance with Section 9.1 or 9.2 hereof. Except for termination under Sections 9.2(a)(ii), 9.2(a)(iii), 9.2(a)(iv) or 9.2(a)(v), termination of this Agreement may not be effective prior to April 30, 2011.

Section 9.4 Seconded Individuals

Upon the termination of this Agreement, all seconded officers, including the Chief Executive Officer and Chief Financial Officer, employees, representatives and delegates of the Manager and its Affiliates who perform Services hereunder, shall resign their respective positions with the Company and cease working on behalf of the Company as of the date of such termination or at such other time as mutually agreed by the Manager and the Board of Directors. Any Member appointed director may continue to serve on the Board of Directors at the discretion of the Board of Directors.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

Section 9.5 Directions

After a written notice of termination has been given under this Article IX, the Company may direct the Manager to undertake any actions necessary to transfer any aspect of the ownership or control of the assets of the Company to the Company or to any nominee of the Company and to do all other things necessary to bring the appointment of the Manager to an end, and the Manager shall comply with all such reasonable directions. In addition, the Manager shall, at the Company's expense, deliver to any new manager or the Company any books or records held by the Manager under this Agreement and shall execute and deliver such instruments and do such things as may reasonably be required to permit new management of the Company to effectively assume its responsibilities.

Section 9.6 Payments Upon Termination

(a) Expenses. Notwithstanding anything in this Agreement to the contrary, the costs and expenses accrued and payable to the Manager prior to the effective date of termination pursuant to Section 7.2 hereof shall be payable to the Manager upon the termination of this Agreement pursuant to this Article IX. All payments made pursuant to this Section 9.6(a) shall be made in accordance with Article VII hereof.

(b) Management Fees. Upon termination of this Agreement pursuant to Sections 9.1 or 9.2 hereof, the Company shall immediately pay the Manager the full amount of the Management Fee due but unpaid through the effective date of termination; provided, however, that upon termination for any reason other than pursuant to Section 9.2(a)(i), the Manager shall not be entitled to receive any Management Fee with respect to periods following the effective date of termination, and any Management Fees previously paid in respect of subsequent periods shall be refunded. Any payments made pursuant to this Section 9.6(b) shall be made in U.S. dollars by wire transfer in immediately available funds to an account or accounts designated by the Manager from time to time.

ARTICLE X
INDEMNITY

Subject to the provisions of this Article X, each of the Company and the Manager (the "Indemnifying Parties") shall indemnify, reimburse, defend and hold harmless the Manager and the Company, respectively, and their respective successors and permitted assigns, together with their respective employees, officers, members, managers, directors, business partners, agents and representatives (collectively the "Indemnified Parties"), from and against all losses (including lost profits), costs, damages, injuries, taxes, penalties, interests, expenses, obligations, claims and liabilities (joint or severable) of any kind or nature whatsoever (collectively "Losses") that are Incurred in respect of third parties by such Indemnified Parties in connection with, relating to or arising out of the performance of this Agreement; provided, however, that the Indemnifying Parties shall not be obligated to indemnify, reimburse, defend or hold harmless any Indemnified Party for any Losses Incurred by such Indemnified Party in connection with, relating to or arising out of:

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

(a) a breach by such Indemnified Party of this Agreement;

(b) the gross negligence, willful misconduct, bad faith or reckless disregard of such Indemnified Party in the performance of any obligations hereunder; or

(c) fraudulent or dishonest acts of such Indemnified Party.

The indemnification obligation of the Company hereunder shall apply to the Manager to the same extent as the Company's obligations to indemnify its officers and directors exists from time to time under the Company's Articles of Incorporation, By–laws and applicable provisions of Delaware law. The indemnification obligation of the Manager hereunder shall not exceed an amount equal to the lesser of (i) $[***] or (ii) [***]% of the aggregate total payments received by the Manager under this Agreement.

The rights of any Indemnified Party referred to above shall be in addition to any rights that such Indemnified Party shall otherwise have at law or in equity.

Without the prior written consent of the Indemnifying Party, no Indemnified Party shall settle, compromise or consent to the entry of any judgment in, or otherwise seek to terminate any, claim, action, proceeding or investigation in respect of which indemnification could be sought hereunder unless (a) such Indemnified Party indemnifies the Indemnifying Party from any liabilities arising out of such claim, action, proceeding or investigation, (b) such settlement, compromise or consent includes an unconditional release of the Indemnifying Party from all liability arising out of such claim, action, proceeding or investigation and (c) the parties involved agree that the terms of such settlement, compromise or consent shall remain confidential.

ARTICLE XI
LEGAL ACTIONS

Section 11.1 Third Party Claims

(a) The Manager shall notify the Company promptly of any claim made by any third party in relation to the assets of the Company and shall send to the Company any notice, claim, summons or writ served on the Manager concerning the Company.

(b) The Manager shall not, without the prior written consent of the Board of Directors, purport to accept or admit any claims or liabilities of which it receives notification pursuant to Section 11.1(a) above on behalf of the Company or make any settlement or compromise with any third party in respect of the Company.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

ARTICLE XII
CONFIDENTIALITY

Section 12.1 Non−Disclosure

The Manager shall not, and the Manager shall cause its Affiliates and their respective agents and representatives not to, at any time from and after the date of this Agreement, directly or indirectly, disclose or use any confidential or proprietary information involving or relating to (x) the Company, including any information contained in the books and records of the Company and (y) the Company's Subsidiaries, including any information contained in the books and records of any such Subsidiaries; provided, however, that disclosure and use of any information shall be permitted (i) with the prior written consent of the Company, (ii) as, and to the extent, expressly permitted by this Agreement or any other agreement between the Manager and the Company or any of the Company's Subsidiaries (but only to the extent that such information relates to such Subsidiaries), (iii) as, and solely to the extent, necessary or required for the performance by the Manager, any of its Affiliates or its delegates of any of their respective obligations under this Agreement, (iv) as, and to the extent, necessary or required in the operation of the Company's business or operations in the Ordinary Course of Business, (v) to the extent such information is generally available to, or known by, the public or otherwise has entered the public domain (other than as a result of disclosure in violation of this Section 12.1 by the Manager or any of its Affiliates), (vi) as, and to the extent, necessary or required by any governmental order, applicable law or any governmental authority, subject to Section 12.4, and (vii) as, and to the extent, necessary or required or reasonably appropriate in connection with the enforcement of any right or remedy relating to this Agreement or any other agreement between the Manager and the Company or any of the Company's Subsidiaries; provided, however, that, in each case, the Manager obtains a confidentiality and non−disclosure agreement in form satisfactory to the Company in respect of the information disclosed.

Section 12.2 Compliance

The Manager shall produce and implement policies and procedures that are reasonably designed to ensure compliance by the Manager's directors, officers, employees, agents and representatives with the requirements of this Article XII. The Manager, its Members and employees shall comply with the Company's insider trading polices as in effect from time to time.

Section 12.3 Definition

For the avoidance of doubt, confidential information includes business plans, financial information, operational information, strategic information, legal strategies or legal analysis, formulas, production processes, lists, names, research, marketing, sales information and any other information similar to any of the foregoing or serving a purpose similar to any of the foregoing with respect to the business or operations of the Company or any of its Subsidiaries. However, the Parties are not required to mark or otherwise designate information as "confidential or proprietary information," "confidential" or "proprietary" in order to receive the benefits of this Article XII.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b−2 of the Securities Exchange Act of 1934, as amended.

Section 12.4 Proceedings

In the event that the Manager is required by governmental order, applicable law or any governmental authority to disclose any confidential information of the Company or any of its Subsidiaries that is subject to the restrictions of this Article XII, the Manager shall (i) notify the Company or any of its Subsidiaries in writing as soon as possible, unless it is otherwise affirmatively prohibited by such governmental order, applicable law or such governmental authority from notifying the Company or any such Subsidiaries, as the case may be, (ii) cooperate with the Company or any such Subsidiaries to preserve the confidentiality of such confidential information consistent with the requirements of such governmental order, applicable law or such governmental authority and (iii) use its reasonable best efforts to limit any such disclosure to the minimum disclosure necessary or required to comply with such governmental order, applicable law or such governmental authority, in each case, at the cost and expense of the Company.

Section 12.5 Copies

Nothing in this Article XII shall prohibit the Manager from keeping or maintaining any copies of any records, documents or other information that may contain information that is otherwise subject to the requirements of this Article XII, subject to its compliance with this Article XII.

Section 12.6 Breaches

The Manager shall be responsible for any breach or violation of the requirements of this Article XII by any of its agents or representatives.

ARTICLE XIII
MISCELLANEOUS

Section 13.1 Obligation of Good Faith; No Fiduciary Duties

The Manager shall perform its duties under this Agreement in good faith and for the benefit of the Company. The relationship of the Manager to the Company is as an independent contractor and nothing in this Agreement shall be construed to impose on the Manager an express or implied fiduciary duty.

Section 13.2 Binding Effect

This Agreement shall be binding upon, shall inure to the benefit of and be enforceable by the Parties hereto and their respective successors and permitted assigns.

Section 13.3 Compliance

(a) The Manager shall take all reasonable steps such that each of its officers, agents and employees comply, in all material respects, with any law, including the Federal Securities Laws and the securities laws of any applicable jurisdiction and the Nasdaq Capital Market (or any successor thereto or any other exchange or trading system applicable to the Company’s securities) rules and regulations, in each case, as in effect from time to time, to the extent that it concerns the functions of the Manager or the obligations of the Company under this Agreement or under the Federal Securities Laws.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant’s application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

(b) The Manager shall maintain management systems, policies and internal controls and procedures that reasonably ensure that the Manager and its employees comply with the terms and conditions of this Agreement, as well as comply with the internal policies, controls and procedures established by the Company from time to time, including, without limitation, those relating to insider trading policies, conflicts of interest and similar corporate governance measures.

Section 13.4 Effect of Termination

This Agreement shall be effective as of the Commencement Date and shall continue in full force and effect thereafter until termination hereof in accordance with Article IX. The obligations of the Parties set forth in Articles IX, X, XI, XII and XIII hereof shall survive such termination of this Agreement, subject to applicable law.

Section 13.5 Notices

Any notice or other communication required or permitted under this Agreement shall be deemed to have been duly given (i) five (5) Business Days following deposit in the mails if sent by registered or certified mail, postage prepaid, (ii) when sent, if sent by facsimile transmission, if receipt thereof is confirmed by telephone, (iii) when delivered, if delivered personally to the intended recipient and (iv) two (2) Business Days following deposit with a nationally recognized overnight courier service, in each case addressed as follows:

If to the Company, to:

Attention: Chairman of the Board
Ore Pharmaceutical Holdings Inc.
One Main Street
Suite 300
Cambridge, MA 02142
Fax: 617−649−2050

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

Attention: William T. Whelan, Esq.
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
One Financial Center
Boston, MA 02111
Fax: (617) 542−2241

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant’s application requesting confidential treatment under Rule 24b−2 of the Securities Exchange Act of 1934, as amended.

If to the Manager, to:

Attention: Mark J. Gabrielson
p–Value Capital Management, LLC
One Main Street
Suite 300
Cambridge, MA 02142
Fax: 617–649–2003

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

Attention: Mitchell S. Bloom, Esq.
Goodwin Procter L.L.P.
53 State Street
Exchange Place
Boston MA 02109
Fax: 617–523–1231

or to such other address or facsimile number as any such Party may, from time to time, designate in writing to all other Parties hereto, and any such communication shall be deemed to be given, made or served as of the date so delivered or, in the case of any communication delivered by mail, as of the date so received.

Section 13.6 Headings

The headings in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

Section 13.7 Applicable Law

This Agreement, the legal relations between and among the Parties and the adjudication and the enforcement thereof shall be governed by and interpreted and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to the conflicts of law provisions thereof to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

Section 13.8 Submission to Jurisdiction; Waiver of Jury Trial

Each of the Parties hereby irrevocably acknowledges and consents that any legal action or proceeding brought with respect to any of the obligations arising under or relating to this Agreement may be brought in the courts of the Commonwealth of Massachusetts and each of the Parties hereby irrevocably submits to and accepts with regard to any such action or proceeding, for itself and in respect of its property, generally and unconditionally, the non–exclusive jurisdiction of the aforesaid courts. Each Party hereby further irrevocably waives any claim that any such courts lack jurisdiction over such Party, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement or the transactions contemplated hereby brought in any of the aforesaid courts, that any such court lacks jurisdiction over such Party. Each Party irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party, at its address for notices set forth in Section 13.5 hereof, such service to become effective ten (10) days after such mailing. Each Party hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other documents contemplated hereby that service of process was in any way invalid or ineffective. The foregoing shall not limit the rights of any Party to serve process in any other manner permitted by applicable law. The foregoing consents to jurisdiction shall not constitute general consents to service of process in the Commonwealth of Massachusetts for any purpose except as provided above and shall not be deemed to confer rights on any Person other than the respective Parties.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

Each of the Parties hereby waives any right it may have under the laws of any jurisdiction to commence by publication any legal action or proceeding with respect this Agreement. To the fullest extent permitted by applicable law, each of the Parties hereby irrevocably waives the objection which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement in any of the courts referred to in this Section 13.8 and hereby further irrevocably waives and agrees not to plead or claim that any such court is not a convenient forum for any such suit, action or proceeding.

The Parties agree that any judgment obtained by any Party or its successors or assigns in any action, suit or proceeding referred to above may, in the discretion of such Party (or its successors or assigns), be enforced in any jurisdiction, to the extent permitted by applicable law.

The Parties agree that the remedy at law for any breach of this Agreement may be inadequate and that should any dispute arise concerning any matter hereunder, this Agreement shall be enforceable in a court of equity by an injunction or a decree of specific performance. Such remedies shall, however, be cumulative and nonexclusive, and shall be in addition to any other remedies which the Parties may have.

Section 13.9 Amendment; Waivers

No term or condition of this Agreement may be amended, modified or waived without the prior written consent of the Party against whom such amendment, modification or waiver will be enforced; provided, that any amendment of Article VII or section 8.2 hereof shall not be effective as to any Party hereto unless such amendment was authorized and approved by the Board of Directors. Any waiver granted hereunder shall be deemed a specific waiver relating only to the specific event giving rise to such waiver and not as a general waiver of any term or condition hereof.

Section 13.10 Remedies to Prevailing Party

If any action at law or equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

Section 13.11 Severability

Each provision of this Agreement is intended to be severable from the others so that if, any provision or term hereof is illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or unenforceability shall not affect or impair the validity of the remaining provisions and terms hereof.

Section 13.12 Benefits Only to Parties

Nothing expressed by or mentioned in this Agreement is intended or shall be construed to give any Person other than the Parties and their respective successors or permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Parties and their respective successors and permitted assigns, and for the benefit of no other Person.

Section 13.13 Further Assurances

Each Party hereto shall take any and all such actions, and execute and deliver such further agreements, consents, instruments and any other documents as may be necessary from time to time to give effect to the provisions and purposes of this Agreement.

Section 13.14 No Strict Construction

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

Section 13.15 Entire Agreement

This Agreement constitutes the sole and entire agreement of the Parties with regards to the subject matter of this Agreement. Any written or oral agreements, statements, promises, negotiations or representations not expressly set forth in this Agreement are of no force and effect.

Section 13.16 Assignment

This Agreement shall not be assignable by either party except by the Company to any Person with which the Company may merge or consolidate or to which the Company transfers by sale, exclusive license or otherwise, all or substantially all of its assets.

Section 13.17 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant’s application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

P–VALUE CAPITAL MANAGEMENT, LLC

By: /s/ Mark J. Gabrielson
Name: Mark J. Gabrielson
Title: Managing Member

ORE PHARMACEUTICAL HOLDINGS INC.

By: /s/ J. Stark Thompson
Name: J. Stark Thompson
Title: Chairman of the Board

Portions of this Exhibit were omitted and have been filed separately with the Secretary of the Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b–2 of the Securities Exchange Act of 1934, as amended.

Exhibit 31.1

CERTIFICATIONS UNDER SECTION 302

I, Mark J. Gabrielson, certify that:

1. I have reviewed this quarterly report on Form 10−Q of Ore Pharmaceutical Holdings Inc.;

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

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

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

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2010

By: /s/ Mark J. Gabrielson
Mark J. Gabrielson
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS UNDER SECTION 302

I, Benjamin L. Palleiko, certify that:

1. I have reviewed this quarterly report on Form 10−Q of Ore Pharmaceutical Holdings Inc.;

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

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

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

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2010

By: /s/ Benjamin L. Palleiko
Benjamin L. Palleiko
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES–OXLEY ACT OF 2002

Each of the undersigned hereby certifies, in his capacity as an officer of Ore Pharmaceutical Holdings Inc. (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002, that to such officer's knowledge:

- The Quarterly Report of the Company on Form 10–Q for the quarterly period ended June 30, 2010 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2010

By: /s/ Mark J. Gabrielson
Mark J. Gabrielson
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2010

By: /s/ Benjamin L. Palleiko
Benjamin L. Palleiko
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.