

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

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

Date of Report (Date of earliest event reported): October 10, 2000

BioDelivery Sciences International, Inc.
(Exact name of registrant as specified in its charter)

Indiana

0-28931

35-2089858

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

865 Longboat Key Club Road
Longboat Key, Florida 34228
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code:
(941) 952-5859

111 Lock Street
Newark, New Jersey 07103

(Former name or former address, if
changed since last report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

Effective October 10, 2000, the Company acquired preferred stock of BioDelivery Sciences, Inc. (BDS) representing 80% of the voting rights of BDS in exchange for a purchase price of \$15,000,000. The purchase price was payable \$1,000,000 in cash upon closing and \$14,000,000 in notes payable maturing through December 2002. BDS is a development stage company, developing the ability to deliver certain pharmaceutical drugs and vaccines orally.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired

See Index to Financial Statements at page 3

(b) Pro Forma Financial Statements

See Unaudited Pro Forma Consolidated Financial Statements at pages 17-21

(c) Exhibits.

EXHIBIT 2.1 Stock purchase Agreement effective October 10, 2000 between MAS Acquisition XXIII Corp. and BioDelivery Sciences, Inc.

EXHIBIT 2.2 Contribution Agreement effective October 9, 2000 between MAS Acquisition XXIII Corp. and Hopkins Capital Group.

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Report of Independent Certified Public Accountants

To the Board of Directors and Stockholders of
BioDelivery Sciences, Inc.

We have audited the accompanying balance sheets of BioDelivery Sciences, Inc. (a development stage company) as of September 30, 2000 and December 31, 1999, and the related statements of operations, stockholders' equity, and cash flows for the nine and twelve month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BioDelivery Sciences, Inc. as of September 30, 2000 and December 31, 1999, and the results of its operations and its cash flows for the nine and twelve month periods then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Tampa, Florida
December 15, 2000

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

BALANCE SHEETS

	September 30, 2000	December 31, 1999
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$580,465	\$212,357
Prepaid expenses and other assets	87,558	56,434
	-----	-----
Total current assets	668,023	268,791
EQUIPMENT, net	276,145	286,340
OTHER ASSETS	30,788	32,945
	-----	-----
Total Assets	\$974,956	\$588,076
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 86,955	\$ 72,221
Due to related party	337,503	103,032
Notes payable	350,000	--
Deferred revenue	56,000	102,000
Current portion of capital lease payable	8,855	--
	-----	-----
Total current liabilities	839,313	277,253
CAPITAL LEASE PAYABLE	30,824	--
COMMITMENTS AND CONTINGENCIES	--	--
REDEEMABLE COMMON STOCK, 1,470,000 shares issued	2,346	2,346
STOCKHOLDERS' EQUITY:		
Series A convertible preferred stock, \$0.01 par value, 273,200 shares authorized, none outstanding	--	--
Common stock, \$.0001 par value, 20,000,000 shares authorized, 414,600 shares issued and outstanding	41	41
Additional paid-in capital, common stock	359	359
Earnings retained during development stage	102,073	308,077
	-----	-----
Total stockholders' equity	102,473	308,477
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$974,956	\$588,076
	=====	=====

The accompanying notes are an integral part of these financial statements.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

STATEMENTS OF OPERATIONS

	Nine Months Ended September 30, 2000	Year Ended December 31, 1999	Period From March 28, 1995 (Date of Incorporation) to September 30, 2000
	-----	-----	----- (unaudited)
Sponsored research revenues	\$ 614,001	\$ 1,565,000	\$ 7,338,501
EXPENSES:			
Research and development	820,551	1,333,287	6,816,444
General and administrative	62,480	159,053	423,233
	-----	-----	-----
Total expenses	883,031	1,492,340	7,239,677
OTHER INCOME (EXPENSE)			
Interest income	21,570	34,430	169,318
Other income	3,720	--	17,856
	-----	-----	-----
Net income (loss) before income tax benefit (expense)	(243,740)	107,090	285,998
Income tax benefit (expense)	37,736	(14,579)	(183,925)
	-----	-----	-----
Net income (loss)	\$(206,004)	\$ 92,511	\$ 102,073
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock Shares	Amount	Common Stock Shares	Amount	Additional Paid-In Capital	Earnings Retained During Development Stage	Total Stockholders' Equity
	-----	-----	-----	-----	-----	-----	-----
Issuance of common stock during the period March 28, 1995 through December 31, 1998 (unaudited)	--	\$ --	414,600	\$ 41	\$ 359	\$ --	\$ 400
Net income (unaudited)	--	--	--	--	--	215,566	215,566
	-----	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1998	--	--	414,600	41	359	215,566	215,966
Net income	--	--	--	--	--	92,511	92,511
	-----	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1999	--	--	414,600	41	359	308,077	308,477
Net loss	--	--	--	--	--	(206,004)	(206,004)
	-----	-----	-----	-----	-----	-----	-----
BALANCE, SEPTEMBER 30, 2000	--	\$ --	414,600	\$ 41	\$ 359	\$ 102,073	\$ 102,473
	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2000	Year Ended December 31, 1999	Period From March 28, 1995 (Date of Incorporation) to September 30, 2000 (unaudited)
	-----	-----	-----
Net income (loss)	\$(206,004)	\$ 92,511	\$ 102,073
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	70,422	79,824	243,688
Changes in assets and liabilities:			
Prepaid expenses and other assets	(31,124)	(47,645)	(87,558)
Accounts payable and accrued liabilities	14,734	36,348	86,955
Deferred revenue	(46,000)	(15,000)	56,000
Due to related party	234,471	11,366	337,503
	-----	-----	-----
Net cash provided by operating activities	36,499	157,404	738,661
INVESTING ACTIVITIES:			
Purchases of equipment	(18,391)	(85,868)	(468,458)
Purchase of other assets	--	--	(42,484)
	-----	-----	-----
Net cash used in investing activities	(18,391)	(85,868)	(510,942)
FINANCING ACTIVITIES:			
Issuance of common stock	--	2,346	2,746
Proceeds from notes payable	350,000	--	350,000
	-----	-----	-----
Net cash provided by financing activities	350,000	2,346	352,746
NET CHANGE IN CASH	368,108	73,882	580,465
CASH AT BEGINNING OF PERIOD	212,357	138,475	--
	-----	-----	-----
CASH AT END OF PERIOD	\$ 580,465	\$ 212,357	\$ 580,465
	=====	=====	=====
SUPPLEMENTAL INFORMATION			
Cash paid for taxes	\$ --	\$ 27,665	\$ 221,661
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

For the Nine and Twelve Month Periods Ended
September 30, 2000 and December 31, 1999 And
the Period From March 25, 1995 (Date of Inception)
To September 30, 2000

NOTE 1 - ORGANIZATION

BioDelivery Sciences Corporation ("BDS" or the "Company") was incorporated in the State of Delaware on March 28, 1995. The Company was formed to develop and commercialize the delivery of certain pharmaceutical drugs and vaccines orally.

The Company is a development stage company, which has devoted substantially all of its efforts to research and product development and has not yet generated any revenues from the sale of products. At this time, there can be no assurance of future revenues. In addition, the Company expects to continue to incur losses for the foreseeable future, and there can be no assurance that the Company will successfully complete the transition from a development stage company to successful operations.

In order to continue its research and product development activities as planned, the Company has raised capital through sponsored research agreements with commercial entities and other third parties. The Company has also raised capital from investors subsequent to September 30, 2000, as more fully discussed in Note 9, which management believes will provide adequate funding through September 30, 2001. The Company intends to obtain additional funds for research and development through collaborative arrangements with corporate partners, additional financings, and from other sources; however, there can be no assurance that the Company will be able to obtain necessary financing when required or what the terms of any such financing, if obtained, might be. Accordingly, there can be no assurance of the Company's future success.

Revenue Recognition

Sponsored research amounts are recognized as revenue on a ratable basis, when the research underlying such payments has been performed or when the funds have otherwise been utilized, such as for the purchase of operating assets. Research and development expenses are charged to operations as incurred. Research and development expenses principally include, among other things, consulting fees and cost reimbursements to the University of Medicine and Dentistry of New Jersey ("UMDNJ"), testing of compounds under investigation, and salaries and benefits of employees engaged in research and development activities.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

For the Nine and Twelve Month Periods Ended
September 30, 2000 and December 31, 1999
And the Period From March 25, 1995 (Date of Inception)
To September 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Equipment

Office and laboratory equipment are carried at cost less accumulated depreciation, which is computed on a straight-line basis over their estimated useful lives, generally 5 years.

Other Assets

Costs incurred in connection with the purchase of technology licenses are capitalized and amortized over fifteen years. Accumulated amortization amounted to \$11,696 and \$9,539 at September 30, 2000 and December 31, 1999, respectively. Patent costs are expensed as incurred as research and development expenses.

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Use of Estimates in Financial Statements

The preparation of the accompanying financial statements conforms with accounting principles generally accepted in the United States of America and requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Accounting for the Impairment of Long-Lived Assets

The Company reviews long-lived assets to be held and used or disposed of, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company uses an estimate of the undiscounted cash flows over the remaining life of its long-lived assets in measuring whether the assets to be held and used will be realizable.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

For the Nine and Twelve Month Periods Ended
September 30, 2000 and December 31, 1999
And the Period From March 25, 1995 (Date of Inception)
To September 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of Credit Risk

As described in Note 3, the Company derived substantially all of its working capital from a research and development arrangement that was terminated during 1999.

Stock Options, Warrants and SARS

The Company follows SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), which establishes a fair value based method of accounting for stock-based employee compensation plans; however, the Company has elected to continue to account for its employee stock compensation plans under Accounting Principles Board Opinion No. 25 with pro forma disclosures of net earnings and earnings per share, as if the fair value based method of accounting defined in SFAS 123 has been applied. Through September 30, 2000 no options or warrants have been granted by the Company.

Redeemable Common Stock

The Company recognizes redeemable common stock for shares owned by employees that are subject to repurchase by the Company.

NOTE 3 - RESEARCH AND DEVELOPMENT ARRANGEMENTS

As part of the Company's grant of an exclusive technology license to a third party, the Company agreed to conduct research in certain areas in exchange for funding. Research funding received under this agreement was \$325,000 and \$1,300,000 in 2000 and 1999, respectively. This agreement was terminated by the third party during 1999 and the Company was relieved of its obligations to provide exclusive technology licensing. Additionally, the Company has entered into various other collaborative research arrangements with third parties, whereby the third parties ultimately obtain licensing rights for new inventions/patents arising from the associated research.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

For the Nine and Twelve Month Periods Ended
September 30, 2000 and December 31, 1999
And the Period From March 25, 1995 (Date of Inception)
To September 30, 2000

NOTE 3 - RESEARCH AND DEVELOPMENT ARRANGEMENTS - CONTINUED

In 1996, the Company issued 7,300 shares of common stock each to UMDNJ and Albany Medical College ("AMC") for exclusive, worldwide license agreement rights. Under the terms of the license agreement, the Company is obligated to pay royalties of 3% for sales of product and 25% of its income arising from sales of product sold by sub-licensees that the Company may contract with in the future.

The Company has also entered into a research agreement with UMDNJ. For the periods ended September 30, 2000 and December 31, 1999, the Company incurred costs of \$243,805 and \$311,366, respectively, to UMDNJ under the terms of the research agreement. At September 30, 2000 and December 31, 1999, the Company owed UMDNJ \$337,503 and \$103,032, respectively, under this agreement. The research agreement provides for the procurement of supplies, rent, certain payroll costs, and other expenses associated with research performed under the research agreement.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Litigation

During 1996, the Company entered into an agreement with a consultant/shareholder under which the Company is obligated to pay a monthly consulting fee of \$15,000 for services through January 2001. The agreement also provides for additional costs payable to the consultant beginning in 2000 through 2004, upon the Company obtaining certain levels of financing. In August 1999, the Company unilaterally terminated the contract with this consultant and ceased making further payments. The consultant subsequently filed suit against the Company alleging that, among other things, the Company is required to pay the monthly consulting fees. The Company has filed a counter suit against the consultant and management believes that the Company is not liable for any alleged damages and that the Company is entitled to a refund of a portion of previously paid consulting fees. Accordingly, no reserve has been recognized associated with this dispute.

The Company is subject to claims arising in the ordinary course of business, but does not believe that any such claims presently identified will have a material adverse effect on its financial condition or results of operations.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

For the Nine and Twelve Month Periods Ended
September 30, 2000 and December 31, 1999
And the Period From March 25, 1995 (Date of Inception)
To September 30, 2000

NOTE 4 - COMMITMENTS AND CONTINGENCIES - CONTINUED

Operating Leases

The Company leases a facility from UMDNJ under an operating lease. Lease expense for the periods ended September 30, 2000 and December 31, 1999 was approximately \$30,000 and \$40,000, respectively. While the Company intends to continue leasing this facility, there are no future minimum commitments on operating leases at September 30, 2000.

Capital Leases

The Company leases certain equipment under a capital lease. Future minimum lease payments remaining on this capital lease are as follows.

2000 (3 months)	\$ 3,678
2001	14,713
2002	14,713
2003	14,713
2004	4,904
Less amount representing interest	(13,042)

	\$39,679
	=====

NOTE 5 - STOCK OPTIONS, WARRANTS, AND OTHER INCENTIVE COMPENSATION

In 1999, the board of directors of the Company approved the 1999 Stock Option Plan (1999 Plan) and reserved 500,000 shares of common stock for issuance of stock options to employees and consultants. No options were granted under this plan.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

For the Nine and Twelve Month Periods Ended
September 30, 2000 and December 31, 1999
And the Period From March 25, 1995 (Date of Inception)
To September 30, 2000

NOTE 5 - STOCK OPTIONS, WARRANTS, AND OTHER INCENTIVE COMPENSATION -
CONTINUED

During 1999, certain employees of the Company purchased 1,470,000 shares of redeemable common stock for \$0.22 per share (the fair value of the stock less a permanent discount) in exchange for cash and notes payable. The Company is obligated to re-purchase the stock at fair value less the original discount at the option of the holder beginning in 2004, or earlier upon termination of the respective employee. The notes amount to approximately \$321,000, bear interest of 6% annually, and mature in 2009. Upon the fair value of the common stock exceeding \$2.22 per share, the Company will recognize compensation expense for the amount in excess of \$2.22 per share and adjust compensation in future periods based on variable accounting requirements. Through September 30, 2000, no compensation expense has been recognized.

NOTE 6 -EQUIPMENT

Equipment consists of the following:

	September 30, 2000	December 31, 1999
	-----	-----
Equipment	\$ 468,458	\$ 450,067
Leased equipment	39,679	--
	-----	-----
	508,137	450,067
Less accumulated depreciation and amortization	(231,992)	(163,727)
	-----	-----
Net equipment	\$ 276,145	\$ 286,340
	=====	=====

Depreciation and amortization expense related to equipment for the nine months and the year ended September 30, 2000 and December 31, 1999 were \$68,265 and \$76,925, respectively.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

For the Nine and Twelve Month Periods Ended
September 30, 2000 and December 31, 1999
And the Period From March 25, 1995 (Date of Inception)
To September 30, 2000

NOTE 7 - INCOME TAXES

The Company's provision (benefit) for income taxes included in the financial statements is as follows:

	September 30, 2000	December 31, 1999
	-----	-----
Current Tax:		
Federal	\$(37,736)	\$ --
State	--	--
Deferred Tax:		
Federal	--	9,622
State	--	4,957
	-----	-----
	\$(37,736)	\$ 14,579
	=====	=====

The tax effects of temporary differences and net operating losses that give rise to significant portions of deferred tax assets and liabilities consisted of the following:

	2000	1999
	-----	-----
Deferred tax assets (liabilities)		
Depreciation	\$(24,234)	\$(24,209)
Deferred revenue	14,560	26,520
Accrued liabilities	13,000	13,000
Net operating loss carryforward	41,948	--
	-----	-----
	45,274	15,311
Less valuation allowance	(45,274)	(15,311)
	-----	-----
Net deferred tax	\$ --	\$ --
	=====	=====

The Company's Federal net operating loss carryforward of \$93,312 expires in 2020. The Company's State net operating loss of \$289,836 expires in 2007. The Company's effective tax rate of approximately 15% in 2000 varies from the statutory rate primarily due to the valuation allowance associated with net operating loss carryforwards and the effect of graduated tax rates.

BIODELIVERY SCIENCES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

For the Nine and Twelve Month Periods Ended
September 30, 2000 and December 31, 1999
And the Period From March 25, 1995 (Date of Inception)
To September 30, 2000

NOTE 8 - NOTES PAYABLE

During September 2000, the Company received \$350,000 of short term financing from two potential investors. During October 2000, the Company repaid \$150,000 to one such potential investor and converted the remaining \$200,000 into preferred stock. The sale of preferred stock is more fully discussed in Note 9.

NOTE 9 - SUBSEQUENT EVENT (UNAUDITED)

Sale of Preferred Stock

On October 10, 2000, the Company sold 210,006 shares of Series A Convertible Preferred Stock representing approximately 80% of the voting rights of the Company to BioDelivery Sciences International, Inc. in exchange for cash and notes receivable of \$1.0 million and \$14.0 million, respectively. The shares of Series A Preferred are convertible to Common Stock on a 50-for-1 basis, subject to customary antidilution adjustments. Dividends shall accrue on the Series A Preferred at the rate of 8% per annum. In the event of liquidation, dissolution, or winding up of the Company, the Series A Preferred Stockholders will be entitled to receive, in preference to the Company's Common Stockholders, an amount per share equal to the original purchase price plus any accrued dividends per share. The Series A Preferred Stock is convertible at the earlier of voluntary conversion by the preferred stockholders, initial public offering of the Company's common stock, or 2005.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma consolidated financial statements give effect to the merger using the purchase method of accounting. The unaudited pro forma consolidated balance sheet gives effect to the merger as if it had occurred on September 30, 2000. The unaudited pro forma consolidated statements of operations for the periods ended September 30, 2000 and December 31, 1999 give effect to the merger as if it had occurred on January 1, 1999. The Unaudited Pro Forma Consolidated Financial Statements do not purport to represent what BioDelivery Sciences International, Inc.'s (BDSI) financial position or results of operations would actually have been if the merger had in fact occurred on such date or to project BDSI's financial position or results of operations as of any future date or for any future period.

The unaudited pro forma adjustments have been applied to the financial information derived from the financial statements of BDSI and BDS to account for the merger; accordingly, assets acquired and liabilities assumed are reflected at their estimated fair values.

The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been consummated on September 30, 2000, January 1, 2000, or January 1, 1999, nor is it necessarily indicative of future operating results or financial position.

These unaudited pro forma consolidated financial statements and accompanying notes should be read in conjunction with the historical consolidated financial statements and the related notes thereto of BDSI and other financial information pertaining to BDSI, including "BDSI's Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Form 10-Q filed November 14, 2000.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2000

	Historical		Pro Forma Adjustments	Notes	Pro Forma Combined
	BDSI	BDS			
	-----	-----	-----	-----	-----
ASSETS					
Current assets:					
Cash and cash equivalents	\$ --	\$ 580,465	\$ 800,000	1	\$ 1,380,465
Prepaid expenses and other assets	--	87,558	--		87,558
	-----	-----	-----		-----
Total current assets	--	668,023	800,000		1,468,023
EQUIPMENT, net	--	276,145	--		276,145
OTHER ASSETS	22	30,788	--		30,810
	-----	-----	-----		-----
Total assets	\$ 22	\$ 974,956	\$ 800,000		\$1,774,978
	=====	=====	=====		=====
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued liabilities	\$ --	\$ 151,810	\$ --		\$ 151,810
Due to related party	--	337,503	--		337,503
Notes payable	--	350,000	(200,000)	2	150,000
	-----	-----	-----		-----
Total current liabilities	--	839,313	(200,000)		639,313
CAPITAL LEASE PAYABLE	--	30,824	--		30,824
REDEEMABLE COMMON STOCK	--	2,346	--		2,346
MINORITY INTEREST	--	-	102,473	2	102,473
STOCKHOLDERS' EQUITY	22	102,473	(400)	2	
	-----	-----	-----		-----
			1,000,000	1	
			(102,073)	2	1,000,022
			-----		-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 22	\$ 974,956	\$ 800,000		\$1,774,978
	=====	=====	=====		=====

UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000

	Historical		Pro Forma Adjustments	Notes	Pro Forma Combined
	BDSI	BDS			
Sponsored research revenues	\$ --	\$ 614,001			\$ 614,001
EXPENSES:					
Research and development	--	820,551			820,551
General and administrative	14	62,480			62,494
Total operating expenses	14	883,031			883,045
OTHER INCOME (EXPENSE)					
Interest Income	--	21,570			21,570
Other Income	--	3,720			3,720
Net loss before income taxes	(14)	(243,740)			(243,754)
Income taxes	--	37,736			37,736
Net income (loss) before minority interest in net loss	(14)	(206,004)			(206,018)
Minority interest in net loss	--	--	102,473	3	102,473
Net loss	\$ (14)	\$(206,004)	\$ 102,473		\$(103,545)
	=====	=====	=====		=====
Net loss per share, basic and diluted	\$ 0.00			4	\$ 0.01
	=====				=====

UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Historical		Pro Forma Adjustments	Notes	Pro Forma Combined
	BDSI	BDS			
Sponsored research revenues	\$ --	\$ 1,565,000			\$ 1,565,000
EXPENSES:					
Research and development	--	1,333,287			1,333,287
General and administrative	14	159,053			159,067
Total operating expenses	14	1,492,340			1,492,354
OTHER INCOME					
Interest Income	--	34,430			34,430
Other Income	--	--			--
Net income before income taxes	(14)	107,090			107,076
Income taxes	--	(14,579)			(14,579)
Net income before minority interest in net income	(14)	92,511			92,497
Minority interest in net income	--	--	(92,511)	3	(92,511)
Net loss	\$ (14)	\$ 92,511	\$ (92,511)		\$ (14)
Net loss per share, basic and diluted	\$ 0.00			4	\$ 0.00

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

1. Reflects the cash provided in exchange for preferred stock of BDS, including conversion of \$200,000 of notes payable existing at September 30, 2000 and additional cash funding subsequent to September 30, 2000 of \$800,000. The available funding arose from the October 9, 2000 contribution agreement between BDSI and the Hopkins Capital Group as disclosed on the Company's Form 8-K filed on October 26, 2000.
2. Represents the equity attributable to the common shareholders. Because the consolidation is based on voting rights of the preferred stock, all of the net equity is attributable to the common shareholders as a minority interest. The BDSI investment in preferred stock of BDS is eliminated in consolidation.
3. Represents the earnings or loss, where applicable, attributable to the minority shareholders. Losses attributable to minority shareholders are limited to minority interest.
4. Pro forma basic and diluted net loss per share amounts for the nine-month period ended September 30, 2000 and year ended December 31, 1999 are based upon the historical weighted-average number of BDSI common stock outstanding.

SIGNATURES

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

BIODELIVERY SCIENCES INTERNATIONAL, INC.

(Registrant)

Date: January 22, 2001

By: /s/ Dr. Frank O'Donnell

Dr. Frank O'Donnell
Chairman, President and Director

INDEX TO EXHIBITS

NUMBER -----	DESCRIPTION -----
EXHIBIT 2.1	Stock purchase Agreement effective October 10, 2000 between MAS Acquisition XXIII Corp. and BioDelivery Sciences, Inc.
EXHIBIT 2.2	Contribution Agreement effective October 9, 2000 between MAS Acquisition XXIII Corp. and Hopkins Capital Group.

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement ("Agreement") is made and entered into as of this 5th day of September 2000 (the "Effective Date"), by and among MAS ACQUISITION XXIII CORP., an Indiana corporation ("Purchaser"), and BioDelivery Sciences, Inc., a Delaware Corporation ("BDS").

WITNESSETH:

WHEREAS, BDS and Purchaser have entered into a Letter of Intent, a copy of which is attached as Exhibit "A" ("Letter of Intent"); and

WHEREAS, the parties hereto wish to enter into this Agreement as the Definitive Agreement between the parties to set forth the terms and conditions of Purchaser's investment in BDS.

NOW, THEREFORE, for good and valuable consideration, including, but not limited to, the mutual representations, warranties and covenants included herein, the receipt and sufficiency of which are acknowledged hereby, the parties mutually agree as follows:

ARTICLE I.

Transaction.

1.01 Purchase of Shares. BDS hereby agrees to sell and transfer to Purchaser at closing that number of shares which represents 80% of the Capital Stock of BDS which will be outstanding immediately following said purchase for a purchase price of \$15,000,000 to be paid as hereinafter provided. The shares of Capital Stock to be issued hereunder shall be in the form of preferred stock having the terms and provisions specified in Exhibit 1.01 (the "Preferred Stock"). The purchase price shall be paid as follows: (i) \$1,000,000 by certified check or wire transfer at the closing, as defined in Section 2.09, which amount shall be reduced by the amount of any advances which have been paid by Purchaser under the Letter of Intent or this Agreement; (ii) \$500,000 by promissory note in the form of Exhibit 1.02 (the "Promissory Note A"), which Promissory Note A shall bear interest at eight percent (8%) per annum and be due and payable in one installment on January 1, 2001; and (iii) \$13,500,000 by promissory note in the form of Exhibit 1.03 (the "Promissory Note B"), which shall bear interest at eight percent (8%) per annum and be payable in four (4) installments as follows: (a) \$1,750,000 due on April 1, 2001; (b) \$1,750,000 due on September 30, 2001; (c) \$5,000,000 due on May 31, 2002 and (d) \$5,000,000 due on December 30, 2002. The Promissory Note A shall be collateralized by shares of stock of BDS representing seventeen percent (17%) of the shares of BDS outstanding immediately following the closing. The Promissory Note A shall be a corporate obligation of Purchaser and personally guaranteed as to payment by Dr. Frank O'Donnell. The Promissory Note B shall be collateralized by a pledge of shares of BDS as provided in Exhibit 1.04. Promissory Note B shall be a corporate obligation of Purchaser.

1.02 Security Agreement (the "Security Agreement"). At closing, Purchaser shall execute and deliver to BDS, the Security Agreement in the form of Exhibit 1.04 collateralizing the Promissory Note A and Promissory Note B with a portion of the shares of Preferred Stock being acquired hereunder.

1.03 Adjustments in the Event of Litigation or Settlement. In the event that, as part of the litigation described in Exhibit 3.11 or any settlement thereof, BDS shareholders surrender shares (or

"Delta Shares") of BDS to the treasury of BDS, Purchaser shall likewise surrender that number of shares of Preferred Stock required to maintain the outstanding shares of Purchaser at eighty percent (80%) of the then outstanding shares of BDS. On the other hand, in the event that BDS issues additional shares (or "Delta Shares") as part of said litigation or settlement thereof, Purchaser shall receive such additional shares of BDS Preferred Stock without any further Purchase Price or consideration as may be necessary to maintain its ownership at eighty percent (80%) of the then outstanding shares of Capital Stock of BDS. The foregoing percentages are subject to adjustment to reflect any issuance of shares of Common Stock (or securities which may give rise to a right to purchase, convert or exchange into shares of Common Stock) subsequent to the closing and in circumstances where Purchaser has determined to exercise its rights as provided in Paragraph 5.03 hereof.

ARTICLE II.

Definitions.

For all purposes of this Agreement, the following terms shall have the following respective meanings:

2.01 Stock of BDS. The term "Stock of BDS" shall mean and refer to the Capital Stock of BDS regardless of Class or Series.

2.02 Equity Security. The term "Equity Security" shall mean and refer to capital stock and other securities of a type generally regarded as Equity Securities and options, warrants, rights or other securities convertible into, exchangeable for or entitling the holder thereof, under any circumstances, to purchase or subscribe for any Equity Security.

2.03 Debt Security. The term "Debt Security" shall mean and refer to notes, bonds, debentures, guarantees and other types of securities which are direct or assumed obligations (whether secured or unsecured) that impose a general liability upon the maker for the payment thereof, including notes and other obligations of others discounted with banks or other financial institutions or endorsed or guaranteed.

2.04 Intellectual Property. The term "Intellectual Property" shall mean and refer to all applications for patents, trademarks and trade names, all issued patents, trademark registrations and trade name registrations, and all material proprietary trade secrets relating to information, processes or other matters which are not in the public domain.

2.05 Mortgage Indebtedness. The term "Mortgage Indebtedness" shall mean and refer to all mortgages (real, personal and mixed), vendor's liens, deeds of trust, conditional bills of sale, security interests, pledges and other types of liens generally regarded as mortgages affecting, relating to, or pertaining to real or personal property, whether or not personal liability for the payment or discharge thereof exists.

2.06 Preferred Stock. The term "Preferred Stock" shall mean and refer to the Preferred Stock of BDS containing the terms and provisions as set forth in Exhibit 1.01.

2.07 INTENTIONALLY OMITTED.

2.08 Material Contracts. The term "Material Contracts" shall mean and refer to every contract or arrangement to which the specified person or entity is a party, or by which it is bound, which contract satisfies one of the following requirements: (i) contract for employment which is not terminable at will; (ii) labor union or other collective bargaining agreement; (iii) bonuses, deferred compensation, pension, profit sharing, retirement, insurance or other fringe benefit, plan or

arrangement; (iv) franchise, distributorship or other similar contract which will extend beyond the closing; (v) contracts or commitments of any sort or nature relating to the financing or refinancing of Mortgage Indebtedness; (vi) bonds, bills of sale, bank loans, construction loans, liens, security interest of credit agreements not otherwise specified or excluded from the above; and (vii) any contract or commitment involving more than \$10,000 and/or extending beyond the closing Date.

2.09 Closing. The term "Closing" shall mean and refer to the closing of the transaction contemplated by this Agreement.

2.10 Closing Date. The term "Closing Date" shall mean and refer to the date upon which the closing of this transaction occurs as set forth in Paragraph 6.01.

ARTICLE III.

Representations and Warranties of BDS.

BDS, intending for Purchaser and its officers and directors to rely thereon, represents, warrants and agrees as follows:

3.01 Corporate Standing. BDS is a duly organized, validly existing corporation in good standing under the laws of the State of Delaware. BDS has full corporate power and authority to own its assets and operate its business in the manner that such business is presently being conducted. BDS is qualified to transact business in every state where the activities of BDS require that it qualify to transact business. BDS has all governmental permits, licenses and other authorizations necessary to conduct its business as presently being conducted, and none of the transactions contemplated by this Agreement will terminate or violate any such permits, licenses or authorizations.

3.02 Outstanding Equity Securities. Exhibit 3.02 attached hereto and incorporated herein by reference lists each class of Equity Securities, the number of shares, and the holders of all outstanding shares of BDS. There are no shares of Capital Stock of BDS or any option, warrant, right or any other obligation of any nature to issue shares of BDS Capital Stock not fully disclosed on Exhibit 3.02. All shares of outstanding Capital Stock of BDS are duly and validly issued and are fully paid and nonassessable.

3.03 Power to Agree. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms of this Agreement will not result in a breach of any of the terms or provisions of, or constitute a default under the Certificate of Incorporation or Bylaws of BDS, any indenture or other agreement or instrument to which BDS is a party or by which it or its assets are bound; or any applicable regulation, judgment, order or decree of any government instrumentality or court, domestic or foreign, having jurisdiction over BDS, its securities or its properties.

3.04 Outstanding Debts of BDS. Attached as Exhibit 3.04 is a list of each debt in excess of \$1,000, which is outstanding and due by BDS as of the date reflected on Exhibit 3.04. Exhibit 3.04 reflects the name of each debtor and the principal amount due and payable.

3.05 Outstanding Material Contracts. BDS shall be subject to no Material Contracts which shall survive the Closing, except those fully disclosed on Exhibit 3.05. All Material Contracts listed on Exhibit 3.05 are not in default on the part of BDS or, to the knowledge of BDS, on the part of any other party thereto except as otherwise stated in Exhibit 3.05.

3.06 INTENTIONALLY OMITTED.

3.07 Financial Condition. BDS represents that, except as set forth in Exhibits 3.04, 3.05 or 3.07:

(a) BDS has no liabilities or obligations, except those reflected on Exhibits 3.04, 3.05 or 3.07, or arising in the ordinary course of business from the date of this Agreement through the Closing Date. BDS's management does not have any knowledge of facts which would result in additional liabilities or obligations not reflected on Exhibit 3.04, 3.05 or 3.07, or arising in the ordinary course of business from the date of this Agreement through the Closing Date;

(b) BDS is not in default under or in breach of the provisions of any debt, security, Mortgage Indebtedness, Material Contract or agreement to which it is party, or by which it is bound, which default or breach would materially, adversely affect its business or properties or condition, financial or otherwise, or would result in creation of a lien or charge upon any of the properties or assets of BDS;

(c) No waiver, indulgence or postponement of any other obligations of BDS hereunder has been granted by the obligee;

(d) There exists no event, current condition or act which, with the giving of notice or the lapse of time or the happening of any other event or condition, would become a default by BDS under, or breach by BDS of any such debt, security, Mortgage Indebtedness, or Material Contract, or would result in the creation of a lien or charge upon the properties or assets of BDS. None of the terms of any debt, security, Mortgage Indebtedness, or Material Contract, or any other contract or agreement would prevent the consummation of the transaction contemplated by this Agreement; and

(e) BDS has duly paid or provided for any and all due or payable franchise or annual corporation taxes, license fees, duties tax, withholding or charges levied, assessed or imposed upon it, or levied, assessed or imposed upon any of its property, and for all income, unemployment, social security, occupancy, sales, use, franchise, or other taxes, duties or charges levied, assessed or imposed upon it by the United States or by any state, municipality, or subdivision thereof, and all income, sales and use or franchise returns and reports, as well as all other applicable tax returns and reports required by law or regulation, have either been duly filed or are under an extension and are not under audit or examination known to BDS. BDS has not received any notice of tax deficiency, and there is no reasonable basis to expect that any tax deficiency will be asserted against BDS. BDS has received no notice of a tax audit by any state or federal taxing authority. Except as set forth on Exhibit 3.07, BDS has not executed or filed with the Internal Revenue Service any agreement extending the period for assessment or collection of federal income taxes.

3.08 Employees.

(a) At Closing, except as set forth on Exhibit 3.08, all BDS's shareholder obligations, including those to pension, profit sharing, employee withholding, medical benefits, retirement plans and other employee benefit plans, shall be fully funded and in compliance in all material respects with the requirements of said plans and the requirements of all laws, rules, and regulations applicable to said plans;

(b) Except as set forth on Exhibit 3.08, BDS's employees shall not be organized into members of any union;

(c) BDS shall be in compliance in all material respects with all rules and requirements of a safe workplace including, but not limited to, those imposed by OSHA and by applicable state regulatory agencies.

3.09 Intellectual Property.

(a) Exhibit 3.09 is a summary of all Intellectual Property owned or licensed by BDS.

(b) To the knowledge of BDS, except as set forth on Exhibit 3.09, the Intellectual Property described in Exhibit 3.09 shall, at the Closing, be owned or licensed exclusively and solely by BDS subject to no debt, lien or encumbrance of any third party, except as indicated therein.

(c) BDS does not know nor does it have reasonable grounds to know of any basis for any action challenging the enforceability or validity of the BDS Intellectual Property listed in Exhibit 3.09 or claiming infringement by the Intellectual Property upon the rights of any third party.

(d) To the knowledge of BDS, each of the patent applications which have been submitted by BDS was accurate and truthful and contained no material misrepresentations of fact.

(e) Exhibit 3.09 describes all royalty or other payment obligations to which BDS or its Intellectual Property is subject with regard to its Intellectual Property.

(f) Exhibit 3.09 lists every person or entity which, to the knowledge of BDS, has a right to claim an interest in or to the Intellectual Property of BDS.

3.10 Business Plan. Attached as Exhibit 3.10 is the Offering Document which has been delivered by BDS to Purchaser. BDS represents that the Offering Document has not been updated and may not be accurate in all respects. Notwithstanding the foregoing, BDS represents that the Offering Document is materially accurate in its description of the Intellectual Property of BDS and its plans to commercialize same.

3.11 Litigation and Government Compliance.

(a) To the knowledge of BDS, there are not material actions, suits, proceedings or governmental investigations pending or threatened against or affecting either BDS or the business of BDS except as set forth on Exhibit 3.11, and BDS is not in violation of or in default under any order, rule or regulation of any governmental agency or branch which, in any case, involves the possibility of materially and adversely affecting the business or condition of BDS except as set forth on Exhibit 3.11.

3.12 INTENTIONALLY OMITTED.

3.13 INTENTIONALLY OMITTED.

3.14 Corporate Records. The Certificate of Incorporation of BDS, as amended through the date hereof, its Bylaws and Minutes contained in the Minute Book of BDS constitute the existing Certificate of Incorporation, as amended, Bylaws and records of proceedings of BDS. The Certificate of Incorporation and Bylaws of BDS are attached as Exhibit 3.14.

3.15 Accuracy of Deliveries. The representations and warranties of BDS in this Agreement, including all Schedules and Exhibits hereto, and all documents to be delivered by BDS at the Closing in connection with this transaction, are (or at Closing, will be) true and correct in all material respects.

3.16 Interpretation; Survival of Warranties. The foregoing representations and warranties shall be true and correct as of the Closing Date. Each representation, warranty and agreement shall survive the Closing. The representations and warranties of BDS do not contain, or as of the Closing Date, shall not contain any false or misleading statement of a material fact or omit, as of the Closing Date, to state any material fact necessary in order to make the representations and warranties not misleading.

3.17 Deal Points and Outlines. All prior Letters of Intent, Deal Points or Outlines and other communications or correspondence concerning the subject matter of this Agreement are superseded by this Agreement and are merged into this Agreement and shall not survive the Closing of this Agreement.

3.18 Brokers. BDS has not engaged any broker in connection with this transaction. Notwithstanding the foregoing, the parties may have been introduced by Michael Pennessi, and as a result thereof, Michael Pennessi may have a claim to a finder's or introducer's fee.

ARTICLE IV.

Representations, Warranties and Agreements of Purchaser.

Purchaser, intending BDS and its officers and directors to rely thereon, represents, warrants and agrees as follows:

4.01 Corporate Standing. Purchaser is a duly organized, validly existing corporation in good standing under the laws of the state of Indiana. Purchaser has full corporate power and authority to own its assets and operate its business in the manner that such business is presently being conducted. Purchaser is qualified to transact business in the state of Indiana, and Purchaser's activities do not require that it qualify to transact business in any other state. Purchaser has all governmental permits, licenses and other authorizations necessary to conduct its business as presently being conducted, and none of the transactions contemplated by this Agreement will terminate or violate any such permits, licenses or authorizations.

4.02 Power to Agree.

(a) The execution and delivery of this Agreement, the Security Agreement and Promissory Note A and Promissory Note B, the consummation of the transactions herein contemplated and compliance with the terms of this Agreement, the Security Agreement and Promissory Note A and Promissory Note B will not result in a breach of any of the terms or provisions of, or constitute a default under, the Articles of Incorporation or Bylaws of Purchaser, any indenture or other agreement or instrument to which Purchaser is a party or by which it or its assets are bound; or any applicable regulation, judgment, order or decree of any government instrumentality or court, domestic or foreign, having jurisdiction over Purchaser, its securities or its properties.

(b) The execution, delivery and performance of this Agreement, the Security Agreement and Promissory Note A and Promissory Note B and the transactions contemplated hereby do not require the consent, authority or approval of any other person or entities except such as have been obtained.

(c) The entering into of this Agreement, the Security Agreement and Promissory Note A and Promissory Note B and the performance thereof has been duly and validly authorized by all required corporate action and does not require any consents other than such as have been unconditionally obtained.

4.03 Deal Points and Outlines. All prior Letters of Intent, Deal Points or Outlines and other communication or correspondence concerning the subject matter of this Agreement are superseded by this Agreement and are merged into this Agreement and shall not survive the Closing of this Agreement.

4.04 Brokers. Purchaser has not engaged any broker in connection with this transaction. Notwithstanding the foregoing, the parties may have been introduced by Michael Pennessi, and as a result thereof, Michael Pennessi may have a claim to a finder's or introducer's fee.

4.05 Accuracy of Deliveries. This Agreement, all exhibits to this Agreement and all documents to be delivered by Purchaser at the Closing in connection with this transaction are true and correct.

4.06 Sophisticated Investor. Purchaser is a sophisticated investor and is experienced in evaluating high risk investments such as the investment contemplated by this Agreement. Purchaser has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of Purchaser's prospective investment in BDS. Purchaser has the ability to bear the economic risks of the investment. Purchaser has been furnished access to information and documents as it has requested and has been afforded an opportunity to ask questions and expect answers from representatives of BDS concerning the terms and conditions of this Agreement. Purchaser has relied upon its own investigation, together with this Agreement, and representations and warranties contained herein, in determining to purchase shares of the Preferred Stock of BDS under this Agreement.

4.07 Guarantee. The Guarantee of Promissory Note A has been duly executed by Frank O'Donnell and is legally binding and enforceable upon the Guarantor.

4.08 Interpretation; Survival of Warranties. The foregoing representations, warranties and agreements shall be true and correct as of the Closing Date. Each representation, warranty and agreement shall survive the Closing. None of such representations, warranties and agreements contain or shall contain, as of the Closing Date, any false or misleading statement of a material fact or omit, as of the Closing Date, to state any material fact necessary in order to make the representations, warranties and agreements not misleading.

ARTICLE V.

Covenants.

5.01 Conduct of BDS Prior to Closing Date. From and after the date of this Agreement and up until and including the Closing Date, BDS shall:

- (a) Carry on its business in substantially the same manner as heretofore carried on;
- (b) BDS shall maintain, in all material respects, compliance with all governmental rules and regulations applicable to its business;
- (c) Not sell, mortgage, pledge, subject to lien or otherwise encumber or dispose of any of its assets, except in the ordinary course of business, and not engage in any transaction other than in the ordinary course of business, without the written consent of Purchaser, which will not be unreasonably withheld or delayed and except that it may settle the Berstein litigation referenced in Exhibit 3.11, provided that Purchaser shall be reasonably satisfied with the terms of any such settlement;
- (d) Maintain its fixed assets and its operating assets in a good and operating state of repair, order and condition, reasonable wear and tear and damage by fire or other casualty excepted;
- (e) Maintain its books, accounts and records in accordance with good accounting practices;
- (f) Maintain in full force and effect insurance comparable in amount and scope of coverage to that which is now maintained;
- (g) Perform, in all material respects, all of its existing obligations relating to or affecting its assets, properties and business in the same manner as heretofore performed;

(h) Use its best efforts to maintain and preserve its business organizations intact and retain its present employees so that they will be available after the Closing Date;

(i) Not increase any salary or other form of compensation payable to, or to become payable to, any of the employees of BDS;

(j) Not pay or accrue any bonuses;

(k) Not issue any Equity Securities or debt securities without the prior written consent of Purchaser; and

(l) BDS shall stand still and conduct or engage in, either directly or indirectly, no negotiations or discussions of any nature with any potential investor by or financial source other than Purchaser or Hopkins Capital Group until the Closing Date or any extension thereof as provided in Paragraph 6.01 (the "Standstill Period").

5.02 Indemnification. Purchaser acknowledges and agrees that BDS will provide for indemnification of its officers and directors for the matters described on Exhibit 3.11 to the fullest extent permitted by law.

5.03 Right to Purchase Additional Shares. If no uncured Event of Default has occurred as described in Promissory Note A and Promissory Note B, and until the earlier of: (i) the consummation of BDS's Initial Public Offering of Common Stock by a recognized and experienced underwriter pursuant to a Registration Statement filed with, and declared effective by, the Securities and Exchange Commission pursuant to the Securities Act of 1933 as amended, which results in the Common Stock of the Company being listed on a national securities exchange or the NASDAQ stock market; or (ii) 5:00 p.m. Newark, New Jersey time on September 15, 2005, the right to purchase additional shares, as provided in Paragraph 5(a) of Exhibit 1.01, shall continue to be in effect and to be a contractual right of Purchaser under this Agreement for shares of Preferred Stock subsequent to conversion of such shares to Common Stock for a period of one year for Rights, as defined in Paragraph 5(a) of Exhibit 1.01, which are outstanding on the date of conversion of such shares of Preferred Stock. The right to purchase additional shares, following conversion of such shares of Preferred Stock, shall be under the same terms as provided in Paragraph 5(a) of Exhibit 1.01 for the shares of Preferred Stock before conversion except that, in all calculations, the converted shares of Preferred Stock shall continue to be treated as outstanding Preferred Stock instead of Common Stock. In the event of conversion of part but not all of the shares of Preferred Stock, the converted shares of Preferred Stock shall have the right to purchase additional shares as specified in this Section 5.03 and the shares of Preferred Stock which have not been converted will continue to have the rights to purchase additional shares as specified in Paragraph 5(a) of Exhibit 1.01.

ARTICLE VI.

Closing.

6.01 Time and Place of Closing. The Closing shall take place no later than three (3) weeks from the execution of this Agreement. Purchaser may extend the Closing Date for two (2) additional weeks by making the \$100,000 Extension Advance to BDS which, once paid, shall constitute part of the payment of the Purchase Price. The Closing shall occur at such place as the parties may mutually agree.

6.02 Items to be Delivered at the Closing. At the Closing, and subject to terms and conditions of this Agreement:

(a) BDS shall deliver or cause to be delivered to Purchaser the following:

(i) Certificates representing the Preferred Stock being purchased by Purchaser pursuant to Paragraph 1.01 hereof, fully executed and in form and substance reasonably acceptable to Purchaser and its counsel;

(ii) Certified copy of the Meeting of the Board of Directors establishing the rights and terms of the Preferred Stock in accordance with the provisions of Exhibit 1.01;

(iii) Certified copy of the minutes of Minutes of the meeting of the Board of Directors of BDS, reflecting the consent to and approval of this Agreement and of all actions required by this Agreement;

(iv) Certificate of Status reflecting that BDS is an active corporation in its state of incorporation;

(v) Any and all other documents which may be reasonably requested by Purchaser to effectuate and perfect the transaction contemplated by this Agreement;

(vi) Legal opinion of counsel for BDS in the form and substance reasonably acceptable to Purchaser; and

(b) Purchaser shall deliver or cause to be delivered, the following documents to BDS at the Closing:

(i) Certified check or wire transfer in the amount of the cash portion of the purchase price as provided in Paragraph 1.02 hereof;

(ii) Promissory Note A in the form of Exhibit 1.02;

(iii) Promissory Note B in the form of Exhibit 1.03;

(iv) The Security Agreement in the form of Exhibit 1.04;

(v) Certified Resolution of the Board of Directors of Purchaser authorizing this Agreement and all actions required by this Agreement;

(vi) Any and all other documents which may be reasonably requested by BDS to effectuate and perfect the transaction contemplated in this Agreement; and

(vii) Legal opinion of counsel for Purchaser in the form and substance reasonably acceptable to BDS.

ARTICLE VII.

Conditions--Obligations of Parties.

7.01 Conditions to Obligations of Purchaser. The obligations of Purchaser hereunder are subject to the conditions (any of which may be waived in writing by Purchaser) that, on the Closing Date:

(a) All material representations and warranties on the part of BDS made herein shall be true and correct, in all material respects, as of the date hereof and as of the Closing Date (without regard to the exception in Section 3.16), with the same force and effect as if made on the Closing Date, and BDS shall not have materially breached any of its obligations under this Agreement;

(b) BDS shall have substantially performed and complied with all the material agreements, covenants and conditions required by this Agreement to be performed and complied with by it;

7.02 Conditions and Obligations of BDS. The obligations of BDS hereunder are subject to the conditions (any of which may be waived in writing) on the Closing Date:

(a) All material representations and warranties on the part of Purchaser made herein shall be true and correct, in all material respects, as of the date hereof and as of the Closing Date, with the same force and effect as if made on the Closing Date, and Purchaser shall not have materially breached any of its obligations under this Agreement; and

(b) Purchaser shall have substantially performed and complied with all the material agreements, covenants and conditions required by this Agreement to be performed and complied with by them.

ARTICLE VIII.

General.

9.01 Assignability. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

9.02 Applicable Law. This Agreement shall be construed in accordance with the laws of the state of Delaware.

9.03 Survival of Representations, Warranties and Agreements. All representations, warranties, covenants, undertakings and agreements made herein shall survive the Closing, notwithstanding any custom or law to the contrary and notwithstanding the delivery of the Preferred Stock and the acceptance thereof. No oral representations or warranties shall survive Closing and all such oral representations and warranties shall be merged into the Closing.

9.04 Headings. All paragraph headings herein are inserted for the convenience of the parties only and are not a part of and shall not in any way modify or affect the construction or interpretation of any of the provisions of this Agreement.

9.05 Counterparts. This Agreement may be executed in more than one counterpart, each of which shall be deemed to be an original and which together shall constitute one and the same instrument.

9.06 Construction. Except where the context otherwise requires, words in the plural numbers include the singular thereof, and vice versa, and words of the male gender shall include the female and neuter gender and vice versa.

This Agreement shall be deemed to have been prepared mutually by all parties and shall not be construed against any particular party as the draftsman.

9.07 Exhibits. Exhibits are incorporated as material terms and provisions of the Agreement. Disclosures made in an Exhibit are deemed to have been made in and for the purposes of all Exhibits, and omissions from any particular Exhibit shall not be deemed a breach of warranty or representation to the extent the relevant information is contained in one or more other Exhibits attached hereto.

9.08 Notices. Any notice, request or instruction to be given hereunder by any party to any other shall be in writing delivered personally or sent by certified mail to the address or telecopy number set forth below:

Purchaser: MAS
MAS Acquisition XXIII Corp.
865 Longboat Key Club Road
Longboat Key, Florida 34228
Fax: (314) 434-7030

Copy To: Samuel S. Duffey
677 N. Washington Blvd., Suite 1
Sarasota, Florida 34236
Fax: (941) 957-3630

BDS: BioDelivery Sciences, Inc.
University Heights Science Park
111 Lock Street
Newark, NJ 07103
Fax: (973) 972-0323

Copy to: Mel Epstein, Esq.
Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038
Fax: (212) 806-6006

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

Purchaser
MAS Acquisition XXIII, Corp.

By: _____
Its: Chairman

BDS
BioDelivery Sciences, Inc.

By: _____
Its:

9.08 Notices. Any notice, request or instruction to be given hereunder by any party to any other shall be in writing delivered personally or sent by certified mail to the address or telecopy number set forth below:

Purchaser: MAS
MAS Acquisition XXIII Corp.
865 Longboat Key Club Road
Longboat Key, Florida 34228
Fax: (314) 434-7030

Copy To: Samuel S. Duffey
677 N. Washington Blvd., Suite I
Sarasota, Florida 34236
Fax: (941) 957-3630

BDS: BioDelivery Sciences, Inc.
University Heights Science Park
111 Lock Street
Newark, NJ 07103
Fax: (973) 972-0323

Copy To: Mel Epstein, Esq.
Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038
Fax: (212) 806-6006

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

Purchaser
MAS Acquisition XXIII, Corp.

By: _____
Its:

BDS
BioDelivery Sciences, Inc.

By: /s/ Raphael J. Mannino

Its: President and CEO

CERTIFICATE OF DESIGNATION,
PREFERENCES AND RELATIVE,
PARTICIPATING, OPTIONAL OR OTHER
SPECIAL RIGHTS OF THE SERIES A CONVERTIBLE PREFERRED STOCK
AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS THEREOF

OF

BIODELIVERY SCIENCES, INC.

Under Section 151 of the
Delaware General Corporation Law

BioDelivery Sciences Inc. (the "Corporation"), a corporation organized and existed under and by virtue of the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

That, pursuant to authority conferred upon the Board of Directors by the Certificate of Incorporation, said Board of Directors, at a meeting held on July 19, 2000, at which a quorum was present and acting throughout, adopted a resolution providing for the authorization of a series of Preferred Stock consisting of 273,200 shares, designated Series A Convertible Preferred Stock, which resolution is as follows:

RESOLVED, that pursuant to the authority expressly granted to and vested in the Corporation's Board of Directors by the Corporation's Certificate of Incorporation, as amended to date, the Board of Directors hereby creates a series of Preferred Stock of the Corporation, par value \$0.01 per share, to be designated "Series A Convertible Preferred Stock" (hereinafter referred to as the "Series A Preferred Stock") and to consist

of Two Hundred Seventy-Three Thousand Two Hundred (273,200) shares, and hereby fixes the voting powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of the Series A Preferred Stock, as follows:

1. Liquidation.

(a) In the event of a voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of Series A Preferred Stock shall be entitled to receive, for each share of Series A Preferred Stock held by them, the Liquidation Preference (as defined below) plus 8% per annum on the Liquidation Preference calculated from the date the shares of Series A Preferred Stock are initially issued, before any distribution or payment is made to the holders of Common Stock or any Junior Stock. The term "Liquidation Preference" means the quotient of \$15,000,000 divided by 210,006, as such number may be adjusted pursuant to Section 1.03 of the Stock Purchase Agreement dated September ____, 2000, (the "Stock Purchase Agreement") between the Corporation and MAS Acquisition XXIII Corp. ("MAS"). If, upon any such liquidation, dissolution or winding up of the Corporation, the assets distributable among the holders of all Series A Preferred Stock shall be insufficient to permit the payment in full to such holders of the amount per share hereinabove provided, then the entire assets of the Corporation shall be applied ratably to the payment of such amount to the holders of Series A Preferred Stock then outstanding. Neither the merger or the consolidation of the Corporation, nor the sale, lease or conveyance of all or a part of its property and business as an entirety or substantially as an entirety, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within

the meaning of this paragraph 1(a), unless such sale, lease or conveyance shall be in connection with a plan of liquidation, dissolution or winding up of the Corporation.

(b) The Corporation shall give the holders of Series A Preferred Stock at least thirty (30) days prior notice of liquidation, dissolution or winding up of the Corporation.

2. Redemption. The Corporation shall not have a right of redemption with respect to the Series A Preferred Stock.

3. Conversion.

(a) The holder of any share or shares of Series A Preferred Stock shall have the right, at its option, to convert all or any portion of such shares into fully paid and nonassessable shares of Common Stock of the Corporation, at any time and from time to time after the date of issuance, at the rate of 50.0 shares of Common Stock for each share of Series A Preferred Stock, or at the rate which results from the making of any adjustment specified in subparagraph (g) hereof (the number of shares of Common Stock issuable at any time, giving effect to the latest prior adjustment pursuant to subparagraph (g) hereof, if any, in exchange for one share of Series A Preferred Stock being hereinafter called the "Conversion Rate").

(b) In order to convert shares of Series A Preferred Stock into shares of Common Stock pursuant to the right of conversion set forth in subparagraph (a) above, the holder thereof shall surrender the certificate or certificates representing such shares of Series A Preferred Stock, duly endorsed to the Corporation or in blank, at the principal office of the Corporation and shall give written notice to the Corporation that such holder elects to convert the same, stating in such notice the name or names in which such holder wishes the certificate or certificates representing shares of Common Stock to be issued. The Corporation shall, within

five (5) business days, deliver at said office or other place to such holder of Series A Preferred Stock, or to such holder's nominee or nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid, together with any cash to which such holder shall be entitled in lieu of fractional shares in an amount equal to the same fraction of the Liquidation Preference on the business day preceding the day of conversion. Shares of Series A Preferred Stock shall be deemed to have been converted as of the date of the surrender of such shares for conversion as provided above, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. Upon conversion of only a portion of the number of shares covered by a certificate representing shares of Series A Preferred Stock surrendered for conversion, the Corporation shall issue and deliver to, or upon the written order of, the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate covering the number of shares of Series A Preferred Stock representing the unconverted portion of the certificate so surrendered, which new certificate shall entitle the holder thereof to the rights of the shares of Series A Preferred Stock represented thereby to the same extent as if the certificate theretofore covering such unconverted shares had not been surrendered for conversion.

(c) Notwithstanding the provisions of subparagraph (a) hereof, the issued and outstanding shares of Series A Preferred Stock shall be automatically converted into fully paid and nonassessable shares of Common Stock at the Conversion Rate immediately upon the earlier of (i) the consummation of the Corporation's initial public offering of Common Stock by a recognized and experienced underwriter pursuant to a registration statement filed with, and

declared effective by, the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, which results in the Common Stock of the Corporation being listed on a national securities exchange or The Nasdaq Stock Market or (ii) 5:00 p.m. Newark, New Jersey time on September 15, 2005

(d) Notwithstanding the provisions of subparagraph (a) hereof, upon the occurrence and during the continuance of an Event of Default, as defined in either promissory note A or promissory note B, both dated as of September __, 2000, issued by MAS, the Corporation, at its option, in connection with the exercise of its rights under the security agreement, dated as of September __, 2000, between MAS and the Corporation, may effect the conversion of the issued and outstanding shares of Series A Preferred Stock into fully paid and nonassessable shares of Common Stock at the Conversion Rate;

(e) (i) At least ten (10) days prior to the earlier of an anticipated closing of a sale of Common Stock which meets the requirements of paragraph 3(c)(i), or 5:00 p.m. Newark, New Jersey time on September 15, 2000, and (ii) at least five (5) days prior to conversion effected by the Corporation pursuant to subparagraph (d), the Corporation shall give written notice to each holder of record of shares of Series A Preferred Stock, by certified mail enclosed in a postage paid envelope addressed to such holder at such holder's address as the same shall appear on the books of the Corporation. Such notice shall (i) state that such shares are being converted pursuant to paragraphs 3(c) or (d) hereof, (ii) state the date of conversion and (iii) call upon such holder to exchange on or after such date at the principal place of business of the Corporation a certificate or certificates representing the number of shares of Series A Preferred Stock to be converted in accordance with such notice. On or after such date, the holder of Series

A Preferred Stock shall present and surrender the certificate or certificates for the shares of Series A Preferred Stock to the Corporation at the place designated in such notice, and thereupon the Corporation shall deliver to such holder, or to such holder's nominee or nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. Shares of Series A Preferred Stock shall be deemed to have been converted and cancelled on such conversion date and the person or persons entitled to receive the shares of Common Stock issuable upon such automatic conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such conversion date. In the case of automatic conversion pursuant to paragraph 3(c) or (d) hereof, the Corporation shall not be obligated to issue certificates for shares of Common Stock unless certificates evidencing the converted shares of Series A Preferred Stock are delivered to the Corporation.

(f) The issuance of certificates for shares of Common Stock upon the conversion of shares of Series A Preferred Stock shall be made without charge to the converting stockholder for any original issue or transfer tax in respect of the issuance of such certificates and any such tax shall be paid by the Corporation.

(g) The Conversion Rate shall be subject to the following adjustments:

(i) If the Corporation shall declare and pay to the holders of Common Stock a dividend or other distribution payable in shares of Common Stock, the Conversion Rate in effect immediately prior thereto shall be adjusted so that the holders of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which such holders would have owned or been entitled to receive after the declaration and payment of such dividend or other distribution if such shares of Series A

Preferred Stock had been converted immediately prior to the record date for the determination of stockholders entitled to receive such dividend or other distribution.

(ii) If the Corporation shall subdivide the outstanding shares of Common Stock into a greater number of shares of Common Stock, or combine the outstanding shares of Common Stock into a lesser number of shares, or issue by reclassification of its shares of Common Stock any shares of the Corporation, the Conversion Rate in effect immediately prior thereto shall be adjusted so that the holders of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which such holders would have owned or been entitled to receive after the happening of any of the events described above if such shares of Series A Preferred Stock had been converted immediately prior to the happening of such event on the day upon which such subdivision, combination or reclassification, as the case may be, becomes effective.

4. Right of First Refusal.

(a) If the Corporation offers to sell Additional Shares of Capital Stock (as defined in paragraph 8) to a third party, the holders of the shares of Series A Preferred Stock, in accordance with paragraph 4(b), shall have a right of first refusal to purchase the Additional Shares of Capital Stock for the same dollar value of Consideration (as defined below) and on the same terms as such third party; provided that the right of first refusal shall not be applicable to a public offering of the Corporation's Capital Stock. The Consideration shall be deemed to be the per share amount of cash and the value of any form of non-cash consideration to be received by the Corporation for the sale of Additional Shares of Capital Stock to such third party. The value of non-cash consideration shall be determined by the Corporation's board of directors, provided

that if such value is disputed and/or challenged by holders of the shares of Series A Preferred Stock and the Corporation cannot reach a mutually acceptable agreement within 10 business days, all disputes and challenges shall be settled through arbitration to be commenced in the City of Newark under the auspices of the American Arbitration Association.

(b) In the event of an offer contemplated by paragraph 4(a), the Corporation shall provide written notice to the holders of the Series A Preferred Stock, setting forth the Consideration and other material terms and conditions of the offer. Such holders shall have ten business days from the date of receipt of any such notice (the "Exercise Period") to agree to purchase in such proportion as they may agree, or failing such agreement, in proportion to the respective numbers of shares of Series A Preferred Stock held by them, the number of Additional Shares of Capital Stock covered by the offer for the same Consideration and otherwise on the same terms and conditions and at the same time specified in the offer; provided that such holders must agree to purchase all of such Additional Shares of Capital Stock and, if they do not so agree during the Exercise Period, the Corporation may sell such Additional Shares of Capital Stock in accordance with such offer.

5. Right to Purchase Additional Shares.

(a) If the Corporation shall issue any warrants or stock options or other rights to purchase shares of Common Stock (such warrants, stock options or other rights being hereinafter called "Rights") entitling the holders thereof to purchase shares of Common Stock, the holders of the shares of Series A Preferred Stock, in accordance with paragraph 5(b), shall also have the right to purchase shares of Common Stock for the same dollar value of Consideration (as defined below), and otherwise on the same terms as set forth in the Rights.

The Consideration shall be deemed to be the per share amount of cash and the value of any form of non-cash consideration to be received by the Corporation upon exercise of the Rights, plus in the case of Rights issued for cash or non-cash consideration the amount thereof attributable to each share of Common Stock subject to the Rights. The value of non-cash consideration shall be conclusively determined by the Corporation's board of directors, provided that if such value is disputed and/or challenged by holders of the Series A Preferred Stock and the Corporation cannot reach a mutually acceptable agreement within 10 business days, all disputes and challenges shall be settled through arbitration to be commenced in the City of Newark under the auspices of the American Arbitration Association.

(b) The Corporation shall notify the holders of the Series A Preferred Stock of the issuance of Rights and the terms thereof promptly after such issuance. In the event that at least 1,000 shares of Common Stock are issued at any time or from time to time pursuant to the exercise of Rights, the Corporation shall provide written notice thereof to the holders of the Series A Preferred Stock identifying such Rights in reasonable detail. Such holders shall have ten business days from the date of receipt of any such notice (the "Exercise Period") to purchase, in such proportion as they may agree, or, failing such agreement in proportion to the respective numbers of shares of Series A Preferred Stock held by them, the number of shares of Common Stock (the "Percentage Maintenance Shares") that, when added to the aggregate number of shares of Common Stock issued or issuable upon conversion of the Series A Preferred Stock (the "Aggregate Shares"), would constitute the same percentage of the outstanding Common Stock (assuming conversion of all the then outstanding Series A Preferred Stock) immediately after the purchase of the Percentage Maintenance Shares, as the Aggregate Shares constituted of the

outstanding Common Stock (assuming conversion of all the then outstanding Series A Preferred Stock) immediately before the issuance of such shares of Common Stock pursuant to the exercise of such Rights.

6. Voting Rights.

(a) For so long as the Minimum Number (as defined below) of shares of Series A Preferred Stock designated herein are issued and outstanding, the holders of the Series A Preferred Stock shall have the right, voting separately as a class, to elect a majority of the Board of Directors of the Corporation, with the holders of the Common Stock having the right, voting separately as a class, to elect the remaining directors (the "Common Stock Directors"), provided, however, that at all times during such period, the minimum number of Common Stock Directors shall be fixed at three. The term "Minimum Number" means the number that is 50% of 210,006 as such latter number may be adjusted pursuant to Section 1.03 of the Stock Purchase Agreement.

(b) For so long as the Minimum Number of shares of Series A Preferred Stock designated herein are issued and outstanding, any decision by the Board of Directors of the Corporation with respect to the merger, sale of substantially all the assets, or liquidation of the Corporation, a disposition (through licensing out of the ordinary course of business or otherwise) of the Corporation's intellectual property, any decrease in executive compensation, any affiliate transaction, the declaration of dividends or distributions or any amendment to the Corporation's Certificate of Incorporation or by-laws shall require the favorable vote of one of the Common Stock Directors, at the time in office.

(c) For matters other than as set forth in paragraphs 6(a) and 6(b) and except as otherwise required by the Delaware General Corporation Law, the holders of shares of Series A Preferred Stock shall have the right to vote, together with the holders of all the outstanding shares of Common Stock and not by classes, on all matters on which holders of Common Stock shall have the right to vote. The holders of shares of Series A Preferred Stock shall have the right to cast one vote for each share of Common Stock into which each share of Series A Preferred Stock held by them is at the time convertible.

(d) Without the prior approval of the holders of a majority of the shares of Series A Preferred Stock outstanding, the Corporation will not (i) authorize, create or issue any series or shares of capital stock senior or pari passu to the Series A Preferred Stock, or (ii) take any action which would alter or adversely affect the rights of the holders of the Series A Preferred Stock.

7. General Provisions.

(a) The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Corporation, and the disposition of such shares shall be considered an issue or sale of Common Stock, for the purposes of paragraphs 4 and 5.

(b) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of Series A Preferred Stock, the full number of shares of Common Stock then deliverable upon the conversion of all shares of Series A Preferred Stock at the time outstanding. The Corporation shall take such corporate action as shall be necessary in order that the

Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock upon the conversion of Series A Preferred Stock in accordance with the provisions hereof.

(c) No fractional shares of Common Stock or scrip representing fractional shares of Common Stock shall be issued upon any conversion of Series A Preferred Stock, but, in lieu thereof, there shall be paid an amount in cash equal to the same fraction of the Liquidation Preference on the business day preceding the day of conversion.

(d) Except as otherwise provided herein, the holders of the shares of Series A Preferred Stock have the right to participate in all matters on a share-by-share basis with outstanding shares of Common Stock without regard to class of stock.

8. Definitions.

(a) "Additional Shares of Capital Stock" shall mean all shares of stock of the Corporation issued by the Corporation after the date hereof, except Common Stock which may be issued pursuant to (i) conversion of the Series A Preferred Stock and (ii) shares of stock issued pursuant to the exercise of Rights.

(b) "Common Stock" shall mean the common stock, par value \$0.0001 per share, of the Corporation.

(c) "Junior Stock" shall mean any class or series of capital stock of the Corporation which may be issued which, at the time of issuance, is not declared to be on a parity with or senior to the Series A Preferred Stock as to all of the following: dividends, rights upon liquidation or redemption or voting rights.

IN WITNESS WHEREOF, the undersigned has executed this certificate
this __ day of September, 2000.

BIODELIVERY SCIENCES, INC.

By: -----

PROMISSORY NOTE A

\$500,000

SEPTEMBER ____, 2000

FOR VALUE RECEIVED, MAS Acquisition XXIII, Inc. ("Payor") promises to pay to BioDelivery Sciences, Inc. ("Lender") at University Heights Science Park, 111 Lock Street, Newark, New Jersey 07103, the principal sum of Five Hundred Thousand (\$500,000) Dollars, together with interest from the date hereof at the rate of eight percent (8%) per annum as follows: \$500,000 shall be paid on January 1, 2001 together with interest accrued through that date (the "Installment").

This Promissory Note A is secured by a Security Agreement between Payor and Lender, dated September ____, 2000.

In the case of the happening of any of the following events (each called an "Event of Default"):

(a) Payor shall default in the payment of the Installment, or interest on this Promissory Note A, as and when due and payable, and such default continues unremedied for a period of ten (10) business days;

(b) Payor shall (A) become insolvent or admit in writing its inability to pay its debts as they mature, (B) apply for, consent to, or acquiesce in the appointment of a receiver, trustee, liquidator or similar official for itself or any of its assets, (C) make a general assignment for the benefit of creditors, (D) be adjudicated a bankrupt or insolvent, (E) voluntarily commence a proceeding or file a petition under any law relating to bankruptcy, insolvency, the relief of debtors or the liquidation or adjustment of indebtedness or (F) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (c) below;

(c) an involuntary proceeding shall be commenced or an involuntary petition shall be filed under any law relating to bankruptcy, insolvency, the relief of debtors or the liquidation or adjustment of indebtedness, against Payor, or the assets of Payor, and such proceeding or petition shall not be dismissed within sixty (60) days; or

(d) any of Payor's representations or warranties in Article IV of the Stock Purchase Agreement between Payor and Lender, dated September 5, 2000, or any of its representations in Section 5 of the Security Agreement shall prove to have been false or incorrect in any material respect as of the date when made and which is not cured within twenty (20) days following written notice by the Lender;

then Lender may, upon and during the continuance of such Event of Default, upon written notice, accelerate all unpaid amounts due under this Promissory Note A; provided that, in the case of an Event of Default specified in paragraphs (b) and (c) above, such acceleration shall automatically

occur. In addition, upon the occurrence and during the continuance of an Event of Default, Lender may exercise any or all of the rights, powers and remedies vested in it by the Security Agreement and/or any or all rights, powers and remedies available to Lender at law or in equity or by statute or otherwise for the protection and enforcement of the rights of Lender. In the event of an Event of Default, the Lender may recover all reasonable costs of collection including, but not limited to, reasonable attorney fees.

This Promissory Note A is made and executed hereunder and is governed by the laws of the State of Delaware.

MAS Acquisition XXIII, Inc.

By: _____
Name:
Title:

Payment of the principal of and interest on the above Promissory Note A when due (whether at maturity, by acceleration or otherwise) is unconditionally and irrevocably guaranteed by the undersigned as a primary obligation. The undersigned hereby waives notice of acceptance of this guarantee and any other notice, agrees that the Lender may modify the obligation of the Payor under the above Promissory Note A or under the Security Agreement referred to above (including releasing or changing the collateral referred to therein) without affecting the undersigned's obligation under this guarantee which is absolute and continuing, and waives any rights of subrogation and any defenses of a surety or guarantor (except payment strictly in accordance with the terms of the above Promissory Note A).

Frank O'Donnell, M.D.

PROMISSORY NOTE B

\$13,500,000

SEPTEMBER ____, 2000

FOR VALUE RECEIVED, MAS Acquisition XXIII, Inc. ("Payor") promises to pay to BioDelivery Sciences, Inc. ("Lender") at University Heights Science Park, 111 Lock Street, Newark, New Jersey 07103, the principal sum of Thirteen Million Five Hundred Thousand (\$13,500,000) Dollars, together with interest from the date hereof at the rate of eight percent (8%) per annum as follows: (i) \$1,750,000 shall be paid on April 1, 2001 together with interest accrued through that date (the "Initial Installment"); (ii) \$1,750,000 shall be paid on September 30, 2001 together with interest accrued through that date (the "Second Installment"); (iii) \$5,000,000 shall be paid on May 31, 2002 together with interest accrued through that date (the "Third Installment"); and (iv) \$5,000,000 shall be paid on December 30, 2002 together with interest accrued through that date (the "Final Installment").

This Promissory Note B is secured by a Security Agreement between Payor and Lender, dated September ____, 2000.

In the case of the happening of any of the following events (each called an "Event of Default"):

(a) Payor shall default in the payment of any of the Promissory Note A, dated September ____, 2000 issued by Payor to Lender, the Initial Installment, the Second Installment, the Third Installment or the Final Installment or interest on this Promissory Note B, as and when due and payable, and such default continues unremedied for a period of ten (10) business days;

(b) Payor shall (A) become insolvent or admit in writing its inability to pay its debts as they mature, (B) apply for, consent to, or acquiesce in the appointment of a receiver, trustee, liquidator or similar official for itself or any of its assets, (C) make a general assignment for the benefit of creditors, (D) be adjudicated a bankrupt or insolvent, (E) voluntarily commence a proceeding or file a petition under any law relating to bankruptcy, insolvency, the relief of debtors or the liquidation or adjustment of indebtedness or (F) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (c) below;

(c) an involuntary proceeding shall be commenced or an involuntary petition shall be filed under any law relating to bankruptcy, insolvency, the relief of debtors or the liquidation or adjustment of indebtedness, against Payor, or the assets of Payor, and such proceeding or petition shall not be dismissed within sixty (60) days; or

(d) any of Payor's representations or warranties in Article IV of the Stock Purchase Agreement between Payor and Lender, dated September 5, 2000, or any of its representations in Section 5 of the Security Agreement shall prove to have been false or incorrect

in any material respect as of the date when made and which is not cured within twenty (20) days following written notice by the Lender;

then Lender may, upon and during the continuance of such Event of Default, upon written notice, accelerate all unpaid amounts due under this Promissory Note B; provided that, in the case of an Event of Default specified in paragraphs (b) and (c) above, such acceleration shall automatically occur. In addition, upon the occurrence and during the continuance of an Event of Default, Lender may exercise any or all of the rights, powers and remedies vested in it by the Security Agreement and/or any or all rights, powers and remedies available to Lender at law or in equity or by statute or otherwise for the protection and enforcement of the rights of Lender. In the event of an Event of Default, the Lender may recover all reasonable costs of collection including, but not limited to, reasonable attorney fees.

This Promissory Note B is made and executed hereunder and is governed by the laws of the State of Delaware.

MAS Acquisition XXIII, Inc.

By: -----
Name:
Title

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT ("Agreement") is entered into as of this 30th day of June 2000 by and between MAS Acquisition XXIII Corp., an Indiana corporation ("Pubco"), and the subscribers listed on the signature pages hereto ("Subscribers"), hereinafter collectively referred to as Hopkins Capital Group.

INTRODUCTION

The transaction contemplated by this Agreement is intended to be an integral part of a "tax free" contribution of property under Section 351 of the Internal Revenue Code of 1986 as amended. As a single consolidated transaction, Pubco will simultaneously exchange shares of its stock (the "Pubco Stock") for the property as listed on Schedule 2.1.

AGREEMENT

SECTION 1 -- GENERAL

Issuance of shares of Pubco shall be part of a single consolidated transaction. Accordingly, after the conclusion of the transaction, Pubco shall, in exchange for the property described in Schedule 2.1, issue stock representing 15,000,000 shares of the capital stock of Pubco immediately after Closing. The current shareholders of Pubco not participating in this transaction shall hold 350,000 shares of Common Stock of Pubco immediately after Closing.

SECTION 2 -- CONTRIBUTION FOR PUBCO STOCK

2.1 ISSUANCE AND DELIVERY OF PUBCO STOCK. Subject to the terms and conditions contained in this Agreement, at the Closing, Pubco shall acquire the property listed in Schedule 2.1 in exchange for 15,000,000 shares of Pubco Common Stock. The shares of Pubco shall be issued to the individuals in the amounts specified in Schedule 2.1.

2.2 ISSUANCE OF PUBCO OPTIONS. No options to acquire shares of Pubco shall survive the Closing.

2.3 NO LIEN OR ENCUMBRANCES ON PUBCO STOCK. The issuance of the Pubco stock shall be made free and clear of all liens, mortgages, pledges, encumbrances or charges, whether disclosed or undisclosed, except as the Hopkins Capital Group and Pubco shall have otherwise agreed in writing.

2.4 FRACTIONAL SHARES. Notwithstanding any other term or provision of this Agreement, no fractional share of Pubco Common Stock and no certificates or scrip therefore, or other evidence of ownership thereof, will be issued and neither shall the Hopkins Capital Group have any right to receive cash in lieu thereof. Hopkins Capital Group's pro rata share of Pubco Common Stock shall be rounded up to the nearest whole number of shares.

2.5 NO REGISTRATION OF THE PUBCO STOCK; LEGEND. None of the Pubco Stock issued to the Hopkins Capital Group shall, at the time of Closing, be registered under federal or state securities laws, but rather, shall be issued pursuant to an exemption therefrom and shall be considered "restricted stock" within the meaning of Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"). The Pubco Common Stock so issued shall bear a legend worded substantially as follows:

"THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND ARE "RESTRICTED SECURITIES" AS DEFINED IN RULE 144 PROMULGATED UNDER THE SECURITIES ACT. THE SHARES REPRESENTED BY THE CERTIFICATE MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, TRANSFERRED OR ASSIGNED EXCEPT (1) PURSUANT TO A REGISTRATION STATEMENT THEN IN EFFECT UNDER THE SECURITIES ACT, (2) IN COMPLIANCE WITH RULE 144, OR (3) PURSUANT TO AN OPINION OF COUNSEL TO THE ISSUER HEREOF, SATISFACTORY IN FORM AND SUBSTANCE TO THE ISSUER, THAT SUCH REGISTRATION OR COMPLIANCE IS NOT REQUIRED AS TO SUCH SALE, OFFER TO SELL, PLEDGE, HYPOTHECATION, TRANSFER OR ASSIGNMENT"

Pubco's transfer agent shall annotate its records to reflect the restrictions on transfer embodied in the legend set forth above.

SECTION 3 - CLOSING

3.1 CLOSING OF TRANSACTION. The Closing of the Exchange Transaction (the "Closing" or "Closing Date") shall take place at a date and time to be determined by Hopkins Capital Group, but not more than 30 days from the date hereof.

3.2 DELIVERIES AT CLOSING OF AGREEMENT. At the execution of this Agreement, Pubco shall provide Board Minutes or consents approving the terms of this Agreement and the transaction contemplated herein.

3.3 DELIVERIES AT CLOSING BY PUBCO.

3.3.1 Pubco shall deliver or cause to be delivered at the Closing:

3.3.1.0 a copy of the consent of Pubco's Board of Directors authorizing Pubco to take the necessary steps toward closing the transaction described by this Agreement;

3.3.1.1 a copy of a Certificate of Good Standing for Pubco issued not more than 90 days prior to the Closing by the appropriate Secretary of State;

3.3.1.2 issue stock certificates as shown in Schedule 2.1 to the Hopkins Capital Group as provided herein;

3.3.1.3 Corporate Record Book complete through date of Closing;

3.3.1.4 copies of all filings with the SEC and NASD, complete through Closing;

3.3.1.5 copies of all filings of state and federal tax returns, complete through Closing; and

3.3.1.6 copies of all financial statements, audit reports and correspondence with auditors, complete through Closing.

3.4 DELIVERIES AT CLOSING BY HOPKINS CAPITAL GROUP. Hopkins Capital Group shall deliver to Pubco at the Closing the property described in Schedule 2.1.

SECTION 4 - REPRESENTATIONS AND WARRANTIES BY PUBCO

Pubco represents and warrants to the Hopkins Capital Group as follows:

4.1 ORGANIZATION AND GOOD STANDING. Pubco is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana and has full corporate power and authority to own or lease its properties and to carry on its business as now being conducted and as proposed to be conducted.

4.2 CAPITALIZATION. Pubco's authorized capital stock consists of 80,000,000 shares of \$.001 par value Common Stock (defined above as "Pubco Common Stock"), of which 350,000 shares of Pubco Common Stock are outstanding at the date of this Agreement and held by approximately 151 shareholders and 20,000,000 shares of Preferred Stock at \$.001 par value, of which there are no shares outstanding. Attached as Schedule 4.2, is a list of Pubco's shareholders and their respective share ownership as of the date of this Agreement. Pubco is not authorized to issue any class or classes of stock other than such above-described Common Stock. There will be, immediately prior to the Closing, 350,000 shares of Pubco Common Stock outstanding. No warrants, options or other rights to acquire Pubco Shares outstanding or contemplated except as otherwise provided herein.

4.3 AUTHORITY TO EXECUTE AGREEMENT. The Board of Directors of Pubco, pursuant to the power and authority legally vested in it, has duly authorized the execution and delivery by Pubco of this Agreement, and has duly agreed to each of the transactions hereby contemplated. Pubco has the power and authority to execute and deliver this Agreement, to approve the transactions hereby contemplated and to take all other actions required to be taken by it pursuant to the provisions hereof. Pubco has taken all actions required by law, its

Certificate of Incorporation, as amended, or otherwise to authorize the execution and delivery of this Agreement and this Agreement is valid and binding upon Pubco. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby will constitute a violation or breach of the Certificate of Incorporation, as amended, or the Bylaws, as amended, of Pubco, or any agreement, stipulation, order, writ, injunction, decree, law, rule or regulation applicable to Pubco.

4.4 SUBSIDIARIES. Pubco has no subsidiaries and no investments, directly or indirectly, or other financial interest in any other corporation or business organization, joint venture or partnership of any kind whatsoever.

4.5 FINANCIAL STATEMENTS. Copies of Pubco's audited financial statements from inception including for the fiscal year ended December 31, 1998 and December 31, 1999, and its unaudited financial statements for the period ended June 30, 2000 (collectively, the "Pubco Financial Statements"), all of which are true, accurate, and complete and are attached as Schedule 4.5.

4.6 ABSENCE OF FINANCIAL CHANGES. Since the Pubco financial statements attached as Schedule 4.5, there has been no material change in Pubco's financial condition, assets or liabilities, which expenses, incurred prior to the Closing, shall be paid by Pubco prior to the Closing and shall not be the responsibility of Pubco thereafter. Upon the Closing, Pubco shall have no debts, liens, liabilities, payables or other obligations except as expressly permitted herein.

4.7 ABSENCE OF CERTAIN CHANGES. Since the Pubco financial statements attached as Schedule 4.5:

4.7.1 other than in the normal course of business, Pubco has not entered into any material transaction;

4.7.2 there has been no material adverse change in the condition (financial or otherwise), business, property, prospects, assets or liabilities of Pubco as shown on the Pubco Financial Statements, other than changes that both individually and in the aggregate do not have a consequence that is materially adverse to such condition, business, property, prospects, assets or liabilities;

4.7.3 there has been no material damage to, destruction of or loss of any of the properties or assets of Pubco (whether or not covered by insurance) materially and adversely affecting the condition (financial or otherwise), business, property, prospects, assets or liabilities of Pubco;

4.7.4 Pubco has not declared or paid any dividend or made any distribution on its capital stock, redeemed, purchased or otherwise acquired any of its capital stock, granted any options to purchase shares of its stock;

4.7.5 there has been no material change, except in the ordinary course of business, in the contingent obligations of Pubco by way of guaranty, warranty or otherwise;

4.7.6 there have been no loans made by Pubco to its employees, officers or directors;

4.7.7 other than in the normal course of business, there has been no extraordinary increase in the compensation of any of Pubco's employees;

4.7.8 there has been no other event or condition of any character which might reasonably be expected either to result in a material adverse change in the condition (financial or otherwise) business, property, prospects, assets or liabilities of Pubco or to impair materially the ability of Pubco to conduct the business now being conducted.

4.8 ASSETS. All of the assets reflected on the Pubco Financial Statements or acquired and held as of the Closing Date, other than any capital leases, are, and on the Closing Date will be, owned by Pubco. Except as set forth in Schedule 4.8. Pubco owns outright and has good and marketable title, or holds valid and enforceable leases, to all of such assets, and no liens exist, except for liens placed upon the property at the time of purchase

or lease or through one or more financing transactions. To the best of Pubco's knowledge, none of Pubco's equipment has any material defects and in all material respects is in good operating condition and repair, except for ordinary, routine maintenance and repair.

4.9 ABSENCE OF UNDISCLOSED LIABILITIES. At Closing, Pubco will have no other liabilities of any nature, whether accrued, absolute, contingent, or otherwise.

4.10 LITIGATION. There are no outstanding orders, judgments, injunctions, awards or decrees of any court, governmental or regulatory body or arbitration tribunal against Pubco or its properties. There are no actions, suits or proceedings pending, or, to the knowledge of Pubco, threatened against or relating to Pubco. Pubco is not in default under or with respect to any judgment, order, writ, injunction or decree of any court or of any federal, state, municipal or other governmental authority, department, commission, board, agency or other instrumentality.

4.11 COMPLIANCE WITH LAWS. To the best of Pubco's knowledge, the operations and affairs of Pubco do not violate any law, ordinance, rule or regulation currently in effect, or any order, writ, injunction or decree of any court or governmental agency, the violation of which would substantially and adversely affect the business, financial condition or operations of Pubco.

4.12 CONTRACTS. Except for this Agreement, Pubco is not a party to any contract, nor is Pubco a party to any written or oral commitment which will extend beyond the closing of this Agreement.

4.13 TAX MATTERS. All federal, foreign, state and local tax returns, reports and information statements required to be filed by or with respect to the activities of Pubco have been filed for all the years and periods for which such returns and statements were due, including extensions thereof. Pubco has not incurred any liability with respect to any federal, foreign, state or local taxes except in the ordinary and regular course of business. Pubco is not delinquent in the payment of any such tax or assessment, and no deficiencies for any amount of such tax have been proposed or assessed.

4.14 PUBCO:

4.14.1 is in compliance with Federal securities law and its SEC filings are current, accurate and complete.

4.14.2 is not in any violation of any applicable State securities law and the transaction contemplated herein will not be in violation of any Federal or applicable State securities law.

4.14.3 has not received any shareholder complaints or shareholder actions and there is no outstanding shareholder litigation nor does Pubco have any knowledge of any pending lawsuits.

4.14.4 the transaction contemplated by this Agreement will comply with all the rules and regulations of the SEC and all other governmental agencies or bodies.

4.15 BOOKS AND RECORDS. The books and records of Pubco are complete and correct and accurately present, in all material respects, all of the transactions therein described.

4.16 SECURITIES BROKER DEALER. Pubco has engaged Franklin Ross, Inc. ("Securities Broker Dealer") to serve as its agent in connection with this Agreement, and specifically, in any offer or sale of securities. Any fees or expenses due and/or payable to the Securities Broker Dealer arising out of this transaction or the offer or sale of securities hereunder, shall be the sole and exclusive obligation of Pubco and Hopkins Capital Group shall have no responsibility to pay same. Furthermore, any such fees and expenses due or payable to Securities Broker Dealer shall be paid prior to or simultaneously with the Closing and shall not constitute a liability, account payable or expense of the Closing required to be paid by Pubco subsequent to the closing of this Agreement.

4.17 DISCLOSURE. Pubco has disclosed all events, conditions and facts materially affecting the business and prospects of Pubco. No representation or warranty by Pubco in this Agreement nor in any certificate, exhibit, schedule or other written document, furnished to the Hopkins Capital Group by Pubco in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to be stated in order to make the statements contained herein or therein not misleading.

SECTION 5 - ACCESS AND INFORMATION

5.1 AS TO PUBCO. Pubco shall give to Hopkins Capital Group, their accountants and other representatives, full access, during normal business hours throughout the period prior to the Closing, to all of Pubco's books and records concerning Pubco's affairs as the Hopkins Capital Group shall reasonably request.

SECTION 6 - CONDUCT OF PARTIES PENDING CLOSING

6.1 CONDUCT OF PUBCO PENDING CLOSING. Pubco covenants that, pending the Closing:

6.1.1 Pubco will conduct business only in the ordinary course.

6.1.2 No change will be made in Pubco's Certificate of Incorporation or Bylaws or in Pubco's authorized shares of stock except as may be first approved in writing by the Hopkins Capital Group.

6.1.3 No dividends shall be declared, no stock options granted (other than as provided herein) and no employment agreements shall be entered into with officers or directors of Pubco.

6.1.4 Except as otherwise requested by the Hopkins Capital Group, Pubco and the Pubco shareholders will use their best efforts to preserve Pubco's business organization intact; to keep available to the Hopkins Capital Group the services of its present officers and employees; and to preserve the goodwill of those having business relations with Pubco.

SECTION 7 - CONDITIONS PRECEDENT TO CLOSING

7.1 CONDITIONS PRECEDENT TO THE HOPKINS CAPITAL GROUP OBLIGATIONS. The obligations of the Hopkins Capital Group to consummate the transaction contemplated by this agreement are subject to the fulfillment prior to or at the Closing, of all conditions elsewhere herein set forth, including, but not limited to, their receipt of all deliveries required by Section 3 herein, and fulfillment, prior to the Closing, of each of the following conditions:

7.1.1 As a result of the exchange of Pubco shares contemplated by this Agreement, immediately following the Closing of this Agreement, the recipients of shares under Section 2 and Section 6 of this Agreement shall, in the aggregate, hold 97.7% of the outstanding shares of Pubco.

7.1.2 Receipt of all necessary approvals of regulatory authorities having jurisdiction over the Acquisition.

7.1.3 There shall be no material adverse change in the business, assets, financial condition or prospects of Pubco through the Closing date and, upon the Closing, Pubco shall have no balance sheet debt, accounts payable or other obligations or indebtedness of any description.

7.1.4 Appropriate confirmations shall be given as to compliance with representations, warranties and covenants.

7.1.5 Written confirmation to the Hopkins Capital Group that there will be immediately prior to the Closing 350,000 shares of Pubco Common Stock outstanding. No outstanding options, warrants or stock rights will be outstanding.

7.1.6 The Hopkins Capital Group shall have reasonably satisfied themselves that, since the date of this Agreement, the business of the Pubco has been conducted in the ordinary course; no withdrawals of

cash or other assets have been made and no indebtedness has been incurred since the date of this Agreement, except which have occurred in the ordinary course of business or with respect to services rendered or expenses incurred in connection with the Closing of this Agreement, unless said withdrawals or indebtedness were either authorized by the terms of this Agreement or subsequently disclosed in writing by the parties.

7.1.7 Pubco shall have granted the Hopkins Capital Group (acting through its management personnel, counsel, accountants or other representatives designated by it) full opportunity to examine its books and records, properties, plants and equipment, proprietary rights and other instruments, rights and papers of all kinds in accordance with Section 6 hereof and the Hopkins Capital Group shall be reasonably satisfied to proceed with the transactions contemplated by this Agreement upon completion of such examination and investigation.

7.1.8 The Hopkins Capital Group shall have reasonably satisfied themselves that all transactions contemplated by this Agreement shall be legal and binding.

7.1.9 The Hopkins Capital Group has completed its due diligence inquiry of Pubco and Pubco documents.

7.2.0 The execution of this Agreement by all Hopkins Capital Group participants unless otherwise agreed by Pubco

SECTION 8 - ADDITIONAL COVENANTS OF THE PARTIES

8.1 COOPERATION. The Hopkins Capital Group and Pubco will cooperate with each other and their respective agents in carrying out the transactions contemplated by this Agreement, and in delivering all documents and instruments deemed reasonably necessary or useful by the other party.

8.2 EXPENSES. Prior to Closing, Pubco shall pay all of its respective costs and expenses (including attorneys' and accountants' fees, finder's fees, costs and expenses) incurred in connection with this transaction, except for \$5,000 expense reimbursement due to MAS Financial Corporation at Closing.

8.3 PUBLICITY. Pubco shall not, without prior written consent of the Hopkins Capital Group, publish any press releases or disseminate any news regarding this Agreement or transaction contemplated herein prior to closing unless required to do so by law.

8.4 NAME CHANGE. Pubco will amend its Articles of Incorporation prior to Closing to change its name to "BioDelivery Sciences International" or such other name chosen by the Hopkins Capital Group and eligible for filing with the Secretary of State.

8.5 SUBSEQUENT REGISTRATION STATEMENT. In the first Registration Statement filed by MAS with the U.S. Securities and Exchange Commission under the Securities Act of 1933, the Hopkins Capital Group shall be entitled to include such of its shares as it may deem appropriate within said Registration Statement at no additional cost to the Hopkins Capital Group shareholders.

SECTION 9 - REMEDIES

9.1 MUTUAL TERMINATION. The Hopkins Capital Group and Pubco may agree to mutually terminate this Agreement prior to Closing without any liability to each other.

9.2 DEFAULTS PERMITTING TERMINATION. If either Hopkins Capital Group or Pubco materially default in the due and timely performance of any of their warranties, covenants, or agreements under this Agreement, or upon failure of a condition precedent, the non-defaulting party or parties may on or prior to the Closing Date give notice of termination of this Agreement, in the manner provided in Section 13.6. The notice will specify with particularity the default or defaults on which the notice is based. The termination will be effective five business days after the addressee receives the notice, unless the specified default or defaults have been cured on or before the effective date for termination. Except as otherwise expressly provided herein, upon termination here under neither party shall continuing have any responsibility to the other party.

9.3 ARBITRATION. Any controversy or claim arising from or relating to this Agreement, or its making, performance, or interpretation, will be exclusively and solely settled by binding arbitration before three arbitrators under the commercial arbitration rules of the American Arbitration Association then existing. Judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy. The arbitration shall be exclusively held in Sarasota, Florida.

SECTION 10 - SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1 AS TO PUBCO. The representations, warranties and covenants of Pubco contained herein shall survive the execution and delivery of this Agreement, the Closing and the consummation of the transactions called for by this Agreement of two years from the Closing.

SECTION 11 - MISCELLANEOUS

11.1 ENTIRE AGREEMENT; AMENDMENTS. This Agreement contains the entire agreement between the parties with respect to the transactions contemplated hereby, and supersedes all negotiations, representations, warranties, commitments, offers, contracts, letters of intent, and writings prior to the date hereof. No waiver and no modification or amendment of any provision of this Agreement shall be effective unless specifically made in writing and duly signed by the parties to this Agreement bound thereby.

11.2 BINDING AGREEMENT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective assigns and successors in interest; provided, that neither this Agreement nor any right hereunder shall be assignable by Pubco, or Hopkins Capital Group without the prior written consent of the other parties.

11.3 ATTORNEY'S FEES. Except as otherwise provided herein, in the event of any controversy, claim or dispute among the parties to this Agreement arising out of or relating to this Agreement or breach thereof, each party hereto shall pay his, her or its own legal expenses, attorney's fees and costs. Mr. Duffey is a licensed attorney and consultant, and from time to time, may have or may, in the future, provide legal or non-legal consulting services to the Hopkins Capital Group and may deliver similar services to Pubco following Closing. Pubco and the Hopkins Capital Group waive any conflict of interest arising from the described relationship. It is understood that expenses and fees may be paid to Mr. Duffey or his affiliates or to consulting companies or to law firms with which he may have a relationship in connection with services or consulting provided to Hopkins Capital Group or Pubco either before or after the Closing. It is expressly agreed by Pubco that Mr. Duffey has provided no legal or consulting services to Pubco prior to the Closing and that Pubco has relied solely upon its own access to legal, tax and financial advisors. Further, it is expressly acknowledged by each participant in the Hopkins Capital Group that Mr. Duffey has provided no legal, tax, financial or other consultive services to or for the benefit of any of said participants in the Hopkins Capital Group or to Hopkins Capital Group itself. Each individual participant in the Hopkins Capital Group and the Hopkins Capital Group itself have been advised by Mr. Duffey to consult with and rely upon their own independent legal, tax, financial or other advisors in connection with this transaction and all matters related thereto.

11.4 SEVERABILITY. If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and shall not affect the validity or effect on any other provisions hereof.

11.5 GOVERNING LAW. In any action or proceeding arising out of or related to this Agreement, the law of the State of Florida shall be followed.

11.6 NOTICES. All notices or other communications required hereunder shall be in writing and shall be sufficient in all respects and shall be deemed delivered after 3 days if sent via registered or certified mail, postage prepaid; the next day if sent by overnight courier service; or upon completion of transmission if sent by facsimile:

To Hopkins Capital Group:

Hopkins Capital Group
709 The Hamptons Lane
Town & Country, MO 63017
Fax: (314) 474-7030

To Pubco:

MAS Acquisition XXIII Corp.
1710 East Division Street
Evansville, IN 47711
Fax: (812) 479-7267

or if by facsimile to the facsimile number provided by the party, or by personal delivery.

11.7 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of, which may be deemed an original, but all of which together, shall constitute one and the same instrument.

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

MAS Acquisition XXIII Corp.

Contributors:
(Hopkins Capital Group Participants)

By: /s/

Authorized Signatory

Hopkins Capital Group II, LLC

By: -----

Friday Harbour LLC

By: -----

James McNulty

Carlos Santos

Nicole Longridge

William W. Dolan, Trustee of the Spencer
Charles Duffey Irrevocable Trust Under
Agreement Dated the 29th Day of July, 1998

By: -----

William W. Dolan, Trustee of the Elizabeth
Rosemary Duffey Irrevocable Trust Under
Agreement Dated the 29th Day of July, 1998

By: -----

To Hopkins Capital Group:

Hopkins Capital Group
709 The Hamptons Lane
Town & Country, MO 63017
Fax: (314) 474-7030

To Pubco:

MAS Acquisition XXIII Corp.
1710 East Division Street
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MAS Acquisition XXIII Corp.

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(Hopkins Capital Group Participants)

By: _____
Authorized Signatory

Hopkins Capital Group II, LLC

By: /s/

Friday Harbour LLC

By: _____

James McNulty

/s/ Carlos Santos

Carlos Santos

Nicole Longridge

William W. Dolan, Trustee of the Spencer
Charles Duffey Irrevocable Trust Under
Agreement Dated the 29th Day of July, 1998

By: _____

William W. Dolan, Trustee of the Elizabeth
Rosemary Duffey Irrevocable Trust Under
Agreement Dated the 29th Day of July, 1998

By: _____

MAS ACQUISITION XXIII CORP.
SCHEDULE 2.1
CONTRIBUTORS

NAME OF CONTRIBUTORS	NUMBER OF SHARES
Hopkins Capital Group II, LLC	13,700,000
James McNulty	325,000
Carlos Santos	325,000
Friday Harbour LLC	325,000
Nicole Longridge	100,000
William W. Dolan, Trustee of the Spencer Charles Duffey Irrevocable Trust Under Agreement Dated the 29th Day of July, 1998	112,500
William W. Dolan, Trustee of the Elizabeth Rosemary Duffey Irrevocable Trust Under Agreement Dated the 29th Day of July, 1998	112,500

Total	15,000,000 =====

As consideration for the issuance of the shares, the Contributors have arranged a deposit of \$100,000 as part of the negotiation of a conditional agreement with BioDelivery Sciences, Inc.