AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY , 2002.
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CELSION CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(State or Other Jurisdiction of Incorporation or Organization)

52-1256615
(I.R.S. Employer Identification Number)

10220-I OLD COLUMBIA ROAD
COLUMBIA, MD 21046-1705
(410) 290-5390
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

DR. AUGUSTINE Y. CHEUNG
PRESIDENT AND CHIEF EXECUTIVE OFFICER
CELSION CORPORATION
10220-I OLD COLUMBIA ROAD
COLUMBIA, MD 21046-1705
(410) 290-5390
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the

same offering. [ ] _____

CALCULATION OF REGISTRATION FEE

TITLE OF SHARES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM AGGREGATE PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common stock, par value $0.01 per share	12,550,000	$ 0.64 (3)	$ 8,032,000	$ 739
Common Stock, par value $0.01 per share, issuable upon exercise of Warrants	21,185,821(2)	$ 0.64 (3)	$ 13,558,925	$1,247

(1) Pursuant to Rule 416 under the Securities Act of 1933, this registration statement also covers an indeterminate number of additional shares of Common Stock as may be issued as a result of adjustments to prevent dilution by reason of any stock split, stock dividend or similar transaction.

(2) Consists of 12,500,000 shares of Common Stock underlying Warrants exercisable at $0.60 per share; warrants to purchase 1,110,000 units of the Company at $0.625 per unit (the "Units"), each Unit consisting of one share of Common Stock and a warrant to purchase an additional share of Common Stock at $0.60 per share; warrants to purchase 140,000 shares of Common Stock at $0.50 per share; and warrants to purchase 6,325,821 shares of Common Stock at $0.01 per share.

(3) Calculated pursuant to Rule 457(g) and Rule 457(c) under the Securities Act of 1933. The above calculation is based on the average of the high and low prices of the Common Stock on The American Stock Exchange on February 5, 2002.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE SELLING STOCKHOLDERS MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OF WHICH THIS PROSPECTUS IS A PART IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED FEBRUARY 7, 2002

PRELIMINARY PROSPECTUS

CELSION CORPORATION
33,735,821 SHARES
COMMON STOCK

This Prospectus of Celsion Corporation, a Delaware corporation, or the Company, relates to the offer and sale from time to time by certain selling stockholders (the "Selling Stockholders") of up to 12,550,000 shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), and up to 21,185,821 shares of Common Stock issuable upon the exercise of certain Common Stock purchase warrants (the "Warrants"). The shares of Common Stock offered hereby are referred to as the "Shares." See "Selling Stockholders" and "Plan of Distribution."

The Company will not receive any proceeds from any sales of Shares by the Selling Stockholders. However, the Company will receive proceeds upon any exercise of Warrants, up to a maximum of $8,993,008 if all of the Warrants are exercised.

The Selling Stockholders or pledgees, donees, transferees or other successors in interest that receive Shares by way of gift, partnership distribution or other non-sale transfer, may offer and sell some, all or none of the Shares under this Prospectus. The Selling Stockholders or their successors may determine the prices at which they will sell their Shares, at then prevailing market prices or some other price. In connection with such sales, the Selling Stockholders or their successors may use brokers or dealers who may receive compensation or commissions for such sales. The Company has agreed to bear all expenses in connection with the registration of the Shares. However, the Selling Stockholders will pay any brokerage commissions, discounts and fees in connection with the sale of their Shares. A Selling Stockholder's net proceeds from the sale of Shares will be the sales price of the Shares sold, less applicable commissions, discounts and fees.

The Common Stock is traded on The American Stock Exchange under the symbol "CLN." On February 6, 2002, the closing price of the Common Stock on The American Stock Exchange was $0.67.

INVESTMENT IN THE COMPANY'S COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 10 OF THIS PROSPECTUS BEFORE PURCHASING ANY OF THE SHARES FROM THE SELLING STOCKHOLDERS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is [_____], 2002

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We have informed the Selling Stockholders that the anti-manipulative rules under the Securities Exchange Act of 1934, including Regulation M, may apply to their sales of Shares in the market. We have furnished the Selling Stockholders with a copy of these rules. We have also informed the Selling Stockholders that they must deliver a copy of this Prospectus with any sale of their Shares.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the U.S. Securities and Exchange Commission, or the SEC. You may read and copy any document that we have filed at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of its public reference facilities. Our SEC filings are also available to you free of charge at the SEC's web site at http://www.sec.gov.

We have filed a registration statement on Form S-3 with the SEC that covers the resale of the Shares offered hereby. This Prospectus is a part of that registration statement, but does not include all of the information included in the registration statement. You should refer to the registration statement for additional information about us and the Shares. Statements that we make in this Prospectus relating to any document filed as an exhibit to or incorporated by reference into the registration statement may not be complete. You should review the referenced document itself for a complete understanding of its terms.

The SEC allows us to "incorporate by reference" certain information we file with them, which means that we can disclose important information to you in this Prospectus by referring you to those documents. The documents that have been incorporated by reference are an important part of the Prospectus, and you should be sure to review that information in order to understand the nature of any investment by you in the Shares. In addition to previously filed documents that are incorporated by reference, documents that we file with the SEC after the date of this Prospectus will automatically update the registration statement. The documents that we have previously filed and that are incorporated by reference into this Prospectus include the following:

- Our Annual Report on Form 10-K for the fiscal year ended September 30, 2001;

- Our Proxy Statement relating to the 2002 Annual Meeting of Stockholders; and

- The description of our Common Stock included in our registration statement on Form 8-A filed on May 26, 2000.

All documents and reports filed by us pursuant to Sections 13 (a), 13 (c), 14 or 15 (d) of the Securities Exchange Act of 1934 after the date of this Prospectus and prior to the date that the offering of Shares made hereby is terminated automatically will be incorporated by reference into this Prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference into this Prospectus shall be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus, or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference, modifies or supersedes that statement. Any statement modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Prospectus.

We will provide you with copies of any of the documents incorporated by reference at no charge to you. However, we will not deliver copies of any exhibits to those documents unless the exhibit itself is specifically incorporated by reference. If you would like a copy of any document, please write or call us at:

Celsion Corporation
10220-I Old Columbia Road
Columbia, MD 21046-1705
Attention: Corporate Secretary
(410) 290-5390

You should only rely upon the information included in or incorporated by reference into this Prospectus or in any Prospectus supplement that is delivered to you. We have not authorized anyone to provide you with additional or different information. You should not assume that the information included in or incorporated by reference into this Prospectus or any Prospectus supplement is accurate as of any date later than the date on the front of the Prospectus or Prospectus supplement.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Throughout this Prospectus and the other documents incorporated by reference into this Prospectus, we make certain "forward-looking" statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements predicted by such forward-looking statements. Such factors include, among other things, those listed under "Risk Factors" as well as those discussed elsewhere in this Prospectus and the documents incorporated by reference into this Prospectus. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue" or the negative of such terms or other comparable terminology.

Forward-looking statements are only predictions and involve various risks and uncertainties including:

- unforeseen changes in the course of research and development activities and in clinical trials;
- possible changes in cost and timing of development and testing, capital structure and other financial matters;
- changes in approaches to medical treatment;
- introduction of new products by others;
- possible acquisitions of other technologies, assets or businesses;
- possible actions by customers, suppliers, competitors, regulatory authorities and others; and
- other risks detailed from time to time in the Company's reports filed with the SEC.

Actual events or results may differ materially from those contemplated by this Prospectus and the other documents incorporated by reference into this Prospectus. In evaluating these statements, you should specifically consider various factors, including those listed above and outlined under "Risk Factors." Although we believe that our expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We are under no duty to update any forward-looking statements after the date of this Prospectus to conform such statements to actual results or circumstances.

SUMMARY INFORMATION ABOUT THE COMPANY

This summary highlights selected information contained elsewhere in this Prospectus and incorporated into this Prospectus by reference. This summary may not contain all of the information that may be important to you in considering an investment in our Common Stock. You should read the entire Prospectus, including "Risk Factors" carefully before making an investment decision.

GENERAL

We develop medical treatment systems primarily to treat breast cancer and a chronic prostate enlargement condition, common in older males, known as benign prostatic hyperplasia, or BPH, using minimally invasive focused heat technology. Also, we are working with Duke University in the development of heat-sensitive liposome compounds for use in the delivery of chemotherapy drugs to tumor sites, and with Sloan-Kettering on the development of heat-activated gene therapy compounds.

BPH TREATMENT SYSTEM

BENIGN PROSTATIC HYPERPLASIA

Millions of aging men experience symptoms resulting from benign prostatic hyperplasia, or BPH, a non-cancerous urological disease in which the prostate enlarges and constricts the urethra. The prostate is a walnut-sized gland surrounding the male urethra that produces seminal fluid and plays a key role in sperm preservation and transportation. The prostate frequently enlarges with age. As the prostate expands, it compresses or constricts the urethra, thereby restricting the normal passage of urine. This restriction of the urethra may require a patient to exert excessive bladder pressure to urinate. Because the urination process is one of the body's primary means of cleansing impurities, the inability to urinate adequately increases the possibility of infection and bladder and kidney damage.

PREVALENCE OF BPH

As BPH is an age-related disorder, its incidence increases with maturation of the population. Industry estimates suggest that more than 9 million men in the United States experience BPH symptoms and that more than 26 million men are affected by BPH worldwide. As the United States population continues to age, the prevalence of BPH can be expected to continue to increase. It is generally estimated that approximately 50% of all men over the age of 55 and 90% of all men over 75 will have BPH symptoms at various times. Industry studies estimate the overall costs of BPH therapy to be at approximately $2.5 to $3.0 billion annually in the United States and $8.0 to $10.0 billion worldwide for those patients currently seeking treatment.

CURRENT TREATMENT ALTERNATIVES FOR BPH

Like cancerous tumors, BPH historically has been treated by surgical intervention or by drug therapy. The primary treatment for BPH currently is transurethral resection of the prostate, or TURP, a surgical procedure in which the prostatic urethra and surrounding diseased tissue in the prostate are trimmed with a telescopic knife, thereby widening the urethral channel for urine flow. While the TURP procedure typically has been considered the most effective treatment available for the relief of BPH symptoms, the procedure has shortcomings. In the first instance, TURP generally requires from one to three days of post-operative hospitalization. In addition, a significant percentage of patients who undergo TURP encounter significant complications, which can include painful urination, infection, retrograde ejaculation, impotence, incontinence and excessive bleeding. Furthermore, the cost of the TURP procedure and the related hospitalization is high, ranging from $8,000 to $12,000. This cost does not take into account the costs of lost work time, which could amount to several weeks, or the costs related to adverse effects on patients' quality of life.

Other, less radical, surgical procedures, generally categorized as "minimally invasive" ("MI") therapies, are available as alternatives to the TURP procedure. The primary MI treatments use microwave heating ("TUMT") to treat BPH by incinerating the obstructing portion of the prostate. TUMT involves sedation, catheterization and high levels of heat to incinerate a portion of the prostate. Two other MI therapies - interstitial RF therapy and laser therapy - employ, respectively, concentrated radio frequency (RF) waves or laser radiation to reduce prostate swelling by cauterizing tissue instead of removing it with a surgical knife. However, these procedures require puncture incisions in order to insert cauterizing RF or laser probes into the affected tissue and, therefore, also involve the use of a full operating facility and anesthesia, as well as the burning of prostate tissue by the probes. Although these procedures result in less internal bleeding and damage to the urethra than the TURP procedure and may decrease the adverse effects

and costs associated with surgery, anesthesia and post-operative tissue recovery, they do not entirely eliminate these adverse consequences.

Finally, drug therapy has emerged as an alternative to surgery in the last several years. There are several drugs available for BPH treatment, the two most widely prescribed being Hytrin and Proscar. Hytrin works by relaxing certain involuntary muscles surrounding the urethra, thereby easing urinary flow, and Proscar is intended actually to shrink the enlarged gland. However, industry studies have asserted that drug therapy costs $500 to $800 per year or more, must be maintained for life and does not offer consistent relief to a large number of BPH patients. In fact, studies have shown that 45% of patients who begin drug therapy for BPH drop out within the first year, primarily due to the ineffectiveness of currently available drug therapies. Also, all of the currently available BPH drugs have appreciable side effects.

Accordingly, neither the medicinal treatments nor the surgical alternatives available for BPH appear to provide fully satisfactory, cost-effective treatment solutions for BPH sufferers.

CELSION BPH TREATMENT SYSTEM

We have developed a BPH treatment system - "Microwave Uretheroplasty" - - that combines our microwave thermotherapy capability with a proprietary balloon compression technology licensed from MMTC, Inc. The system consists of a microwave generator and conductors and a computer and computer software programs that control the focusing and application of heat, plus a specially designed balloon catheter and consists of two fundamental elements:

- Celsion's proprietary catheter, incorporating a balloon enlargement device, delivers computer-controlled transurethral microwave heating directly to the prostate at temperatures greater than 44(0) C (111(0) F).

- Simultaneously, the balloon inflates the device and expands to press the walls of the urethra from the inside outward as the surrounding prostate tissue is heated.

The combined effect of this "heat plus compression" therapy is twofold: first, the heat denatures the proteins in the wall of the urethra, causing a stiffening of the opening created by the inflated balloon. Second, the heat serves effectively to kill off prostate cells outside the wall of the urethra, thereby creating sufficient space for the enlarged natural opening.

Pre-clinical animal studies have demonstrated that a natural "stent," or reinforced opening, in the urethra forms after the combined heat plus compression treatment. Also, the BPH system's relatively low temperature (43(0) C to 45(0) C) appears to be sufficient to kill prostatic cells surrounding the urethra wall, thereby creating space for the enlargement of the urethra opening. However, the temperature is not high enough to cause swelling in the urethra.

Celsion's investigational minimally invasive Microwave Uretheroplasty treatment system is designed to overcome the limitations of all three of the current treatment systems. It is designed to be a relatively painless, rapid procedure that delivers the efficacy of surgical treatments without significant risks and the potential for life-altering side effects. The potential benefits of the Microwave Uretheroplasty system include walk-in, outpatient treatment that can be completed in less than an hour; no required sedation; generally no post-operative catheterization; and rapid symptomatic relief from BPH.

Ultimate FDA approval for a device such as our equipment typically requires two phases of clinical testing. The purpose of Phase I testing is to show feasibility and safety and involves a small group of patients. Phase II testing may involve as many as 160 patients and is designed to show safety and efficacy. The FDA approved an Investigational Device Exemption, or IDE, to allow clinical testing of our BPH system in June 1998 and we completed initial Phase I clinical feasibility human trials of the BPH system at Montefiore Medical Center in May 1999. In the Phase I trials, the combination of computer-controlled microwave heat and balloon catheter expansion was able to increase peak flow rates and to provide immediate relief of symptoms caused by BPH. In addition, we undertook an expanded Phase I study to test an accelerated treatment protocol, which was completed in May 2000, at Montefiore Medical Center. In July 2000, the FDA approved the commencement of multiple-site Phase II studies to collect the safety and efficacy data necessary for FDA premarketing approval (PMA) for commercialization. All 160 patients required to be treated under the Phase II trial were treated as of November 29, 2001 and, as of that date, we submitted the first two of three required modules to the FDA in support of the PMA. We expect to submit the last module, consisting of clinical data, during the second quarter of fiscal 2002. If Phase II testing produces anticipated results and if our BPH system meets all other requirements for FDA approval and receives such approval, we intend to begin marketing the BPH system during the fall of 2002.

Based on the information we have collected to date, we believe that our BPH system has the potential to deliver a treatment that is performed in one hour or less on an outpatient basis, would not require post-treatment catheterization and that would deliver symptomatic relief and an increase in urinary flow rates promptly after the procedure is completed.

BREAST CANCER TREATMENT SYSTEM

PREVALENCE OF BREAST CANCER

Breast cancer is one of the leading causes of death among women in the United States. According to statistics published in the American Cancer Society's A Cancer Journal for Clinicians, there were an average of 183,000 newly diagnosed breast cancer cases in the United States in each of the years from 1995 through 1999.

CURRENT TREATMENT FOR BREAST CANCER

Breast cancer is presently treated by mastectomy, the surgical removal of the entire breast, or by lumpectomy, the surgical removal of the tumor and surrounding tissue. Both procedures are often followed by radiation therapy or chemotherapy. The more severe forms of surgical intervention can result in disfigurement and a need for extended prosthetic and rehabilitation therapy.

In addition, heat therapy (also known as hyperthermia or thermotherapy) is a historically recognized method of treatment of various medical conditions, and heat therapy has been used in the past to treat malignant tumors in conjunction with radiation and chemotherapy. As summarized in the Fourth Edition of Radiobiology for the Radiologist, published in 1994 by J.B. Lippincott Company, in 24 independent studies on an aggregate of 2,234 tumors, treatment consisting of heat plus radiation resulted in an average doubling of the complete response rate of tumors, compared to the use of radiation alone. The complete response rate for this purpose means the total absence of a treated tumor for a minimum of two years. Comparable increases in the complete response rate were reported with the use of heat combined with chemotherapy. In addition, it has been demonstrated on numerous occasions that properly applied heat, alone and without the concurrent use of radiation, can also kill cancer cells.

HEAT THERAPY IN CONJUNCTION WITH RADIATION; FIRST GENERATION CELSION EQUIPMENT

In 1989, we obtained FDA premarketing approval for our microwave-based Microfocus 1000 heat therapy equipment for use on surface and subsurface tumors in conjunction with radiation therapy. Until 1995, we marketed our Microfocus equipment for this use in 23 countries, but microwave heat therapy was not widely accepted in the United States medical community as an effective cancer treatment. Moreover, due to the limitations of microwave technology available at that time, it was difficult to deliver a controlled amount of heat to subsurface tumors without overheating surrounding healthy tissue.

NEW MICROWAVE TECHNOLOGY FROM MIT

In 1993, we began working with researchers at the Massachusetts Institute of Technology, or MIT, who had developed, originally for the United States Defense Department, the microwave control technology known as "Adaptive Phased Array", or APA. This technology permits properly designed microwave equipment to focus and concentrate energy targeted at diseased tissue areas deep within the body and to heat them selectively, without adverse impact on surrounding healthy tissue. In 1996, MIT granted us an exclusive worldwide license to use this technology for medical applications and since that time we have concentrated on developing a second generation of Microfocus equipment capable of focusing microwave energy on specific tissue areas. We have now incorporated the APA technology in our second-generation microwave therapy equipment.

SECOND GENERATION CELSION BREAST CANCER TREATMENT SYSTEM

Using the APA technology, we have developed a prototype breast cancer treatment system intended to destroy localized breast tumors through the application of heat alone. The system consists of a microwave generator and conductors, a computer and computer software programs that control the focusing, application and duration of the thermotherapy and a specially designed patient treatment table.

In 1998, we completed pre-clinical animal testing of our prototype system at the Massachusetts General Hospital, a teaching hospital for Harvard Medical School in Boston, Massachusetts. Using breast tissue-equivalent phantoms and tumors in live animals, these studies demonstrated that our system is capable of selectively heating tumors at temperatures up to 46(0) C 115(0) F without damage to surrounding healthy tissues. High temperatures maintained for eight to ten minutes can cause complete tumor necrosis (death),

leading to the death of viable cancer cells within the tumor and in its immediate vicinity. A second prototype clinical breast cancer treatment system at Oxford University in England was used to demonstrate successfully the ability of our equipment to focus heat deep into animal tissue at precise locations and in small target areas. In our view, these animal tests demonstrate that it is possible to eliminate tumors by heat alone and without the use of radiation. Using the pre-clinical data from Massachusetts General, the FDA granted Celsion a supplemental premarketing approval to incorporate the APA technology with Celsion's already approved Microfocus 1000 system. The APA technology enhances the ability of the Microfocus 1000 system to focus energy.

In January 1999, we received an IDE from the FDA to permit clinical testing of our breast cancer treatment system, and also received FDA approval to proceed with Phase I human clinical studies. In August 2000, we completed the treatment of ten patients in the Phase I study using our breast cancer equipment at Columbia Hospital in West Palm Beach, Florida, and at Harbor UCLA Medical Center in Torrance, California. In the study, our equipment was clinically tested on female breast tumors on a minimally invasive basis through a single application of precisely controlled and targeted heat. In December 2000, we received approval from the FDA to commence Phase II trials for our breast cancer system.

The Phase II trials consist of two protocols - the first is designed to ablate (kill) small breast tumors using heat alone and the second is designed to downsize large breast cancer tumors using a combination of heat and chemotherapy, thus allowing a surgeon to perform a lumpectomy rather than a mastectomy, thereby preserving the affected breast. These trials are currently under way at Columbia Hospital, in Florida, Harbor UCLA in California and Halle Martin Luther Breast Center in Halle, Germany. We expect to add additional sites, both within the United States and in Europe, during the first half of 2002 and currently anticipate that we will complete the Phase II trials by the end of calendar year 2002. If the Phase II trials are successful, we expect to apply for the addition of a new indication of use to the existing FDA premarketing approval for our Microfocus equipment, denoting that the system can be used to destroy cancerous tumors and viable cancer cells within the human breast through the application of focused microwave heat energy alone. If testing and approvals proceed as anticipated, we expect to begin marketing this breast cancer system before the end of 2003.

THERMO-LIPOSOMES; DUKE UNIVERSITY TECHNOLOGY

BACKGROUND

Liposomes are man-made microscopic spheres with a liquid membrane, developed in the 1980's to encapsulate drugs for targeted delivery. Commercial liposomes can now encapsulate chemotherapeutic drugs, enabling them to avoid destruction by the body's immune system, and allowing them to accumulate in tumors. However, with presently available technology, it often takes two to four hours for commercial liposomes to release their drug contents to the tumors, severely limiting the clinical efficacy of liposome chemotherapy treatments.

DEVELOPMENT OF THERMO-SENSITIVE LIPOSOMES

A team of Duke University scientists has developed heat-sensitive liposomes comprised of materials that rapidly change porosity when heated to a specific point. As the heat-sensitive liposomes circulate within the small arteries, arterioles, and capillaries, the drug contents of the liposomes are released at significantly higher levels in those tissue areas which have been heated for 30 to 60 minutes than in areas that do not receive heat. In animal trials it has been determined that 50 times the amount of drugs carried by heat-sensitive liposomes was deposited at a specific heated tissue site, when compared to conventional liposomes. We have been a sponsor of this research, which is part of a larger Duke University project to develop new temperature-sensitive liposomes, temperature-sensitive gene promoters and related compounds, and we are the exclusive licensee of Duke University's heat-activated liposome technology.

Celsion's focused microwave equipment is used to provide minimally invasive heating of cancerous tumors to trigger heat-activated liposomes within the tumors. The heat-activated liposomes, which encapsulate chemotherapeutic agents, are injected into the bloodstream where they remain encapsulated until they release their drug payload inside the heated tumor. In preliminary tumor growth delay studies conducted at Duke University, tumor-bearing mice received a single intravenous injection of the liposome with a 5mg per kilogram Doxorubicin concentration. This was immediately followed by heating of the tumor to 42(0) C (108(0) F) for one hour. The result of the study was a complete disappearance of the tumors in 11 out of 11 mice. These animals remained disease free through 60 days of the study.

In November 2001, we completed large animal toxicity studies involving our Doxorubicin-laden thermo-liposome at the Roswell Park Cancer Institute, a cancer research organization in Buffalo, New York. We expect to apply to the Food and Drug Administration for an IND for the use of this liposome in the treatment of prostate cancer using our Microfocus equipment as the means of heat activation during the first quarter of calendar year 2002, and to move forward with Phase I clinical trials thereafter.

In addition, in January 2001, we entered into a Material Transfer Agreement, or MTA, with the National Cancer Institute, or NCI, under which we will supply heat-activated liposomes to enable the NCI to conduct clinical trials on liver cancer. NCI will use an RF heating device to isolate the tumors and to heat the liver, activating Celsion's heat-activated liposomes to kill peripheral cancer cells. Liver cancer has yet to be successfully treated with existing treatment modalities.

Celsion and Duke University are pursuing further development work and pre-clinical studies aimed at using the new thermo-liposome technology in conjunction with our APA focused heat technology for a variety of applications, including cancer chemotherapy. We view the Duke thermo-liposome technology as a highly promising improvement in the delivery of medicines used to combat serious diseases. For example, the drugs used to fight cancer in chemotherapy regimens are often toxic when administered in large quantities, and produce nausea, vomiting, and exhaustion- all side effects of the body being poisoned. However, if such a drug can be delivered directly to a tissue area where it is needed, as opposed to being distributed through the entire circulatory system, the local concentration of the drug could be increased without the side effects that accompany large systemic dosing.

In addition, in the July 1, 2000 issue of Cancer Research, a Duke University research scientist reported on his initial use of heat to activate gene therapy and to increase the production in animals of Interleukin-12, a genetic protein, in order to delay tumor growth. On August 8, 2000, we entered into an agreement with Duke University, subsequently renewed for six-month periods, under which Celsion has the right, for a period of six months thereafter, to negotiate an exclusive license for this technology.

PRODUCTION OF HEAT-SENSITIVE LIPOSOMES

We have established a relationship with Celator Corporation of Vancouver, Canada to provide Quality System Regulation, or QSR (formerly Good Manufacturing Practices, or GMP), production of our heat-activated liposome for our recently completed large animal toxicity studies and our planned Phase I clinical study in humans. Celator is a leading drug formulation and discovery company that specializes in liposome drug development. Celsion will require a large-scale liposome manufacturer at such time as it reaches Phase II clinical trials and beyond. Toward that end, it has initiated discussions with a major Japanese liposome manufacturer for large-scale production of the Doxorubicin-based heat-activated liposome.

SLOAN-KETTERING / CELSION HEAT-ACTIVATED GENE THERAPY COMPOUNDS

BACKGROUND

Cancer cells have the ability to repair themselves after radiation or chemotherapy. Thus, patients require repeated treatments to destroy substantially all of the cancer cells. Celsion has licensed from Sloan-Kettering Cancer Center, a biomedical innovation that promises significant improvements in cancer therapy. Sloan-Kettering has developed biological modifiers that inhibit cancer cells' ability to repair themselves. Activated by focused heat, this Cancer Repair Inhibitor, or CRI, temporarily disables the repair mechanism of cancer cells, making it possible to reduce significantly the number of radiation/chemotherapy treatments and/or lower the treatment dosage.

A standard approach to treating cancer is radiation therapy combined with chemotherapy. High doses of radiation kill cancer cells or keep them from dividing, but produce chronic or acute side effects, including fatigue, neutropenia, anemia and leukopenia. Also, depending on the location of the tumor, other acute side effects may occur, including diarrhea, allopecia and various foreign ulcers. Chemotherapy presents comparable or more serious side effects.

Oncologists are seeking ways to mitigate these side effects. In radiation therapy, these include hyperfractionated radiation, intra-operative radiation, three-dimensional radiation, stereotactic radiosurgery and the use of radio-labeled monoclonal antibodies and radio sensitizers. CRI falls into this latter category because it "sensitizes" a cancer cell for treatment by making it more susceptible to DNA-damaging agents such as heat, chemicals or radiation. A product of advances in the understanding of the biology of cancer, CRI is one of a new class of "biologics" that are expected to become part of the cancer treatment protocol.

THE CELSION TECHNOLOGY - CRI PLUS FOCUSED HEAT

CRI can be activated in tumors by minimally invasive focused heat in the range of 41((0)) C (106((0)) F). This focused heat may be generated by Celsion's Adaptive Phased Array microwave technology, which provides deep heating without damage to surrounding healthy tissue. Having increased the susceptibility of cancer cells to DNA-damaging agents, radiation and chemotherapy treatment may then be administered with less frequency and/or at lower doses than currently is possible. CRI would then deactivate and the patient would resume normal post-treatment care.

In September 2001, scientists at Sloan-Kettering successfully completed pre-clinical laboratory feasibility demonstrations to assess safety and biological activity of CRI. In December 2001, a small animal feasibility study was completed at Sloan-Kettering's Good Laboratory Practice (GLP) facility to assist in drug formulation. Further studies with large animals to assess toxicity effects are expected to be conducted during 2002 and 2003. Based on the current development timeline, we expect to file an IND application with the Food and Drug Administration by the end of calendar year 2003 and anticipate that we will be in a position to commence Phase I clinical (human) trials before the end of calendar year 2004. At such time as we determine safety and dosage in our preliminary studies, we expect to form partnership(s) with one or more drug companies to scale-up manufacturing and marketing for larger pivotal studies.

In May 2000, we entered into an exclusive worldwide agreement with Sloan-Kettering for the commercial rights to the heat-activated gene therapy technology developed by Sloan-Kettering.

RISK FACTORS

You should carefully consider the risks described below before making a decision to invest in our Common Stock. You should also refer to the other information in this Prospectus, as well as the information incorporated by reference into this Prospectus, including our financial statements and the related notes. The risks and uncertainties described below are not the only ones that could affect our Company. Additional risks and uncertainties of which we are unaware or that we currently believe are immaterial also may become important factors affecting our business. If any one or more of the following risks occur, our business, results of operations and financial condition could be materially harmed. As a result, the trading price of our Common Stock could decline, and you could lose all or part of your investment. The terms the "Company," "we," "us" and "our" used throughout this Prospectus all refer to Celsion Corporation.

WE HAVE A HISTORY OF SIGNIFICANT LOSSES AND EXPECT TO CONTINUE SUCH LOSSES FOR THE FORESEEABLE FUTURE.

Since Celsion's inception in 1982, its expenses have substantially exceeded its revenues, resulting in continuing losses and an accumulated deficit of $(33,605,157) at September 30, 2001, including losses of $(4,547,215) for the year ended September 30, 2000 and $(6,923,227) for the year ended September 30, 2001. Because we presently have no revenues and are committed to continuing our product research, development and commercialization programs, we will continue to experience significant operating losses unless and until we complete the development of new products and these products have been clinically tested, approved by the FDA and successfully marketed. In addition, we have funded our operations for many years primarily through the sale of the Company's securities and have limited working capital for our product research, development, commercialization and other activities.

WE DO NOT EXPECT TO GENERATE SIGNIFICANT REVENUE FOR THE FORESEEABLE FUTURE.

We marketed and sold our original microwave thermotherapy products, which produced modest revenues from 1990 to 1994, but ceased marketing these products in 1995. We have devoted our resources in ensuing years to developing a new generation of thermotherapy and other products, but cannot market these products unless and until we have completed clinical testing and obtained all necessary governmental approvals. Accordingly, we have no current source of revenues, much less profits, to sustain our present operations, and no revenues will be available unless and until our new products are clinically tested, approved by the FDA and successfully marketed. We cannot guarantee that any or all of our products will be successfully tested, approved by the FDA or marketed, successfully or otherwise, at any time in the foreseeable future or at all.

OUR MICROWAVE HEAT THERAPY TECHNOLOGY IS STILL UNDERGOING CLINICAL TESTING AND MAY NOT ACHIEVE SUFFICIENT ACCEPTANCE BY THE MEDICAL COMMUNITY TO SUSTAIN OUR BUSINESS.

To date, microwave heat therapy has not been widely accepted in the United States medical community as an effective treatment for BPH or for cancer treatment, with or without the concurrent use of radiation. We believe that this is primarily due to the inability of earlier technology adequately to focus and control heat directed at specific tissue locations and to conclusions that were drawn from a widely publicized study by the Radiation Oncology Therapy Group that purported to show that thermotherapy in conjunction with radiation was only marginally effective. Subsequent to the publication of this study, the HealthCare Financing Administration, a HCFA (now known as the Centers for Medicare and Medicaid Services, or CMS) established a low medical reimbursement rate for all thermotherapy equipment designed to be used in conjunction with radiation. While management believes that our new technology is capable of overcoming the limitations of the earlier technology, the medical community may not embrace the perceived advantages of our "adaptive phased array," or APA, focused heat therapy without more extensive testing and clinical experience than we will be able to provide. To date, we have completed and submitted to the FDA only Phase I clinical trials of our Microwave Uretheroplasty treatment system, although we have completed patient treatments in our Phase II trials. Similarly, our new cancer treatment technology is currently in Phase II trials. Accordingly, our technology may not prove as effective in practice as we anticipate based on testing to date. If further testing and clinical practice do not confirm the safety and efficacy of our technology or, even if further testing and practice produce positive results but the medical community does not view this new form of heat therapy as effective and desirable, our efforts to market our new products may fail, with material adverse consequences to our business. We intend to petition CMS for a new reimbursement code for our breast cancer treatment. The success of our business model depends significantly upon our ability to petition successfully for reimbursement codes. However, we cannot offer any assurances as to when, if ever, CMS may act on our request to establish a reimbursement code for our breast cancer treatment system. In addition, there can be no assurance that the reimbursement level established for our breast cancer treatment system, if established, will be sufficient for us to carry out our business plan effectively.

IF WE ARE NOT ABLE TO OBTAIN NECESSARY FUNDING, WE WILL NOT BE ABLE TO COMPLETE THE DEVELOPMENT, TESTING AND COMMERCIALIZATION OF OUR TREATMENTS AND PRODUCTS.

We will need substantial additional funding in order to complete the development, testing and commercialization of our breast cancer treatment system and heat-activated liposome and cancer repair inhibitor products, as well as other potential new products. We expended approximately $6,800,000 in the fiscal year ending September 30, 2001. As of that date, we had available a total of approximately $2,500,000 to fund additional expenditures. In addition, as of January 9, 2002, we had received approximately $5,620,437 in net proceeds from a private placement of our equity securities. It is our current intention both to increase the pace of development work on our present products and to make a significant commitment to our heat-activated liposome and cancer repair inhibitor research and development projects. The increase in the scope of present development work and the commitment to these new projects will require additional external funding, at least until we are able to begin marketing our products and to generate sufficient cash flow from sale of those products to support our continued operations. We do not have any committed sources of financing and cannot offer any assurances that additional funding will be available in a timely manner, on acceptable terms or at all.

If adequate funding is not available, we may be required to delay, scale back or eliminate certain aspects of our operations or attempt to obtain funds through unfavorable arrangements with partners or others that may force us to relinquish rights to certain of our technologies, products or potential markets or that could impose onerous financial or other terms. Furthermore, if we cannot fund our ongoing development and other operating requirements, particularly those associated with our obligations to conduct clinical trials under our licensing agreements, we will be in breach of these licensing agreements and could therefore lose our license rights, which could have material adverse effects on our business.

OUR BUSINESS IS SUBJECT TO NUMEROUS AND EVOLVING STATE, FEDERAL AND FOREIGN REGULATIONS AND WE MAY NOT BE ABLE TO SECURE THE GOVERNMENT APPROVALS NEEDED TO DEVELOP AND MARKET OUR PRODUCTS.

Our research and development activities, pre-clinical tests and clinical trials, and ultimately the manufacturing, marketing and labeling of our products, all are subject to extensive regulation by the FDA and foreign regulatory agencies. Pre-clinical testing and clinical trial requirements and the regulatory approval process typically take years and require the expenditure of substantial resources. Additional government regulation may be established that could prevent or delay regulatory approval of our product candidates. Delays or rejections in obtaining regulatory approvals would adversely affect our ability to commercialize any product candidates and our ability to generate product revenues or royalties.

The FDA and foreign regulatory agencies require that the safety and efficacy of product candidates be supported through adequate and well-controlled clinical trials. If the results of pivotal clinical trials do not establish the safety and efficacy of our product candidates to the satisfaction of the FDA and other foreign regulatory agencies, we will not receive the approvals necessary to market such product candidates.

Even if regulatory approval of a product candidate is granted, the approval may include significant limitations on the indicated uses for which the product may be marketed. Also, manufacturing establishments in the United States and abroad are subject to inspections and regulations by the FDA. Medical devices must also continue to comply with the FDA's Quality System Regulation, or QSR. Compliance with such regulations requires significant expenditures of time and effort to ensure full technical compliance. The FDA stringently applies regulatory standards for manufacturing.

We are also subject to recordkeeping and reporting regulations, including FDA's mandatory Medical Device Reporting, or MDR regulation. Labeling and promotional activities are regulated by the FDA and, in certain instances, by the Federal Trade Commission.

Many states in which we do or in the future may do business or in which our products may be sold impose licensing, labeling or certification requirements that are in addition to those imposed by the FDA. There can be no assurance that one or more states will not impose regulations or requirements that have a material adverse effect on our ability to sell our products.

In many of the foreign countries in which we may do business or in which our products may be sold, we will be subject to regulation by national governments and supranational agencies as well as by local agencies affecting, among other things, product standards, packaging requirements, labeling requirements, import restrictions, tariff regulations, duties and tax requirements. There can be no assurance that one or more countries or agencies will not impose regulations or requirements that could have a material adverse effect on our ability to sell our products.

The EU has a registration process that includes registration of manufacturing facilities (known as "ISO certification") and product certification (known as a "CE Mark"). We have obtained ISO certification for our existing facilities. However, there is no guarantee that we will be successful in obtaining European certifications for new facilities or for our products, or that we will be able to maintain its existing certifications in the future.

Foreign government regulation may delay marketing of our new products for a considerable period of time, impose costly procedures upon its activities and provide an advantage to larger companies that compete with it. There can be no assurance that we will be able to obtain necessary regulatory approvals, on a timely basis or at all, for any products that it develops. Any delay in obtaining, or failure to obtain, necessary approvals would materially and adversely affect the marketing of our contemplated products subject to such approvals and, therefore, our ability to generate revenue from such products.

Even if regulatory authorities approve our product candidates, such products and our facilities, including facilities located outside the EU, may be subject to ongoing testing, review and inspections by the European health regulatory authorities. After receiving pre-marketing approval, in order to manufacture and market any of its products, we will have to comply with regulations and requirements governing manufacture, labeling and advertising on an ongoing basis.

Failure to comply with applicable domestic and foreign regulatory requirements, can result in, among other things, warning letters, fines, injunctions and other equitable remedies, civil penalties, recall or seizure of products, total or partial suspension of production, refusal of the government to grant approvals, pre-market clearance or pre-market approval, withdrawal of approvals and criminal prosecution of the Company and its employees, all of which would have a material adverse effect on our business.

OUR BUSINESS DEPENDS ON LICENSE AGREEMENTS WITH THIRD PARTIES TO PERMIT US TO USE PATENTED TECHNOLOGIES. THE LOSS OF ANY OF OUR RIGHTS UNDER THESE AGREEMENTS COULD IMPAIR OUR ABILITY TO DEVELOP AND MARKET OUR PRODUCTS.

Currently, we have three utility patents pending in the United States Patent & Trademark Office. Two are directed to our Microwave Uretheroplasty treatment for BPH and the other is directed to our breast cancer treatment system. However, even when our pending applications mature into United States patents, our business will still depend on license agreements that it has entered into with third parties until the third parties' patents expire.

Our success will depend, in substantial part, on our ability to maintain our rights under license agreements granting us rights

to use patented technologies. We have entered into exclusive license agreements with MIT, for APA technology and with MMTC, a privately owned developer of medical devices, for microwave balloon catheter technology. We have also entered into a license agreement with Duke University, under which we have exclusive rights to commercialize medical treatment products and procedures based on Duke University's thermo-liposome technology and a license agreement with Memorial Sloan-Kettering Cancer Center under which we have rights to commercialize certain cancer repair inhibitor products. The MIT, MMTC, Duke University and Sloan-Kettering agreements each contain license fee, royalty and/or research support provisions, testing and regulatory milestones, and other performance requirements that we must meet by certain deadlines. If we were to breach these or other provisions of the license and research agreements, we could lose our ability to use the subject technology, as well as compensation for our efforts in developing or exploiting the technology. Also, loss of our rights under the MIT license agreement would prevent us from proceeding with most our current product development efforts, which are dependent on licensed APA technology. Any such loss of rights and access to technology would have a material adverse effect on our business.

Further, we cannot guarantee that any patent or other technology rights licensed to us by others will not be challenged or circumvented successfully by third parties, or that the rights granted will provide adequate protection. We are aware of published patent applications and issued patents belonging to others, and it is not clear whether any of these patents or applications, or other patent applications of which it may not have any knowledge, will require us to alter any of our potential products or processes, pay licensing fees to others or cease certain activities. Litigation, which could result in substantial costs, may also be necessary to enforce any patents issued to or licensed by us or to determine the scope and validity of others' claimed proprietary rights. We also rely on trade secrets and confidential information that we seek to protect, in part, by confidentiality agreements with our corporate partners, collaborators, employees and consultants. We cannot guarantee that these agreements will not be breached, that, even if not breached, that they are adequate to protect our trade secrets, that we will have adequate remedies for any breach or that our trade secrets will not otherwise become known to, or will not be discovered independently by, competitors.

TECHNOLOGIES FOR THE TREATMENT OF CANCER ARE SUBJECT TO RAPID CHANGE AND THE DEVELOPMENT OF TREATMENT STRATEGIES THAT ARE MORE EFFECTIVE THAN OUR THERMOTHERAPY TECHNOLOGY COULD RENDER OUR TECHNOLOGY OBSOLETE.

Various methods for treating cancer currently are, and in the future may be expected to be, the subject of extensive research and development. Many possible treatments that are being researched, if successfully developed, may not require, or may supplant, the use of our thermotherapy technology. These alternate treatment strategies include the use of radio frequency (RF), laser and ultrasound energy sources. The successful development and acceptance of any one or more of these alternative forms of treatment could render our technology obsolete as a cancer treatment method.

WE MAY NOT BE ABLE TO HIRE OR RETAIN KEY OFFICERS OR EMPLOYEES THAT WE NEED TO IMPLEMENT ITS BUSINESS STRATEGY AND DEVELOP ITS PRODUCTS AND BUSINESSES.

Our success depends significantly on the continued contributions of our executive officers, scientific and technical personnel and consultants, and on our ability to attract additional personnel as we seek to implement our business strategy and develop our products and businesses. During our operating history, we have assigned many essential responsibilities to a relatively small number of individuals. However, as our business and the demands on our key employees expand, we have been, and will continue to be, required to recruit additional qualified employees. The competition for such qualified personnel is intense, and the loss of services of certain key personnel or our inability to attract additional personnel to fill critical positions as we implement our business strategy could adversely affect our business.

Effective October 4, 2001, Spencer J. Volk, formerly the President, Chief Executive Officer and a director of Celsion, resigned from all of these positions. Our Board has appointed Dr. Augustine Y. Cheung, formerly the Chairman and Chief Scientific Officer, to serve as Celsion's President and Chief Executive Officer and Dr. Max Link, a director since 1997, has assumed the position of Chairman of the Board.

OUR SUCCESS WILL DEPEND IN PART ON OUR ABILITY TO GROW AND DIVERSIFY, WHICH IN TURN WILL REQUIRE THAT WE MANAGE AND CONTROL OUR GROWTH EFFECTIVELY.

Our business strategy contemplates growth and diversification. As manufacturing, marketing, sales, and other personnel, and expand our manufacturing and research and development capabilities we add, our operating expenses and capital requirements will increase. Our ability to manage growth effectively will require that we continue to expend funds to improve our operational, financial and management controls, reporting systems and procedures. In addition, we must effectively expand, train and manage our

employees. We will be unable to effectively manage our businesses if we are unable to alleviate the strain on resources caused by growth in a timely and successful manner. There can be no assurance that we will be able to manage our growth and a failure to do so could have a material adverse effect on our business.

THE SUCCESS OF OUR PRODUCTS MAY BE HARMED IF THE GOVERNMENT, PRIVATE HEALTH INSURERS AND OTHER THIRD- PARTY PAYORS DO NOT PROVIDE SUFFICIENT COVERAGE OR REIMBURSEMENT.

Our ability to commercialize our thermotherapy technology successfully will depend in part on the extent to which reimbursement for the costs of such products and related treatments will be available from government health administration authorities, private health insurers and other third-party payors. The reimbursement status of newly approved medical products is subject to significant uncertainty. We cannot guarantee that adequate third-party insurance coverage will be available for us to establish and maintain price levels sufficient for us to realize an appropriate return on our investment in developing new therapies. Government, private health insurers and other third-party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement for new therapeutic products approved for marketing by the FDA. Accordingly, even if coverage and reimbursement are provided by government, private health insurers and third-party payors for uses of our products, market acceptance of these products would be adversely affected if the reimbursement available proves to be unprofitable for health care providers.

WE FACE INTENSE COMPETITION AND THE FAILURE TO COMPETE EFFECTIVELY COULD ADVERSELY AFFECT OUR ABILITY TO DEVELOP AND MARKET OUR PRODUCTS.

There are many companies and other institutions engaged in research and development of thermotherapy technologies, both for prostate disease and cancer treatment products, that seek treatment outcomes similar to those that we are pursuing. In addition, a number of companies and other institutions are pursuing alternative treatment strategies through the use of microwave, infrared, radio frequency, laser and ultrasound energy sources, all of which appear to be in the early stages of development and testing. We believe that the level of interest by others in investigating the potential of thermotherapy and alternative technologies will continue and may increase. Potential competitors engaged in all areas of prostate and cancer treatment research in the United States and other countries include, among others, major pharmaceutical and chemical companies, specialized technology companies, and universities and other research institutions. Most of our competitors and potential competitors have substantially greater financial, technical, human and other resources, and may also have far greater experience, than do we, both in pre-clinical testing and human clinical trials of new products and in obtaining FDA and other regulatory approvals. One or more of these companies or institutions could succeed in developing products or other technologies that are more effective than the products and technologies that we have been or are developing, or which would render our technology and products obsolete and non-competitive. Furthermore, if we are permitted to commence commercial sales of any of our products, we will also be competing, with respect to manufacturing efficiency and marketing, with companies having substantially greater resources and experience in these areas.

LEGISLATIVE AND REGULATORY CHANGES AFFECTING THE HEALTH CARE INDUSTRY COULD ADVERSELY AFFECT OUR BUSINESS.

There have been a number of federal and state proposals during the last few years to subject the pricing of health care goods and services to government control and to make other changes to the United States health care system. It is uncertain which legislative proposals, if any, will be adopted (or when) or what actions federal, state, or private payors for health care treatment and services may take in response to any health care reform proposals or legislation. We cannot predict the effect health care reforms may have on our business and we can offer no assurances that any of these reforms will not have a material adverse effect on that business.

WE MAY BE SUBJECT TO SIGNIFICANT PRODUCT LIABILITY CLAIMS AND LITIGATION.

Our business exposes us to potential product liability risks inherent in the testing, manufacturing and marketing of human therapeutic products. We presently have product liability insurance limited to $5,000,000 per incident. If we were to be subject to a claim in excess of this coverage or to a claim not covered by our insurance and the claim succeeded, we would be required to pay the claim with our own limited resources, which could have a material adverse effect on our business. In addition, liability or alleged liability could harm the business by diverting the attention and resources of our management and by damaging our reputation.

WE PRESENTLY HAVE LIMITED MARKETING AND SALES CAPABILITY AND WILL BE REQUIRED TO DEVELOP SUCH CAPABILITIES AND TO ENTER INTO ALLIANCES WITH OTHERS POSSESSING SUCH CAPABILITIES IN ORDER TO COMMERCIALIZE OUR PRODUCTS SUCCESSFULLY.

We intend to market our Microwave Uretheroplasty treatment system directly, at such time, if any, as it is approved for commercialization by the FDA, and to market our breast cancer treatment system, if and when so approved, through strategic alliances and distribution arrangements with third parties. There can be no assurance that we will be able to establish such sales and marketing capabilities successfully or successfully enter into third-party marketing or distribution arrangements. We have limited experience and capabilities in marketing, distribution and direct sales, although we expect to attempt to recruit experienced marketing and sales personnel as we pursue commercialization. In attracting, establishing and maintaining a marketing and sales force or entering into third-party marketing or distribution arrangements with other companies, we expect to incur significant additional expense. There can be no assurance that, to the extent we enter into any commercialization arrangements with third parties, such third parties will establish adequate sales and distribution capabilities or be successful in gaining market acceptance for our products and services. There also can be no assurance that our direct sales, marketing, licensing and distribution efforts would be successful or that revenue from such efforts would exceed expenses.

WE DEPEND ON THIRD-PARTY SUPPLIERS TO PROVIDE US WITH COMPONENTS REQUIRED FOR OUR PRODUCTS AND MAY NOT BE ABLE TO OBTAIN THESE COMPONENTS ON FAVORABLE TERMS OR AT ALL.

We are not currently manufacturing any products, but are using our facilities to assemble prototypes of the equipment for research and development purposes. We currently purchase certain specialized microwave and thermometry components and applicator materials and the catheter unit used for our Microwave Uretheroplasty equipment from single or limited source suppliers because of the small quantities involved. While we have not experienced any significant difficulties in obtaining these components, the loss of an important current supplier could require that we obtain a replacement supplier, which might result in delays and additional expense in being able to make prototype equipment available for clinical trials and other research purposes. In addition, inasmuch as we expect to manufacture our Microwave Uretheroscopy equipment at least for some period subsequent to FDA approval and the commencement of commercialization, such manufacturing and commercialization also could be delayed. In addition, in the event that we succeed in marketing our products, we intend to use outside contractors to supply components and the Microwave Uretheroplasty catheter, and may use such contractors to assemble finished equipment in the future, which could cause us to become increasingly dependent on key vendors.

WE HAVE NOT PAID DIVIDENDS IN THE PAST AND DO NOT INTEND TO DO SO FOR THE FORESEEABLE FUTURE.

We have never paid cash dividends and do not anticipate paying cash dividends on our common stock or Preferred Stock in the foreseeable future. Therefore, our stockholders cannot achieve any degree of liquidity with respect to their shares of common stock except by selling such shares.

THE EXERCISE OR CONVERSION OF OUR OUTSTANDING OPTIONS, WARRANTS AND CONVERTIBLE PREFERRED STOCK COULD RESULT IN SIGNIFICANT DILUTION OF OWNERSHIP INTERESTS IN OUR COMMON STOCK OR OTHER CONVERTIBLE SECURITIES.

Options and Warrants. As of January 31, 2002, we had outstanding and exercisable warrants and options to purchase a total of 28,532,052 shares of our common stock at exercise prices ranging from $0.01 to $5.00 per share (and a weighted average exercise price of approximately $0.60 per share). In addition, we had outstanding but unexercisable and unvested warrants and options to purchase a total of 4,207,000 shares of our common stock at exercise prices ranging from $0.50 to $5.00 per share. Some of the prices are below the current market price of our common stock, which has ranged from a low of $0.59 to a high of $0.98 over the 20 trading days ending February 6, 2002. If holders choose to exercise such warrants and options at prices below the prevailing market price for the common stock, the resulting purchase of a substantial number of shares of our Common would have a dilutive effect on our stockholders and could adversely affect the market price of our issued and outstanding common stock and convertible securities. In addition, holders of these options and warrants who have the right to require registration of the common stock under certain circumstances and who elect to require such registration, or who exercise their options or warrants and then satisfy the one-year holding period and other requirements of Rule 144 of the Securities Act of 1933, will be able to sell in the public market shares of common stock purchased upon such exercise.

Preferred Stock. As of January 31, 2002 we had outstanding a total of 892.5 shares of Series A 10% Convertible Preferred Stock (plus 178.5 shares representing accrued dividends). The shares of Series A Preferred Stock are subject to exchange and conversion privileges upon the occurrence of major events, including a public offering of our securities or our merger with a public company. In addition, the holders of the Series A Preferred Stock are entitled to convert their preferred shares into shares of common

stock at a conversion price of $0.41 per share of common stock, subject to certain adjustments. The conversion of the Series A Preferred Stock could have a dilutive effect on our stockholders and could adversely affect the market price of our issued and outstanding common stock and convertible securities. The holders of the Series A Preferred Stock also have registration rights at such time, if any, as we undertake a registered public offering of securities. Even without such registration, holders of the Series A Preferred Stock who satisfy the requirements of Rule 144 of the Securities Act of 1933 will be able to sell in the public market shares of common stock acquired upon the conversion of Series A Preferred Stock. There also were outstanding warrants to purchase 36 shares of Series A Preferred Stock (convertible into an additional 87,805 shares of common stock) as of January 31, 2002.

IF THE PRICE OF OUR SHARES REMAINS LOW, WE MAY BE DELISTED BY THE AMERICAN STOCK EXCHANGE AND BECOME SUBJECT TO SPECIAL RULES APPLICABLE TO LOW PRICED STOCKS.

Our common stock currently trades on The American Stock Exchange (the "Amex"). The Amex, as a matter of policy, will consider the suspension of trading in, or removal from listing of, any stock when, in the opinion of the Amex, (i) the financial condition and/or operating results of an issuer appear to be unsatisfactory; (ii) it appears that the extent of public distribution or the aggregate market value of the stock has become so reduced as to make further dealings on the Amex inadvisable; (iii) the issuer has sold or otherwise disposed of its principal operating assets; or (iv) the issuer has sustained losses which are so substantial in relation to its overall operations or its existing financial condition has become so impaired that it appears questionable, in the opinion of the Amex, whether the issuer will be able to continue operations and/or meet its obligations as they mature. For example, the Amex will consider suspending dealings in or delisting the stock of an issuer if the issuer has sustained losses from continuing operations and/or net losses in its five most recent fiscal years. Another instance where the Amex would consider suspension or delisting of a stock is if the stock has been selling for a substantial period of time at a low price per share and the issuer fails to effect a reverse split of such stock within a reasonable time after being notified that the Amex deems such action to be appropriate. We have sustained net losses for our last five fiscal years (and beyond) and our common stock has been trading at relatively low prices. Therefore, our common stock may be at risk for delisting by the Amex.

Upon any such delisting, the common stock would become subject to the penny stock rules of the SEC, which generally are applicable to equity securities with a price of less than $5.00 per share (other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prepared by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with bid and ask quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that, prior to a transaction in a penny stock that is not otherwise exempt from such rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements are likely to have a material and adverse effect on price and the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. If our common stock were to become subject to the penny stock rules it is likely that the price of the common stock would decline and that our stockholders would be likely to find it more difficult to sell their shares.

OUR STOCK PRICE COULD BE VOLATILE.

Market prices for our common stock and the securities of other medical, high technology companies have been volatile. Factors such as announcements of technological innovations or new products by us or by our competitors, government regulatory action, litigation, patent or proprietary rights developments and market conditions for medical and high technology stocks in general can have a significant impact on the market for our common stock.

ANTI-TAKEOVER PROVISIONS IN OUR CHARTER DOCUMENTS AND DELAWARE LAW COULD PREVENT OR DELAY A CHANGE IN CONTROL.

Our Certificate of Incorporation and Bylaws may discourage, delay or prevent a merger or acquisition that a stockholder may consider favorable by authorizing the issuance of "blank check" preferred stock. In addition, our classified Board of Directors may discourage such transactions by increasing the amount of time necessary to obtain majority representation on the Board. Certain other provisions of our Bylaws and of Delaware law may also discourage, delay or prevent a third party from acquiring or merging with us,

even if such action were beneficial to some, or even a majority, of our stockholders.

USE OF PROCEEDS

The Selling Stockholders will receive all of the net proceeds from the sale of their respective Shares; we will not receive any proceeds from these sales. The holders of the Warrants are under no obligation to exercise them at any time or at all.

The exercise price for the Warrants is payable in cash. If all of the Warrants are exercised for cash, we will receive aggregate consideration of $8,993,008. We intend to use any proceeds from exercise of the Warrants for working capital and general corporate purposes.

RESALES BY SELLING STOCKHOLDERS

This Prospectus relates to the proposed resale by the Selling Stockholders of the Shares, consisting of up to 12,550,000 shares of Common Stock, and up to 21,185,821 shares of Common Stock issuable upon the exercise of the Warrants. The following table sets forth, as of February 8, 2002, certain information with respect to the persons for whom the Company is registering the Shares for resale to the public. Except as indicated by footnote below, no such person has had a material relationship or has held any position or office, with the Company within the last three years. The Company will not receive any of the proceeds from the sale of the Shares, but may receive up to $8,993,008 upon the cash exercise of the Warrants.

	Securities Beneficially Owned Prior to Offering (1)		Securities Offered Hereby (2)	Securities Beneficially Owned After Offering (3)	
Name of Selling Stockholder	Common Stock	Warrants	Common Stock	Amount	Percent
Stephen M. Shea	100,000	100,000	200,000	0	*
Kim R. Baker	1,100500	1,100,000	2,200,000	500	*
Arthur H. Dunkin	100,000	100,000	200,000	0	*
Soraya Channing	233,000	50,000	100,000	183,000	*
Bahman Teimourian	2,328,049 (4)	450,000	900,000	1,878,049	2%
Bruce B. Allen Separate Ppty Tr #1 Dtd 12/16/87	100,000	100,000	200,000	0	*
Andrew Calapai	55,000	50,000	100,000	5,000	*
Donald A. Chinick	50,000	50,000	100,000	0	*
Robert A. Chinick	100,000	100,000	200,000	0	*
Steven J. Chinick	50,000	50,000	100,000	0	*
John P. Christensen	300,000	300,000	600,000	0	*
Jay R. Solan And Sandra L. Solan	399,000	234,000	468,000	165,000	*
Rudolph Vaccari And Marion Vaccari	220,000	100,000	200,000	120,000	*
Dara Farzanegan	80,000	20,000	40,000	60,000	*
Janet Cohen	150,000	100,000	200,000	50,000	*
American Health Carefund LP	400,000	400,000	800,000	0	*
Robert W. Morey	245,000	100,000	200,000	145,000	*
Philip S. Sassower 1996 Charitable Remainder Annuity Trust	200,000	200,000	400,000	0	*
Phoenix Enterprises Family Fund LLC	200,000	200,000	400,000	0	*
George Kevorkian	284,348	284,348	568,696	0	*
Steven Kevorkian	200,000	100,000	200,000	100,000	*
John Kevorkian	360,000	200,000	400,000	160,000	*
Ira S. Leemon	662,600	200,000	400,000	462,600	*
Delaware Charter C/F Ira S. Leemon	107,500	100,000	200,000	7,500	*
JCLK Corporation	100,000	100,000	200,000	0	*
Brooke C. Moore	190,800	190,000	380,000	800	*
Steven J. Lowenstein	900,000	900,000	1,800,000	0	*

Rosalia Rubner	270,000	150,000	300,000	120,000	*
Frank W. Bachinsky	150,500	100,000	200,000	50,500	*
Sun Yiu Kwong	200,000	200,000	400,000	0	*
Tsang Cheuk Lau	1,000,000	1,000,000	2,000,000	0	*
Yuen Pak Yiu Philip	200,000	200,000	400,000	0	*
Ying Jia Huang	1,174,518	1,174,518	2,349,036	0	*
Samuel D. Skinner And Jennifer Skinner 2000 Trust Dtd 7/26/00	25,000	20,000	40,000	5,000	*
UBS Painewebber as IRA Custodian For Samuel D. Skinner IRA R/O	30,000	30,000	60,000	0	*
John R. Luvisi	440,000	170,000	340,000	270,000	*
Highpeak Holdings Ltd	81,652	81,652	163,304	0	*
David M. Spada UBS Paine Webber As Custodian For David M. Spada IRA	514,383 (5)	100,000	200,000	414,383	*
1997 Leslie V. Barrett Revocable Trust Leslie Barrett Ttee	50,000	50,000	100,000	0	*
Marshall Senk	100,000	100,000	200,000	0	*
John J. Shaw	200,000	200,000	400,000	0	*
Nathan Sugerman	243,000	100,000	200,000	143,000	*
Lawrence H. Hopkins and Cynthia A Hopkins	20,000	20,000	40,000	0	*
Joseph Giamanco	200,000	200,000	400,000	0	*
Christine A. Russell	100,000	100,000	200,000	0	*
Nicholas J. Yates	50,000	50,000	100,000	0	*
Charles K. Abramovitz	200,000	200,000	400,000	0	*
Barry Davis Roth IRA	400,000	400,000	800,000	0	*
Richard G. Sass	100,000	100,000	200,000	0	*
I C H Investments Limited	100,000	100,000	200,000	0	*
Allan R. Lyons	190,055	150,000	300,000	40,055	*
Triton West Group Inc.	800,000	800,000	1,600,000	0	*
Thomas Berton	86,868	86,868	173,736	0	*
Michael E. Fleischer	138,614	138,614	277,228	0	*
Westgate Enterprises III LLC	600,000	600,000	1,200,000	0	*
Goldpac Investment Partners Ltd		140,000	140,000	0	*
Comprehensive Capital Corporation	108,500	610,058	610,058	108,500	*
Guy G. Clemente		94,040	94,040	0	*
The Thornwater Company Lp		94,038	94,038	0	*
David Weinstein		68,000	68,000	0	*
Michael Hansen		4,000	4,000	0	*
Douglas Kaiser		20,439(6)	18,000	2,439	*
Amy Farren		2,000	2,000	0	*
Frank Salvatore		22,439(6)	20,000	2,439	*
National Securities Corporation		56,000	56,000	0	*
Moors And Cabot Inc.		401,236	401,236	0	*
William H. Payne III	2,500	100,310	100,310	2,500	*
Samuel D. Skinner		200,000	200,000	0	*
James D. Mccamant	40,000	44,400	44,400	40,000	*
John H. Dakin	4,000	507,918	507,918	4,000	*
George T. Horton Trust	90,000	1,581,455	1,581,455	90,000	*
John T. Horton		316,291	316,291	0	*
Charles A. Stearns	10,000	442,808	442,808	10,000	*
Warren R. Stearns		569,324	569,324	0	*
Anthony Riker Ltd.		3,415,943	3,415,943	0	*

Equity Communications	50,000	50,000	0	*

(1) We have computed "beneficial ownership" in accordance Rule 13d-3(d) promulgated by the SEC under the Securities Exchange Act of 1934 for purposes of this table. Therefore, the table reflects a person as having "beneficial ownership" of shares of Common Stock if such person has the right to acquire such shares within 60 days of February 8, 2002. For purposes of computing the percentage of outstanding shares of Common Stock held by each person or group of persons named above, we have assumed to be outstanding any security which such person or persons has or have the right to acquire within that 60-day period. All of the Warrants are currently exercisable and, therefore, the Selling Stockholders may be deemed to be the beneficial owner of the shares of Common Stock underlying such Warrants pursuant to Rule 13d-3(d). However, securities that may be acquired within that 60-day period are not deemed to be outstanding for purposes of computing the percentage ownership of any other person. Notwithstanding the foregoing, for purposes of this table, we have not, however, included the Shares underlying warrants and registered hereby under the column "Securities Beneficially Owned Prior to Offering--Common Stock." Instead, the Shares are reflected under the column "Securities Offered Hereby." Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the Company believes, based on information supplied by such persons, that the persons named in this table have sole voting and investment power with respect to all shares of Common Stock which they beneficially own.

(2) Represents the maximum number of shares of Common Stock issuable to each Selling Stockholder upon exercise in full of Warrants issued or issuable thereto.

(3) Assumes the eventual sale of all Shares by each Selling Stockholder. There can be no assurance that any Selling Stockholder will sell any or all of the Shares owned thereby or issuable thereto.

(4) Includes 878,049 shares of Common Stock issuable upon conversion of the Company's Series A 10% Convertible Preferred Stock.

(5) Includes 292,683 shares of Common Stock issuable upon conversion of the Company's Series A 10% Convertible Preferred Stock.

(6) Includes a warrant to purchase one share of the Company's Series A 10% Convertible Preferred Stock, which is convertible into 2,439 shares of Common Stock.

* Less than 1%.

PLAN OF DISTRIBUTION

The Selling Stockholders may, in their discretion, offer and sell Shares from time to time on The American Stock Exchange or otherwise at prices and on terms then prevailing at prices related to the then-current market price, or at negotiated prices. The distribution of the Shares may be effected from time to time in one or more transactions including, without limitation:

- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- transactions involving block trades;
- purchases by a broker, dealer or underwriter as principal and resale by that person for its own account under this Prospectus;
- put or call option transactions;
- privately negotiated transactions; or
- by any other legally available means.

In effecting sales, broker-dealers or agents engaged by the Selling Stockholders may arrange for other broker-dealers or agents to participate. From time to time, one or more of the Selling Stockholders may pledge, hypothecate or grant a security interest in some or all of the Shares owned thereby, and the pledgees, secured parties or persons to whom such securities have been hypothecated shall, upon foreclosure in the event of default, be deemed to be Selling Stockholders under this Prospectus. In addition, the Selling Stockholders may from time to time sell short the Common Stock of the Company and, in such instances, this Prospectus may be delivered in connection with such short sale and the Shares offered hereby may be used to cover such short sale.

Sales of Selling Stockholders' Shares may also be made pursuant to Rule 144 under the Securities Act of 1933, where applicable. The Selling Stockholders' Shares may also be offered in one or more underwritten offerings, on a firm commitment or best efforts basis. The Company will receive no proceeds from the sale of Shares by the Selling Stockholders, although it will receive the exercise price upon any exercise of Warrants.

To the extent required under the Securities Act of 1933, the aggregate amount of Selling Stockholders' Common Stock being offered and the terms of the offering, the names of any such agents, brokers, dealers or underwriters and any applicable commission with respect to a particular offer will be set forth in an accompanying Prospectus supplement. Any underwriters, dealers, brokers or agents participating in the distribution of the Shares may receive compensation in the form of underwriting discounts, concessions, commissions or fees from a Selling Stockholder and/or purchasers of Selling Stockholders' Shares, for whom they may act. In addition, Selling Stockholders may be deemed to be underwriters under the Securities Act and any profits on the sale of Shares by them may be deemed to be discounts or commissions under the Securities Act. Selling Stockholders may have other business relationships with the Company or its affiliates in the ordinary course of business.

From time to time each of the Selling Stockholders may transfer, pledge, donate or assign their Shares to lenders, family members and others and each of such persons will be deemed to be a Selling Stockholder for purposes of this Prospectus. The number of Shares beneficially owned by those Selling Stockholders who transfer, pledge, donate or assign Shares will decrease as and when they take such actions. The plan of distribution for the Shares sold hereunder will otherwise remain unchanged, except that the transferees, pledgees, donees or other successors will be Selling Stockholders hereunder.

Without limiting the foregoing, in connection with distributions of the Shares, a Selling Stockholder may enter into hedging transactions with broker-dealers and the broker-dealers may engage in short sales of the Common Stock in the course of hedging the positions they assume with such Selling Stockholder. A Selling Stockholder may also enter into option or other transactions with broker-dealers that involve the delivery of Shares to the broker-dealers, who may then resell or otherwise transfer such Shares. A Selling Stockholder may also lend or pledge Shares to a broker-dealer and the broker-dealer may sell the Shares so borrowed or, upon default, may sell or otherwise transfer the pledged Shares.

Under applicable rules and regulations under the Securities Exchange Act, any person engaged in the distribution of the Common Stock may not bid for or purchase shares of Common Stock during a period which commences one business day (five business days, if the Company's public float is less than $25 million or its average daily trading volume is less than $100,000) prior to such person's participation in the distribution, subject to exceptions for certain passive market making activities. In addition and without limiting the foregoing, each Selling Stockholder will be subject to applicable provisions of the Securities Exchange Act and the rules and regulations thereunder, including, without limitation, Regulation M, which provisions may limit the timing of purchases and sales of shares of the Company's Common Stock by such Selling Stockholder.

The Company is bearing all costs relating to the registration of the Shares (other than fees and expenses, if any, of counsel or other advisors to the Selling Stockholders). Any commissions, discounts or other fees payable to broker-dealers in connection with any sale of the Shares will be borne by the Selling Stockholders selling such Shares.

The Company may indemnify the Selling Stockholders in certain circumstances, against certain liabilities, including liabilities arising under the Securities Act of 1933.

LEGAL MATTERS

The legality of the securities in this offering has been passed upon for us by our counsel, Venable, Baetjer, Howard & Civiletti, LLP of Washington, DC.

EXPERTS

Our financial statements at September 30, 1999, 2000 and 2001 for the years ended September 30, 1999, 2000 and 2001 are incorporated by referenced into this Prospectus from our Annual Report on Form 10-K for the year ended September 30, 2001 have been audited by Stegman & Co., independent accountants, and are so incorporated by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

We estimate that our expenses to be paid in connection with the offering (other than placement agent discounts, commissions and reasonable expense allowances), all of which will be paid by the Company, will be as follows:

SEC Registration Fee.....	$ 5,397
American Stock Exchange Listing Fee..	$17,500
Accounting Fees and Expenses.....	$ 500
Legal Fees and Expenses.....	$25,000
Printing and Engraving.....	$ 3,000
Miscellaneous.....	$10,000
Total	$61,397

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*These are estimated amounts.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company is organized under the laws of the State of Delaware. Our Certificate of Incorporation provides that we shall indemnify our current and former directors and officers, and may indemnify our current and former employees and agents, against any and all liabilities and expenses incurred in connection with their services in those capacities to the maximum extent permitted by Delaware law.

The Delaware General Corporation Law (the "DGCL") provides that a Delaware corporation has the power generally to indemnify its current and former directors, officers, employees and other agents (each, a "Corporate Agent") against expenses and liabilities (including amounts paid in settlement) in connection with any proceeding involving such person by reason of his being a Corporate Agent, other than a proceeding by or in the right of the corporation, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal proceeding, such person had no reasonable cause to believe his conduct was unlawful.

In the case of an action brought by or in the right of the corporation, indemnification of a Corporate Agent is permitted if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. However, no indemnification is permitted in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which such proceeding was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to such indemnification.

To the extent that a Corporate Agent has been successful on the merits or otherwise in the defense of such proceeding, whether or not by or in the right of the corporation, or in the defense of any claim, issue or matter therein, the corporation is required to indemnify such person for expenses in connection therewith. Under the DGCL, the corporation may advance expenses incurred by a Corporate Agent in connection with a proceeding, provided that the Corporate Agent undertakes to repay such amount if it shall ultimately be determined that such person is not entitled to indemnification. Our Certificate of Incorporation requires us to advance expenses to any person entitled to indemnification, provided that such person undertakes to repay the advancement if it is determined in a final judicial decision from which there is no appeal that such person is not entitled to indemnification.

The power to indemnify and advance the expenses under the DGCL does not exclude other rights to which a Corporate Agent may be entitled to under the Certificate of Incorporation, by laws, agreement, vote of stockholders or disinterested directors or otherwise.

Our Certificate of Incorporation permits us to secure insurance on behalf of our directors, officers, employees and agents for any expense, liability or loss incurred in such capacities, regardless of whether the Certificate of Incorporation or Delaware law would permit indemnification against such expense, liability or loss.

The purpose of these provisions is to assist us in retaining qualified individuals to serve as our directors, officers, employees and agents by limiting their exposure to personal liability for serving as such.

ITEM 16. EXHIBITS.

EXHIBIT NO.	DESCRIPTION
4.1	Certificate of Incorporation of Celsion Corporation (the "Company"), as amended through June 5, 2001, and as in effect on August 14, 2001 (incorporated by reference to Exhibit 3.1 of the Quarterly Report of the Company on Form 10-Q for the quarter ended June 30, 2001).
4.2	By-laws of the Company, as amended, incorporated herein by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q of the Company for the Quarter Ended June 30, 2001.
4.3	Form of Warrant to Purchase Common Stock pursuant to the Private Placement Memorandum (the "PPM") of the Company dated October 11, 2001 (incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K of the Company for the year ended September 30, 2001).
4.4+	Form of Warrant to Purchase Units of the Company issued to Placement Agents pursuant to the PPM
4.5+	Letter Agreement with Goldpac Investment Partners dated October 17, 2001
4.6+	Letter Agreement with Equity Communications dated November 5, 2001
4.7+	Form of Settlement Warrant to Purchase Common Stock
5.1++	Opinion of Venable, Baetjer, Howard & Civiletti, LLP re: Legality.
23.1+	Consent of Stegman & Company, independent public accountants of the Company.
23.2++	Consent of Venable, Baetjer, Howard & Civiletti, LLP. (included in Exhibit 5.1).
24.1+	Power of Attorney (included in Signature Page).

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+ Filed herewith.
++ To be filed by amendment.

ITEM 17. UNDERTAKINGS.

(A) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs A(1)(i) and A(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment to this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(B) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(C) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Under the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Columbia, Maryland, on the 5th day of February 2002.

CELSION CORPORATION

By: /s/ Augustine V. Cheung

Augustine Y. Cheung
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Spencer J. Volk and John Mon and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, or any related registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Augustine V. Cheung --- Augustine Y. Cheung	Director, President and Chief Executive Officer (Principal Executive Officer)	February 5, 2002
/s/ Anthony P. Deasey --- Anthony P. Deasey	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 5, 2002
/s/ John Mon --- John Mon	Vice President, Secretary, Treasurer and Director	February 5, 2002
/s/ LaSalle D. Leffall, Jr. --- LaSalle D. Leffall, Jr.	Director	February 6, 2002
/s/ Max E. Link --- Max E. Link	Chairman of the Board of Directors	February 5, 2002
/s/ Claude Tihon --- Claude Tihon	Director	February 6, 2002
/s/ Kris Venkat --- Kris Venkat	Director	February 5, 2002

THE SECURITIES REPRESENTED HEREBY AND ISSUABLE UPON EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. SUCH SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION THEREUNDER OR EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

CELSION CORPORATION
WARRANT TO PURCHASE UNITS CONSISTING OF ONE SHARE OF COMMON STOCK AND ONE COMMON STOCK PURCHASE WARRANT

VOID AFTER JANUARY __, 2007

1. Warrant to Purchase Common Stock.

1.1 Warrant to Purchase Shares. This warrant (this "Warrant") certifies that for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Moors & Cabot, Inc. (the "Warrant Holder") is entitled, effective as of January __, 2002, subject to the terms and conditions of this Warrant, to purchase from Celsion Corporation, a Delaware corporation (the "Company"), up to a total of _____ (_____) units of the Company (the "Units") at a purchase price (the "Exercise Price") of Sixty-Two and One Half Cents ($0.625) per Unit, at any time prior to 5:00 p.m. prevailing Eastern time on January __, 2007 (the "Expiration Date"). Each Unit will consist of one (1) share of the Company's common stock, par value One Cent ($0.01) per share ("Share") and the right (the "Underlying Warrant") to acquire one (1) Share ("Warrant Share") at a price of Sixty Cents ($0.60) per share (the "Underlying Warrant Exercise Price") prior to the Expiration Date. . The Underlying Warrant must also be exercised, in whole or in part, any time on or before the Expiration Date, subject to earlier call by the Company as provided herein. Unless the context otherwise requires, the term "Shares" shall mean and include the Common Stock of the Company and other securities and property at any time receivable or issuable upon exercise of this Warrant. The term "Warrant" as used herein, shall include this Warrant and any warrants delivered in substitution or exchange therefor as provided herein.

1.2 Adjustment of Exercise Price and Number of Shares. The number and character of Units issuable upon exercise of this Warrant and the Underlying Warrant (or any shares of stock or other securities or property at the time receivable or issuable upon exercise of this Warrant and the Underlying Warrant) and the Exercise Price therefor, are subject to adjustment upon occurrence of the following events:

(a) Adjustment for Stock Splits, Stock Dividends, Recapitalizations, etc. The Exercise Price of this Warrant and the number of Units issuable upon exercise of this Warrant, as well as the Underlying Warrant Exercise Price and the number of Shares issuable upon exercise of the Underlying Warrant shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, combination of shares, reclassification, recapitalization or other similar event altering the number of outstanding shares of the Company's Common Stock.

(b) Adjustment for Capital Reorganization, Consolidation, Merger. If any capital reorganization of the capital stock of the Company, or any consolidation or merger of the Company with or into another corporation, or the sale of all or substantially all of the Company's assets to another corporation shall be effected in such a way that holders of the Company's Common Stock will be entitled to receive stock, securities or assets with respect to or in exchange for the Company's Common Stock, then in each such case the Warrant Holder, upon the exercise of this Warrant and the Underlying Warrant at any time after the consummation of such capital reorganization, consolidation, merger, or sale, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the exercise of this Warrant and the Underlying Warrant prior to such consummation, the stock or other securities or property to which such Warrant Holder would have been entitled upon such consummation if such Warrant Holder had exercised this Warrant and the Underlying Warrant immediately prior to the consummation of such capital reorganization, consolidation, merger, or sale, all subject to further adjustment as provided in this Section 1.2; and in each such case, the terms of this Warrant and the Underlying Warrant shall be applicable to the shares of stock or other securities or property receivable upon the exercise of this Warrant after such consummation.

2. Manner of Exercise.

2.1 Warrant Exercise Agreement. This Warrant may be exercised, in whole or in part, on any business day on or prior to the Expiration Date, subject to earlier call by the Company as provided herein. To exercise this Warrant, the Warrant Holder must surrender to the Company this Warrant and deliver to the Company: (a) a duly executed exercise agreement in the form attached hereto as Exhibit A, or in such other form as may be approved by the Company from time to time (the "Warrant Exercise Agreement"); and (b) payment in full of the Exercise Price for the number of Units to be purchased upon exercise hereof. If someone other than the Warrant Holder exercises this Warrant, then such person must submit to the Company each of the items set forth in clauses (a) and (b) of the foregoing sentence and, in addition, must submit (c) documentation acceptable to the Company that such person has the right to exercise this Warrant and (d) if applicable, a spousal consent in the form attached hereto as Exhibit B. Upon a partial exercise, this Warrant shall be surrendered, and a new warrant of the same tenor for purchase of the number of remaining Units not previously purchased shall be issued by the Company to the Warrant Holder. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender of, if such date is not a business day, then as of the close of business on the next succeeding business day, for exercise as provided above, and the person entitled to receive the Shares issuable upon such exercise shall be treated for all purposes as the holder of record of such Shares as of the close of business on such deemed exercise date.

2.2 Limitations on Exercise. This Warrant may not be exercised as to fewer than One Hundred (100) Units unless it is exercised as to all Units as to which this Warrant is then exercisable.

2.3 Payment. The Warrant Exercise Agreement shall be accompanied by full payment of the Exercise Price for the Units being purchased, in cash (by certified or cashier's check or wire transfer or other immediately available funds.

2.4 Tax Withholding. Prior to the issuance of the Units upon exercise of this Warrant, the Warrant Holder must pay or provide for any applicable federal or state withholding obligations of the Company.

2.5 Issuance of Shares. Provided that the Warrant Exercise Agreement, any other documentation required hereby and payment as required hereby have been received by the Company as provided above, the Company shall issue the Shares (adjusted as provided herein) pursuant to the Units purchased, registered in the name of the Warrant Holder, the Warrant Holder's authorized assignee, or the Warrant Holder's legal representative, and shall deliver one or more certificates representing the Shares and the Underlying Warrant as the Warrant Holder reasonably may request with the appropriate legends affixed thereto.

3. Registration Rights. The Shares and the Warrant Shares will have the registration rights as provided for in Section 4 of the Subscription Agreement entered into between the Company and the Warrant Holder in connection with the issuance and purchase of this Warrant (the "Subscription Agreement").

4. Redemption. The Company, at its sole discretion, may, at any time and from time to time after January 31, 2002, redeem and cancel all or any part of the outstanding Warrants upon the payment of consideration consisting of One Cent ($0.01) for each share subject to a Warrant redeemed and cancelled; provided, however, that any such redemptions and cancellations may be made by the Company only upon thirty (30) calendar days' prior written notice (the "Redemption Date" being the close of business on the thirtieth (30th) day following the date the notice is deemed to be given to the Warrant Holder pursuant to Section 9 hereof) and only if the closing sales price for a share of the Company's Common Stock as reported on the American Stock Exchange or similar national market has been equal to or greater than One Dollar and Fifty Cents ($1.50) for any period of at least ten (10) consecutive trading days commencing on or after February 1, 2002; and provided further that the holder of any Warrant subject to such redemption and cancellation may exercise such Warrant at any time prior to the expiration of the thirty (30)-day notice period; and provided further that the Company's right to redeem and cancel the Warrant shall be suspended in the event the shelf registration statement required under Section 4 of the Subscription Agreement is subject to a stop order or is otherwise not in effect or if the Warrant Holder is advised under Section 4(c) of the Subscription Agreement that the prospectus thereto contains a material misstatement or omission during any portion of the thirty (30)-day notice period, with such suspension to terminate and the Company's right to redeem and cancel to be reinstated on the date following the date on which (i) a registration statement covering the Shares and Warrant Shares is effective and not subject to any stop order and (ii) the Company has delivered to the Warrant Holder a prospectus covering the Shares and the Warrant Shares of such Warrant Holder under Section 4(c) of the Subscription Agreement. The notice period shall then be extended for a period equal to the number of days during the notice period during which registration was not effective or the prospectus was not available or contained a

material misstatement or omission. If less than all of the outstanding Warrants are redeemed and cancelled, Warrants shall be redeemed and cancelled on a pro rata basis.

5. Compliance with Laws and Regulations. The exercise of this Warrant and the issuance and transfer of Units, Shares, the Underlying Warrants and the Warrant Shares shall be subject to compliance by the Company and the Warrant Holder with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange and/or over-the-counter market on which the Company's Common Stock may be listed at the time of such issuance or transfer.

6. Transfer and Exchange. This Warrant and the rights hereunder may not be transferred in whole or in part without the Company's prior written consent, which consent shall not be unreasonably withheld, and may not be transferred unless such transfer complies with all applicable securities laws. If a transfer of all or part of this Warrant is permitted as provided in the preceding sentence, then this Warrant and all rights hereunder may be transferred, in whole or in part, on the books of the Company or its agent maintained for such purpose at the principal office of the Company or its agent, by the Warrant Holder hereof in person or by its duly authorized attorney, upon surrender of this Warrant properly endorsed and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer. Upon any permitted partial transfer, the Company will issue and deliver to the Warrant Holder a new Warrant or Warrants of like tenor with respect to the portion of the Warrant not so transferred. Each taker and holder of this Warrant or any portion hereof, by taking or holding the same, consents and agrees to be bound by the terms, conditions, representations and warranties hereof, including the registration provisions contained in Section 4 of the Subscription Agreement, (and as a condition to any transfer of this Warrant the transferee shall execute an agreement confirming the same), and, when this Warrant shall have been so endorsed, the person in possession of this Warrant may be treated by the Company, and all other persons dealing with this Warrant, as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented hereby, any notice to the contrary notwithstanding; provided, however that until a transfer of this Warrant is duly registered on the books of the Company or its agent, the Company may treat the Warrant Holder hereof as the owner of this Warrant for all purposes.

7. Privileges of Stock Ownership. The Warrant Holder shall not have any of the rights of a shareholder with respect to any Shares or Warrant Shares until such time, if any, as the Warrant Holder exercises this Warrant or the Underlying Warrant and pays the Exercise Price or the Underlying Warrant Exercise Price in accordance with the terms hereof or of the Underlying Warrant, as the case may be.

8. Entire Agreement. The Warrant Exercise Agreement is incorporated herein by reference. This Warrant, the Warrant Exercise Agreement, and the Subscription Agreement for the purposes and to the extent set forth herein, constitute the entire agreement of the parties and supersede all prior undertakings and agreements with respect to the subject matter hereof.

9. Notices. Any notice required to be given or delivered to the Company under the terms of this Warrant shall be in writing and addressed to the Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to the Warrant Holder shall be in writing and addressed to the Warrant Holder at the address indicated below or at such other address as such party may designate in writing from time to time to the Company. All notices shall be

deemed to have been given or delivered: upon personal delivery; five (5) calendar days after deposit in the United States mail by certified or registered mail (return receipt requested) with postage thereon prepaid; one (1) business day after deposit for next business day delivery with any return receipt express courier (prepaid); or one (1) business day after transmission by fax or telecopier with confirmation of transmission thereof.

10. Successors and Assigns. This Warrant shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Warrant shall be binding upon the Warrant Holder and the Warrant Holder's heirs, executors, administrators, legal representatives, successors and assigns.

11. Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of Maryland as such laws are applied to agreements between Maryland residents entered into and to be performed entirely within Maryland.

12. Acceptance. The Warrant Holder has read and understands the terms and provisions of this Warrant, and accepts this Warrant subject to all the terms and conditions hereof. The Warrant Holder acknowledges that there may be adverse tax consequences upon exercise of this Warrant or disposition of the Shares and that the Warrant Holder should consult a tax adviser prior to such exercise or disposition.

[Execution Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its _____ as of January __, 2002.

CELSION CORPORATION

Signed:

Printed:

Title:

Address:
10220-I Old Columbia Road
Columbia, Maryland 21046-1785

MOORS & CABOT, INC.

Signed:

Printed:

Title:

Address:
505 Sansome Street
San Francisco, CA 94111

EXHIBIT A

CELSION CORPORATION
WARRANT EXERCISE AGREEMENT

CELSION CORPORATION
10220-I Old Columbia Road
Columbia, Maryland 21046-1785
Attention: Chief Financial Officer

The Warrant Holder hereby elects to purchase the number of Units (as defined in that certain Warrant dated as of the date set forth below (the "Warrant"), the terms and conditions of which are hereby incorporated by reference (please print):

Warrant Holder: _____

Social Security or Tax I.D. No.: _____

Address: _____

- ---

Warrant Date: _____

Date of Exercise: _____

Exercise Price Per Unit: _____

Number of Units Subject to Exercise and Purchase: _____

Total Exercise Price: _____

Exact Name of Title to Units and Shares: _____

- ---

The Warrant Holder hereby delivers to the Company the Total Exercise Price in cash, in the aggregate amount of $_____, receipt of which is acknowledged by the Company.

Tax Consequences. THE COMPANY IS UNDER NO OBLIGATION TO REPORT THE EXERCISE OF THIS WARRANT TO THE INTERNAL REVENUE SERVICE OR ANY TAXING AUTHORITY OF ANY STATE, LOCAL OR OTHER JURISDICTION. THE WARRANT HOLDER UNDERSTANDS THAT HE, SHE OR IT MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF THE WARRANT HOLDER'S PURCHASE OR DISPOSITION OF UNITS (INCLUDING THE SHARES, THE UNDERLYING WARRANT OR THE WARRANT SHARES (EACH, AS DEFINED IN THE WARRANT)). THE WARRANT HOLDER REPRESENTS THAT HE, SHE OR IT HAS CONSULTED WITH ANY TAX CONSULTANT(S) THE WARRANT HOLDER DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE UNITS (INCLUDING THE SHARES, THE UNDERLYING WARRANT OR THE WARRANT SHARES (EACH, AS DEFINED IN THE WARRANT)) AND THAT THE WARRANT HOLDER IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE.

Name of Warrant Holder

Signature of Warrant Holder

Printed Name

Title

EXHIBIT B

SPOUSAL CONSENT

The undersigned spouse of the Warrant Holder has read, understands, and hereby approves the Warrant Exercise Agreement between the Warrant Holder and the Company (the "Agreement"). In consideration of the Company's granting the Warrant Holder the right to purchase the Shares as set forth in the Agreement, the undersigned hereby agrees to be bound irrevocably by the Agreement and further agrees that any community property interest shall similarly be bound by the Agreement. The undersigned hereby appoints the Warrant Holder as his or her attorney-in-fact with respect to any amendment or exercise of any rights under the Agreement.

Date:

Warrant Holder's Spouse

Address:

GOLDPAC INVESTMENT PARTNERS LTD.

October 17, 2001

Celsion Corporation
102201 Old Columbia Road
Columbia MD USA 210411

Attention: Dr. Augustine Y. Cheung
President and Chief Executive Officer

RE: CELSION CORPORATION--INTRODUCTION OF STRATEGIC HONG KONG INVESTORS

Dear Sir:

We refer to the various discussions with you recently and propose to act as an advisor to Celsion Corporation (the "COMPANY") in respect of the introduction of strategic investors in Hong Kong (the "ENGAGEMENT") on the terms and conditions set forth in this letter agreement (this "AGREEMENT").

1. BACKGROUND INFORMATION

Based on our various discussions, we understand the following:

(A) Tire Company is a research and development company dedicated to commercializing medical treatment systems, for cancer and other diseases using focused heat technology delivered by patented microwave technology,

(B) The Company currently is seeking US$3 -US$5 million through one or more private placements either within tire United States or abroad to fund its further development and the commercialization of certain of its products (collectively, the "FINANCING").

(C) The Company has retained Moors & Cabot, Inc. ("MOORS & CABOT") to serve as lead placement agent with respect to effecting the Financing with investors within the United States and, in consultation with Moors & Cabot, has developed a package of information to be utilized in connection with the Financing (the "PRIVATE PLACEMENT PACKAGE").

2. SCOPE OF SERVICES

Goldpac Investment Partners Ltd., a British Virgin Islands corporation ("GOLDPAC") shall act as an advisor to the Company with respect to potential investment in the Financing by one or more investors in Hong Kong. In its role as advisor, Goldpac will, at the request and subject to the control of the Company, identify, on a "best efforts" basis, investors who are residents of Hong Kong (or otherwise non-resident aliens in the United States) wit ling to make an aggregate investment of up to US$ 1.5 million pursuant to the Financing and facilitate meetings between such potential investors and Company representatives. In addition, to the extent that the Company deems necessary and appropriate and so directs Goldpac, Goldpac will arrange a road show in Hong Kong for such potential investors. All activities of Goldpac will be conducted outside of the United States and all investors identified or contacted by Goldpac will be either individuals who are neither U.S. citizens, nor resident aliens of the U.S. or who arc foreign (non-U.S.) corporations or other entities not engaged in any U.S. trade or business ("PERMITTED INVESTORS"). Anything to the contrary contained herein notwithstanding, Celsion shall have the right, in its sole and absolute discretion, to reject any proposed investment from any Permitted investor for any reason or for no reason.

3. FEE STRUCTURE

As compensation for its services hereunder, Celsion shall compensate Goldpac as follows:

(A) Upon the execution of this Agreement, the Company shall pay Goldpac US$20,000 as a non-accountable and non-refundable Advisory Fee;

(B) The Company shall pay to Goldpac an additional Success Fee, in U.S. dollars, in an amount equal to five percent (5%) of the purchase price of any securities of Celsion purchased by Permitted Investors introduced to the Company by Goldpac; and up to an additional two point five percent (2.5%) of the purchase price of any securities of Celsion purchased by Permitted Investors introduced to Celsion by third parties engaged by Goldpac.

(C) As a retainer to ensure the availability of Goldpac personnel to perform the services contemplated hereby, the Company will grant to Goldpac common stock purchase warrants ("WARRANTS"), exercisable for a period of two (2) years from the date of the final closing of the Financing, at an exercise price of US$0.50 per share. Goldpac shall be entitled to receive one (1) Warrant to purchase one (1) share of the Company's Common Stock, par value $0.01 per share, for each 10 shares acquired in the Company by a Permitted Investor or Permitted Investors introduced to the Company by Goldpac pursuant hereto. Goldpac will inform the Company in writing no later than the Termination Date (as defined below) of those Permitted Investors it has involved in substantial negotiations concerning the Financing pursuant hereto. If the Company obtains financing from such named Permitted Investors on or before the First anniversary of the Termination Date, the Company will be obligated grant Goldpac Warrants in respect of such investment as provided above.

4. TERM AND TERMINATION OF ENGAGEMENT

(A) Subject to Section 4(B) below, the Engagement will be for a period o f three (3) months commencing with the date of this Agreement and will be subject to extension or renewal upon mutual agreement by the parties.

(B) The Engagement may be terminated by the Company or by Goldpac at any time, for any reason, upon written notice to that effect to Goldpac; provided, however, that, Sections 3(A), 3(B), 7, 8 and 9 under this Agreement shall survive any such termination and shall remain in full force and effect.

5. RESPONSIBILITIES OF THE COMPANY

In agreeing to the terms of this letter, the Company undertakes to:

(A) Bear and pay all of its own professional fees and out-of-pocket expenses, such as the fees of legal and other financial advisors and the expenses such as printing, translation, photocopying and issuance of press releases, if any;

(B) Provide Goldpac with, and allow Goldpac to disclose to potential Permitted Investors, the same information that the Company makes available to Moors &

Cabot including, without limitation, such number of copies of the Private Placement Package prepared in connection with the Financing as Goldpac reasonably may request; and

(C) Accept full responsibility for the accuracy of all information and facts provided by the Company to Goldpac pursuant to clause (B) above, and promptly notify Goldpac of any of any material events or developments relating to the Company's financial condition, business operation or prospects that have not been previously disclosed to Goldpac.

6. REPRESENTATIONS AND WARRANTIES

(A) The Company hereby represents and warrants to Goldpac that, as of the date hereof:

(1) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has all necessary corporate power and authority to own its assets and to carry on its business as now being conducted and presently proposed to be conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which its ownership or leasing of assets, or the conduct of its business, makes such qualification necessary, except where the failure to be so qualified or in good standing would not have a material adverse effect on the Company.

(2) The Company has all necessary corporate power and authority to execute, deliver and carry out the terms of this Agreement. All corporate action on the part of the Company required for the lawful execution and delivery of this Agreement has been taken. Upon execution and delivery, this Agreement constitutes a valid and binding obligation of the Company, enforceable in accordance with its terms, except as enforcement may be limited by insolvency and similar laws affecting the enforcement of creditors' rights generally and equitable; remedies, and except as the indemnity Provisions or Section 7 this Agreement may be limited by law.

(3) Neither the execution and delivery of, nor the consummation by the Company of any transaction or execution of any instrument contemplated by, this Agreement, has constituted or resulted in, or will constitute or result in, a material default under or breach or

violation of any term or provision of the Company's Bylaws, Certificate of Incorporation or of any or material contracts with third parties.

(B) Goldpac hereby represents and warrants to the Company that, as of the date hereof:

(1) Goldpac is a corporation duly organized, validly existing and in good standing under the laws of the British Virgin Islands. Goldpac has all necessary corporate power and authority to own its assets and to carry on its business as now being conducted and presently proposed to be conducted. Goldpac is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which its ownership or leasing of assets, or the conduct of its business, makes such qualification necessary, except where the failure to be so qualified or in good standing would not have a material adverse effect on Goldpac.

(2) Goldpac has all necessary corporate power and authority to execute, deliver and carry out the terms of this Agreement. All corporate action on the part of Goldpac required for the lawful execution and delivery of this Agreement has been taken. Upon execution and delivery, this Agreement constitutes a valid and binding obligation of Goldpac, enforceable in accordance with its terms, except as enforcement may be limited by insolvency and similar laws affecting the enforcement of creditors' rights generally and equitable remedies, and except as the indemnity provisions of Section 7 of this Agreement may be limited by law.

(3) Neither the execution and delivery of, nor the consummation by Goldpac of any transaction or execution of any instrument contemplated by, this Agreement, has constituted or resulted in, or will constitute or result in, a material default under or breach or violation of any tern or provision of Goldpac's Bylaws, Certificate of Incorporation, other constitutive documents, or material contracts with third parties, state or of the laws of the United States or any jurisdiction thereof or of any non-U.S., jurisdiction or any rules or regulations thereunder. Without limiting the generality of the foregoing, Goldpac acknowledges and agrees that it is responsible for compliance with all securities laws, rules and regulations applicable to it or to the Company or to the Company's securities by virtue of this Agreement or any agreement with Permitted Investors entered into pursuant to or in connection with this Agreement and Goldpac's activities pursuant hereto and to the Engagement, such rules and regulations to include, without limitation any registration requirements applicable to brokers, dealers, finders, issuer's agents or others acting in a similar capacity.

7. INDEMNIFICATION AND CONTRIBUTION

(A) The Company will indemnify Goldpac and its officers, directors, employees, authorized agents and representatives (collectively, "Goldpac Representatives") against all claims, damages, liability and litigation expenses (including Goldpac's reasonable attorney fees and expenses) arising out of the Company's activities hereunder, except as provided in Section 7(B) below and to the extent that any claims, damages, liability or expenses are found in a final judgment by a court of competent jurisdiction to have resulted from Goldpac's misconduct or negligence in performing the services described above. The indemnity provisions contained in this Section 7(A) will remain in full force and effect regardless of any termination of this Agreement or the Engagement.

(B) Goldpac will indemnify the Company and its officers, directors, employees, authorized agents and representatives (collectively, "Company Representatives") against all claims, damages, liability rind litigation expenses (including the Company's reasonable attorney fees and expenses) arising out of Goldpac's activities hereunder including, without limitation, (i) any untrue statement or alleged untrue statement of a material fact, made either orally or in writing or any omission or alleged omission to state a material fact by Goldpac or any Goldpac Representative in connection with this Agreement or the Engagement, (ii) the failure of Goldpac to comply with any laws of any jurisdiction applicable to it by virtue of its activities pursuant this Agreement or the Engagement or (iii) any violation of any securities laws, rules and regulations applicable to Goldpac, to the Company or to the Company's securities by virtue of this Agreement or any agreement with any Permitted Investor entered into pursuant to or in connection with this Agreement. The indemnity provisions contained in this Section 7(B) will remain in full force and effect regardless of any termination of this Agreement or the Engagement.

(C) If for any reason the foregoing indemnity is unavailable to Goldpac and the Goldpac Representatives on the one hand, or to the Company and the Company Representatives on the other (each, an "Indemnified Person") or is insufficient to hold the Indemnified Person harmless, then the party required to provide indemnification hereunder (the "Indemnifying Person") shall contribute to the amount paid or payable to the Indemnified Person as a result of such claims, liability, loss or damage in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Person on the one hand and the Indemnified Person on the other, but also the relative fault of the Indemnifying Person on the one hand, and Indemnified Person on the other, that result in such losses, claims, damages or liability, as well as any relevant suitable considerations. The contribution provisions contained in this Section 7(C) shall

remain in full force and effect regardless of the termination of this Agreement or the Engagement.

8. CONFIDENTIALITY

All information and documents received by Goldpac or Goldpac Representatives shall be used by Goldpac solely for the purposes described in this Agreement and in furtherance of the Engagement shall be held in the strictest confidence, except for such information and documents that are available to the general public through no act or omission of Goldpac or the Goldpac Representatives or are required to be disclosed by applicable law. With respect to disclosures required by law, prior to making any such disclosure Goldpac will provide the Company with a written opinion of Goldpac's counsel to the effect that such disclosure is required and will use its best efforts to provide the Company with sufficient time to sock a protective order or otherwise preserve the confidentiality of the subject information. In all events, Goldpac shall disclose only such information as its counsel advises it, in a written opinion, is legally required to be disclosed. If the Engagement is terminated, Goldpac, upon written request of the Company, shall return to the Company all documents concerning the Company received by Goldpac or developed or created by Goldpac on the basis of or containing information obtained from the Company, except for documents that are or solely contain information then available to the general public through no act of Goldpac or the Goldpac Representatives.

9. GENERAL

(A) This Agreement shall be governed by the laws of the State of Maryland governing contracts made axed to be performed in such state without giving effect to the principles of conflicts of law.

(B) This Agreement shall be assignable by either party only upon the prior written consent of the other party. Subject to the foregoing, this Agreement shall be binding upon, and shall inure to the benefit of the parties hereto and their respective representatives and permitted successors and assignees.

(C) In the event that any one or more of the provisions contained in this Agreement, or the application thereof to any person(s) or under any circumstance(s), shall, for any reason, be found by a regulatory body or court of competent jurisdiction to be invalid, illegal or unenforceable, such regulatory body or court shall have the power, and hereby is directed, to substitute for or limit such provision(s) in order as closely as possible to effectuate the original

intent of the parties with respect to such invalid, illegal or unenforceable provision(s) and this Agreement generally and to so enforce such substituted provision(s). Subject to the foregoing, the invalidity, illegality or unenforceability of any one or more of the provisions contained herein shall not affect the validity of any other provision of this Agreement.

(D) This Agreement represents the entire understanding of the parties pertaining to the subject matter hereof and supersedes any and all prior agreements, understandings, negotiations and discussions, whether written or oral, between the parties with respect to such subject matter.

(E) No amendment, supplement, modification, waiver, termination, rescission, discharge or cancellation of this Agreement or any provision hereof shall be binding unless in writing and executed by each of the parties hereto. No waiver of any provision hereof or any default hereunder shall I be deemed to be, or shall constitute, a waiver of any other such provision or default (whether or not similar) and no such. waiver shall constitute a continuing waiver unless expressly so provided.

(F) Captions to and headings of the various provisions hereof are solely .for the convenience of the parties, arc not a part of this agreement, and shall nut be used for the interpretation of or determination of the validity of this Agreement or any term or provision hereof.

(G) Notices or other communications required or contemplated hereby or in connection herewith shall be deemed adequately given if in writing and delivered in person or by recognized international courier for first possible delivery or facsimile transmission (in the case of courier, notice to be deemed received on the date following the date of delivery contracted for and in the case of facsimile transmission on the date following confirmation of successful transmission) or mailed by certified mail, postage prepaid and return receipt requested (such notice to be deemed received on the earlier of the date of actual receipt or the fifth (5th) business clay following dispatch) as follows:

CELSION CORPORATION

Celsion Corporation
102201 Old Columbia Road
Columbia, MD USA 21046
Attention: Chief Financial Officer
Facsimile No. (410) 290-5394

Suite 630, 1090 West Pender Street
Vancouver, B.C. V6E 2N7 Canada

GOLDPAC:

Goldpac Investment Partners Ltd.
Suite 630, 1090 West Pender Street
Vancouver, B.C. V6E 2N7 Canada
Attention: Mr. Joseph Tai
Facsimile No. 604 488 0868

or any other addresses of which either party shall notify the other party in writing in accordance with the terms hereof.

(G) As the context requires, any term used herein in the singular shall extend to and include the plural, any term used in the plural shall extend to and include the singular and any term used in either gender or the neuter shall extend to and include each gender or be neutral.

(H) This Agreement may be executed in counterparts, each of which when so executed and delivered shall constitute an original, but all of such counterparts taken together shall constitute one and the same instrument.

* * * * *

We very much look forward to be of service to you and should be grateful if you could signify your agreement and acceptance of the above terms of Engagement by signing and returning the enclosed copy of this letter to us. Should you have any queries or require any further explanation, please do not hesitate to contact the undersigned at 604-483-8878.

Yours faithfully	Agreed and accepted by:
For and on behalf of	For and on behalf of
Goldpac Investment Partners Ltd.	Celsion Corporation
- ----------	----------
Joe Tai	Augustine Y. Cheung
Executive Director	President and Chief Executive Officer

DC3/72194

EXHIBIT 4.6

November 5, 2001

Dr. Augustine Y. Cheung
Chief Executive Officer
Celsion Corporation
10220-I Old Columbia Road
Columbia, MD 21046

Dear Dr. Cheung:

This letter will confirm the following agreement and understanding between Celsion Corporation (Celsion) and Equity Communications LLC, (EC) with respect to the following:

1.) Celsion shall retain EC and EC agrees to be retained by Celsion as its Financial Public Relations Counsel for a period of one (1) year commencing November 5, 2001 and ending on November 5, 2002. A total professional fee of Forty-Eight Thousand ($48,000) Dollars shall be payable for the one (1) year services, which payments shall be due in increments of Four Thousand ($4,000) Dollars per month, subject to the following:

(1a.) Upon initial funding of at least $3 million to Celsion from any investment or loan source, an amount equal to Four Thousand ($4,000) Dollars for each month of unpaid services rendered by EC from November 5, 2001 under this agreement shall be paid to EC.

2.) In addition, Celsion agrees to issue to EC and/or its assigns, Fifty Thousand (50,000) Shares of Celsion common stock, valued at today's closing price of $0.60 per share. The shares will be issued immediately upon the closing of an initial funding of at least $3 million.

3.) This agreement may be terminated by Celsion upon presentation of written notice to EC effective on or before April 5, 2002. If it is not terminated at that tame, it shall automatically continue for the entire contractual period, ending November 5, 2002.

(3a.) Notwithstanding anything to the contrary in this Agreement, either party may terminate this Agreement for cause at any time, and nothing contained herein shall limit the remedies or relief, which may be sought by either party as a result of such termination.

(3b) If this agreement is not terminated on or about November 5, 2002, it shall automatically continue on a month-to-month basis thereafter.

4.) Celsion agrees to reimburse EC for direct costs incurred by it on Celsion's behalf for long distance telephone charges, photocopying, fax transmissions, postage, messenger and courier service, express delivery service and comparable items. Such costs will be itemized in a monthly invoice to Celsion and will not exceed $750 per month in the aggregate without the express approval of a Celsion officer.

(4a.) The following items, which would require EC to utilize outside vendors and/or supervise the work of others (which Celsion does not at the present time expect to need) would, if required, be rebilled to the Company only as authorized, and include a standard service fee of 17.64%: printing, production, package distribution, mailing list development and maintenance, art work, consultants, photography, and visual presentations. EC will not engage such vendors or undertake to provide such services without the prior written approval of Celsion.

5.) The cost of travel, at coach-class rates, will be reimbursed by Celsion, and all travel commitments involving costs to be so reimbursed will be approved by Celsion in advance. Where possible, transportation arrangements involving service for Celsion will be made by a travel agent designated by the Company, and such transportation will be billed directly to Celsion by the agent. In the event Mr. Weingarten or Mr. Chizzik must fly cross-country utilizing red-eye service, they shall be entitled to fly business class, or first class if business class is not available using the least possible airfare, such as frequent flyer upgrades, etc.

6.) EC, in consideration of the remuneration stated above, agrees to provide comprehensive financial public relation services for Celsion, to include introductions to various security dealers, investment advisors, analysts, and other members of the financial community; organization of and participation in meetings with prospective investors and their representatives; press releases where appropriate and subject to the Company's review and approval; responding to shareholder inquiries; editorial assistance in the development of discussion materials, business plans and shareholder letters as may be appropriate; and assistance as may be needed in helping Celsion to clarify and implement its long term financial objectives.

Cooperation by both parties to insure uninterrupted communications is presumed. Celsion agrees to keep EC continuously informed of its progress; to supply information necessary to produce releases, letters and reports in a timely manner, and to review such documents for accuracy and completeness before their dissemination to the public.

7.) Representations and Procedures:

(7a.) Each person executing this agreement has the full right, power, and authority to enter into this Agreement on behalf of the party for whom they have executed this Agreement, and the full right, power, and authority to execute any and all necessary instruments in connection with this Agreement, and to fully bind such party to the terms and conditions and obligations of this Agreement.

(7b.) This agreement, together with any and all exhibits, shall constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral and written agreements and discussions between or among any of them. The parties hereto acknowledge and agree that there are no conditions, covenants, agreements and understandings between or among any of them except as set forth in this Agreement. This Agreement may be amended only by a further writing signed by all parties hereto.

(7c.) Venue, in the event of litigation, shall be in the State of California, County of Santa Barbara or in the State of Maryland in any federal or state court located in the greater Baltimore area. The losing party agrees to pay all reasonable legal costs of the prevailing party, including; attorney's fees up to a maximum of $6,000.

(7d.) Celsion hereby agrees and consents at its sole cost and expense to indemnify, and hold EC and/or Ira Weingarten and/or Steve Chizzik harmless from liability arising out of any legal or administrative action in which EC and/or Ira Weingarten is named and/or which is brought against EC which directly or indirectly arises out of any misstatement or omission of a material fact in any information, verbal representation, or written documentation furnished to EC by Celsion, which is incorporated, relied upon, or is utilized in any mariner by EC in drafting press releases and/or other financially and publicly oriented communications.

(7e.) This Agreement may be executed either as single document or in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. Execution of this Agreement by facsimile signature shall be acceptable, and each party agrees to provide the original executed pages to the other party within 10 days.

(7f.) Any notice required to be given pursuant to this agreement shall be deemed given and served when such notice is deposited in the United States Mail, first class, certified or registered, and addressed to the principal offices of the parties as they appear on this Agreement, unless a written change of address

notification has been sent and received. Notice may also be given by overnight express service or by telecopier transmission confirmed by delivery of a duplicate copy of such telecopier notice by overnight express service or by first class mail.

Sincerely yours,

Equity Communications
By Ira Weingarten
President

Accepted by:

By: _____, Client
Signature Title

Date: _____, 2001

DC3-72192

EXHIBIT 4.7

PROPOSED FORM OF SETTLEMENT WARRANT

Serial Number

Void after 5:00 p.m., Chicago Time, on [June 1, 2006]

Warrant to Purchase
[_____] Shares
of Common Stock as
adjusted herein, dated
[January __, 2002]

CERTIFICATE OF
WARRANT TO PURCHASE COMMON STOCK
OF
CELSION CORPORATION
(FORMERLY CHEUNG LABORATORIES, INC.)

This Is To Certify That, FOR VALUE RECEIVED,

[_____]

its nominees, or assigns (hereinafter, the "Holder(s)") are entitled to purchase, subject to the provisions of this Warrant (its successors, divisions or additions), from Celsion Corporation, a Delaware Corporation (formerly Cheung Laboratories, Inc., a Maryland corporation) duly organized, in good standing within its domicile, and whose offices as of the date hereof are at 10220-I Old Columbia Road, Columbia, MD 21046 (hereinafter, the "Company"), at any time on or after January 25, 2002, and not later than 5:00 p.m., Chicago Time, on June 1, 2006, [_____] shares of restricted and legended common stock of the Company ("Common Stock") at a purchase price equal to One Cent ($0.01 U.S.) per share as adjusted herein.

The number of shares of Common Stock to be received upon the exercise of this Warrant and the price to be paid for each share may be adjusted from time to time as hereinafter set forth. The shares of Common Stock deliverable upon such exercise, and as adjusted from time to time, are hereinafter referred to as "Warrant Stock" and the exercise price for a share of Common Stock in effect at any time and as adjusted from time to time is hereinafter sometimes referred to as the "Exercise Price".

The term "Warrant" used above and throughout this Certificate shall mean this Warrant or successor Warrants issued in exchange for it for any reason pursuant to the terms and conditions contained herein.

1. EXERCISE OF WARRANT. Subject to the provisions of paragraph 6 hereof, this Warrant may be exercised in whole or in part at any time or from time to time on or after the date first written above but not later than 5:00 p.m., Chicago Time, on [June 1, 2006] or if [June 1, 2006] is a day on which U.S. banking institutions are authorized by law to close, then on the next succeeding day which shall not be such a day, by presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, with a copy of the Purchase Form attached hereto duly executed and accompanied by payment of the Exercise Price for the number of shares specified in such form, together with all federal and state taxes applicable upon such exercise, if any, and the Company shall promptly issue and deliver stock certificates for the number of shares purchased to the Holder hereof within two (2) business days in conformity with industry practice. The Company may unilaterally extend the time within which this Warrant may be exercised but is not obligated to do so.

If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant, containing terms and conditions identical to this Warrant except as provided for herein, evidencing the right of the Holder(s) to purchase the balance of the shares purchasable hereunder.

Upon receipt of this Warrant, the executed Purchase Form and the Exercise Price by the Company or, if then applicable, by its stock transfer agent, the Holder(s) shall be deemed to be the holder(s) of record of the shares of Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such shares of Common Stock shall not then be actually delivered to the Holder(s), their agents or designees. The Company shall keep detailed records of the disposition of this, successor Warrants, and any Warrant issuable hereunder, each bearing a serial number, and shall make such records available to Holder(s) or their agents upon request.

2. RESERVATION OF SHARES. The Company hereby represents and warrants that at all times subsequent hereto there shall be reserved for issuance and/or delivery upon exercise of this Warrant such number of shares of its Common Stock as shall be required for issuance or delivery upon exercise of this Warrant or any Warrant issuable hereunder.

3. FRACTIONAL SHARES. No fractional shares or scrip representing fractional share shall be issued upon exercise of this Warrant. With respect to any fraction of a share called for upon any exercises hereof, the Company shall pay to the Holder(s) an amount in cash equal to such fraction multiplied by the current market value of such fractional share, determined as follows:

(a) If the Common Stock is listed on a national securities exchange or admitted to unlisted trading privileges on such exchange, the current value shall be the last reported sale price of the Common Stock on such exchange on the last business day prior to the date of exercise of this Warrant or if no such sale is made on such day on such exchange; or

(b) If the Common Stock is not so listed or admitted to unlisted trading privileges, the current value shall be the mean of the last reported bid and asked prices reported by the National Association

of Securities Dealers Automated Quotation System (or, if not so quoted on Nasdaq, by the National Quotation Bureau, Inc.) on the last business day prior to the day of the exercise of this Warrant; or

(c) If the Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not so reported, the current fair market value shall be an amount, not less than book value or the last known price paid by a purchaser for said Common Stock, determined in a reasonable manner as may be prescribed by the Board of Directors of the Company.

4. EXCHANGE, ASSIGNMENT OF LOSS OF WARRANT. Subject to applicable securities laws and the terms of the legend set forth in paragraph 11(b) hereof, this Warrant Certificate is fully exchangeable and (by definition) assignable, without expense, at the option of the Holder(s), upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrant certificates of different denominations entitling the Holder(s) thereof to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder.

Any assignment hereof shall be made by surrender of this Warrant Certificate to the Company or at the office of its stock transfer agent, if any, with a written, executed assignment, instructions and funds sufficient to pay transfer tax (if any); whereupon the Company shall, without charge, execute and deliver a new Warrant certificate in the name of the assignee(s) named in such instrument of assignment and this Warrant Certificate shall promptly be canceled. This Warrant may be divided upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice, specifying the names and denominations in which new Warrants are to be issued, and signed by the Holder thereof. The terms "Warrant" and "Warrants" as used herein include any Warrants issued in substitution for, exchange or replacement of this Warrant, or into or for which this Warrant may be divided or exchanged.

Upon receipt of the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenure and date. Any such new Warrant executed and delivered shall constitute an additional contractual obligation on the part of the Company, whether or not this Warrant so lost, stolen, destroyed or mutilated shall be at any time enforceable by anyone. Nevertheless, neither the Company nor the Holder(s) anticipate that this Warrant or any successor Warrant shall itself be registered (rather that the underlying shares shall be registered), the Company shall not impose unreasonable burdens on the Holder(s) with respect to indemnification if same becomes necessary.

5. RIGHTS OF THE HOLDERS. The Holder(s) shall not, by virtue hereof, be entitled to any rights of a shareholder in the Company, either at law or equity, and the rights of the Holder(s) are limited to those expressed in the Warrant and are not enforceable against the Company except to the extent set forth herein, PROVIDED HOWEVER, that the Company shall, in a timely manner, provide Holder(s) with a copy of each

and every press release, mailing to shareholders and periodic filing with the U.S. Securities and Exchange Commission (the "Commission") made by the Company, and provided that the Company shall be, at all times during the tenure of this Warrant or its successors, in compliance with all its contractual obligations to Riker and its affiliates. Notwithstanding anything contained in paragraph 21 hereof to the contrary, any document required to be delivered by the Company pursuant to this paragraph 5 shall be deemed sufficiently delivered if sent by facsimile or e-mail transmission to the Holder, with confirmation thereof, at such facsimile number or e-mail address as the Holder may from time to time provide to the Company in accordance with the provisions of paragraph 21 hereof.

6. ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SHARES.

(a) In the case of a dividend or other distribution on any stock of the Company or subdivision or combination of the outstanding shares of Common Stock, the exercise price and the number of shares issuable hereunder shall be adjusted as follows: the Exercise Price shall be proportionately decreased in the case of each such issuance (on the day following the date fixed for determining shareholders entitled to receive such dividend or distribution) or proportionately decreased in the case of each such subdivision or proportionally increased in the case of each such combination (on the date that such subdivision or combination shall become effective).

Upon any adjustment of the Exercise Price, the Holder(s) of this Warrant shall thereafter (until another such adjustment) be entitled to purchase, at the new Exercise Price, the number of shares, calculated to the nearest full share, obtained by multiplying the number of shares of Common Stock initially issuable upon exercise of this Warrant by the Exercise Price in effect on the date hereof and dividing the product so obtained by the new Exercise Price.

(b) Anything in this paragraph 6 to the contrary notwithstanding, the Company shall not be required to give effect to any adjustment in the Exercise Price unless and until the net effect of one or more adjustments, determined as above provided, shall have required a change of the Exercise Price by at least One Cent ($0.01 U.S.), but when the cumulative net effect of more than one adjustment so determined shall be to change the actual Exercise Price by at least One Cent, such change in the Exercise Price shall thereupon be given effect.

7. INTENTIONALLY OMITTED.

8. OFFICER'S CERTIFICATE. Whenever the Exercise Price shall be adjusted as required by the provisions of paragraph 6 hereof, the Company shall forthwith file in the custody of its Secretary or an Assistant Secretary at its principal office, and with its stock transfer agent, if any, an officer's certificate showing the adjusted Exercise Price determined as herein provided and setting forth in reasonable detail the facts requiring such adjustment. Each such officer's certificate shall be made available at all reasonable times for inspection by the Holder(s) and the Company shall, forthwith after each such adjustment, deliver a copy

of such certificate to the Holder(s) and each of them. Unless disputed in writing by the Holder hereof within thirty (30) days, such certificate shall be conclusive as to the correctness of such adjustment.

9. GENERAL NOTICES TO WARRANT HOLDERS. So long as any portion of this Warrant (or any successor Warrant) shall be outstanding and unexercised (a) if the Company shall pay any dividend or make any distribution upon the Common Stock or (b) if the Company shall offer to the holders of Common Stock for subscription or purchase by them any shares of stock of any class or any other rights or (c) if any capital reorganization of the Company, reclassification of the capital stock of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or transfer of all or substantially all of the property and assets of the Company to another corporation or engage in voluntary or involuntary dissolution, liquidation or winding up of the company, then the Company shall cause to be delivered to the Holder(s), at least thirty (30) days prior to the relevant date, a notice containing a brief description of the proposed action and stating the date of which a record is to be taken for the purpose of such dividend, distribution of rights, or such reclassification, reorganization, consolidation, merger, conveyance, lease, dissolution, liquidation or winding up is to take place and the date, if any, is to be fixed as of which the holders of Common Stock of record shall be entitled to exchange their shares of Common Stock of record for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up.

10. RECLASSIFICATION, REORGANIZATION OR MERGER. In case of any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the Company (other than a change in par value, or from par value to no par value, or from no par value to par value) or as a result of an issuance of Common Stock by way of dividend or other distribution or of a subdivision or combination, or in case of any consolidation or merger of the Company with or into another corporation (other than a merger with a subsidiary in which merger the Company is the continuing corporation and which does not result in any reclassification, capital reorganization or other change of outstanding shares of Common Stock of the class issuable upon exercise of this Warrant) or in case of any sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety (collectively, a "Triggering Event"), the Company shall use good faith efforts to cause effective provision to be made so that the Holder(s) shall have the right thereafter (and shall have said right for the same period of time remaining on any unexercised portion of this Warrant), without immediately exercising this Warrant, to purchase the kind and amount of shares of stock and other securities and property receivable upon such reclassification, capital reorganization or other change, consolidation, merger, sale or conveyance.

Any such provision shall include provision for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Warrant. However, in the event that the Company, using its good faith efforts, is unable to negotiate with the acquiring entity the assumption of the Warrants as provided in the preceding portion of this paragraph, then and in such event this Warrant shall terminate, to the extent not previously exercised, as of the record date for such transaction upon and only upon payment of a "Retirement Fee" to the Holder(s) hereof.

This Retirement Fee shall consist of the same kind of property (including cash, if any) to be received by the Company's stockholders pursuant to the Triggering Event (and, at parity with holders of Common Stock, treated in accordance with all the other terms and conditions, including timing and manner of payment for the purchase) and the Company herein agrees that said Retirement Fee may be arrived at by private negotiation between the Company and the Holder(s) or may be arbitrated in accordance with the provisions herein provided.

However, the Company now and specifically agrees that, in the event of such private negotiation, it shall accept an amount to be paid to the Holder(s) (as a senior obligation of the company in any such transaction) in arbitration or negotiation which is not less than the lowest sum per Warrant which shall result from application of any then applicable Warrant Valuation Techniques (such as the Black-Scholes Model) which may be applied to publicly traded warrants covering publicly traded common stock, it being intended by the Company and the Holder(s) that the Retirement Fee should reflect a warrant premium factor commonly determinable by the aforementioned models. Said Retirement Fee shall be a senior obligation of the Company and shall be paid to Holder(s) from first proceeds of any sale or merger in cash unless otherwise negotiated between the Company and Riker (the original Holder).

All subsequent Holders shall agree, by acceptance of assignment of any portion of the Warrant covered by this Certificate, to be bound by this provision. All costs and expenses directly attributable to the determination of the Retirement Fee (including but not limited to the costs of outside appraisal(s)) shall be at the expense of the Company.

The foregoing provisions of this paragrap10 shall similarly apply to successive reclassification, consolidations, mergers, sales or conveyances. In the event that in any such capital reorganization or reclassification, consolidation, merger, sale or conveyance, additional shares of Common Stock shall be issued in exchange, conversion, substitution or payment, in whole or in part, for or of a security of the Company other than Common Stock, any such issue shall be treated as an issue of Common Stock covered by the provisions of paragraphs 3, 6, and 9 hereof, with the amount of the consideration received upon the issue thereof being determined by the Board of Directors of the Company in consultation with the Company's auditors, such determination to be final and binding on the Holder(s).

11. TRANSFER TO COMPLY WITH THE SECURITIES ACT OF 1933.

(a) This Warrant or the Warrant Stock or any other security issued or issuable upon exercise of this Warrant may not be sold, transferred or otherwise disposed of except to a person who, in the opinion of counsel reasonably satisfactory to the Company, is a person to whom this Warrant or such Warrant Stock may legally be transferred pursuant to paragraph 4 hereof without registration and without the delivery of a current prospectus under the Securities Act with respect thereto; and then only against receipt by the Company of an agreement from such person to comply with the provisions of this paragraph 11 with respect

to any resale or other disposition of such securities.

(b) The Company may cause the following legend to be set forth on each certificate representing Warrant Stock or any other security issued or issuable upon exercise of this Warrant not theretofore distributed to the public pursuant to paragraphs 12, 13, or 14 hereof, unless counsel for the Company is of the opinion as to any such certificate that such legend is unnecessary.

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT."

12. DEMAND REGISTRATION. If at any time, after the next public offering of registered Common Shares of the Company (a public offering being defined as one in which the Company is in receipt of funds of not less than Five Million Dollars ($5,000,000.00 U.S.) raised by an underwriter pursuant to a Registration Statement (the Form of which shall then be applicable) declared effective by the Commission and funds received in full by the Company) the Holder(s), or any of them, shall decide to sell or otherwise dispose of Warrant Stock then owned or to be owned upon intended exercise of this Warrant by such Holder(s), such Holder(s) may give written notice to the Company of the proposed disposition (but, if other than Riker, must simultaneously give notice to Riker), specifying the number of shares of Warrant Stock to be sold or disposed of and requesting that the Company prepare and file a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covering such Warrant Stock.

The Company shall within ten (10) days thereafter give written notice to the other Holders of Warrants or Warrant Stock of such request and each of the other Holders shall have the option for a period of thirty (30) days after receipt by it (them) of notice from the Company to include its (their) Warrant Stock in such registration statement. The Company shall use its best efforts to cause an appropriate registration statement (the "Registration Statement") covering such Warrant Stock to be filed with the Commission and to become effective as soon as reasonably practicable and to remain effective until the completion of the distribution of the Warrant Stock to be offered or sold; provided, however, that not more than once in any twelve (12) month period the Company shall have the right to postpone for a period of up to sixty (60) days any demand made pursuant to this Warrant if the underwriters for such offering advise the Company in writing that market conditions make such a postponement advisable to the Company.

The Holder(s) whose Warrant Stock is (are) included in a Registration Statement is (are) hereinafter referred to as the "Selling Shareholder(s)".

Each notice delivered by a Selling Shareholder(s) to the Company pursuant to this paragraph 12 shall specify the Warrant Stock intended to be offered and sold by such Selling Shareholder(s), express such Selling Shareholder(s) present intent to offer such Common Shares for distribution, and contain the undertaking of such Selling Shareholder(s) to provide all information and materials and to take all action as may be required

in order to permit the Company to comply with all applicable requirements of the Securities Act, and any rules and regulations promulgated thereunder, and to obtain acceleration of the effective date of such Registration Statement.

The Company shall not be obligated to file more than three (3) Registration Statements pursuant to the foregoing provisions of this paragraph 12. The Company shall bear all of the Costs and Expenses (as hereinafter defined in paragraph 20 hereof) of the first such registration. The Selling Shareholder(s) shall bear the costs and expenses of all further registrations pursuant to this paragraph 12. A demand for registration under this paragraph 12 will not count as such until the Registration Statement has become effective.

In the event that any Holder's Warrant Shares previously have been registered under the Securities Act, then this paragraph 12 shall not be applicable to such previously registered shares.

13. SHELF REGISTRATION BY ORIGINAL HOLDER. At any time and from time to time during the term of this Warrant or its successors (including renewals and extensions as provided for herein) Riker, and only Riker (as the original Holder hereof), may demand (and actually expects) that the Company will file a Registration Statement with the Commission for the registration of underlying shares issuable upon exercise of this Warrant or any part thereof, whether or not said Warrant has, in the interim been assigned or re-assigned to other parties. In this event, the Company shall pay all of the Costs and Expenses of said Registration for each such demand.

Once filed, the Company shall be obligated to continue this "shelf registration" for the maximum time allowable under the then relevant regulations, at its sole expense.

In the event that any Holder's Warrant Shares previously have been registered under the Securities Act, then this paragraph 13 shall not be applicable to such previously registered shares.

14. PROCEDURE FOR DEMAND REGISTRATION. In connection with the filing of a Registration Statement pursuant to paragraph 12 hereof, and in supplementation and not in limitation of the provisions thereof, the Company shall:

(a) Notify the Selling Shareholder(s) as to the filing of the Registration Statement and of all amendments or supplements thereto filed thirty (30) days prior to the effective date of said Registration Statement;

(b) Notify the Selling Shareholder(s), promptly after the Company shall receive notice thereof, of the time when said Registration Statement became effective or when any amendment or supplement to any prospectus forming a part of said Registration Statement has been filed;

(c) Notify the Selling Shareholder(s) promptly of any request by the Commission for the

amending or supplementing of such Registration Statement or prospectus or for additional information;

(d) Prepare and promptly file with the Commission, and promptly notify the Selling Shareholder(s) of the filing of, and amendments or supplements to such Registration Statement or prospectus as may be necessary to correct any statements or omissions if, at any time when a prospectus relating to the Warrant Stock is required to be delivered under the Securities Act, any event with respect to the Company shall have occurred as a result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading; and, prepare and file with the Commission, promptly upon the Selling Shareholder(s)' written request, any amendments or supplements to such Registration Statement or prospectus which may be reasonably necessary or advisable in connection with the distribution of the Warrant Stock;

(e) Prepare promptly upon request of the Selling Shareholder(s) or any underwriters for the Selling Shareholder(s) such amendment or amendments to such Registration Statement and such prospectus or prospectuses as may be reasonably necessary to permit compliance with the requirements of Section 10 (a) (3) of the Securities Act;

(f) Advise the Selling Shareholders promptly after the Company shall receive notice or obtain knowledge of the issuance of any stop order by the Commission suspending the effectiveness of any such Registration Statement or amendment thereto or of the initiation or threatening of any proceeding for that purpose, and promptly use its best efforts to prevent the issuance of any stop order or obtain its withdrawal promptly if such stop order would be issued;

(g) Use its best efforts to qualify as soon as reasonably practicable the Warrant Stock for sale under the securities or blue-sky laws of such states and jurisdictions within the United States as shall be reasonably requested by the Selling Shareholder(s); provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business, to become subject to taxation or to file a consent to service of process generally in any of the aforesaid states or jurisdiction;

(h) Furnish the Selling Shareholder(s), as soon as available, copies of any Registration Statement and each preliminary or final prospectus, or supplement or amendment required to be prepared pursuant thereto, all in such quantities as the Selling Shareholder(s) may from time to time reasonably request, and;

(i) If requested by the Selling Shareholder(s), enter into an agreement with the underwriters of the Warrant Stock being registered containing customary provisions and reflecting the foregoing.

15. INCIDENTAL REGISTRATION. Other than as covered in paragraph 13 hereof, if at any time the

Company subsequent to the next public offering of registered Common Shares of the Company, shall propose the filing of a Registration Statement on an appropriate form under the Securities Act for the registration of any securities of the Company, other than a registration statement on Form S-4 or S-8 or any equivalent form of registration statement then in effect, then the Company shall give the Holder(s) notice of such proposed registration and shall include in any Registration Statement relating to such securities all or a portion of the Warrant Stock then owned or to be owned by such Holder(s), which such Holder(s) shall request (such Holder(s) to be considered "Selling Shareholder(s)"), by notice given by such Selling Shareholder(s) to the Company within fifteen (15) business days after the giving of such notice by the Company, within fifteen (15) business days after the giving of such notice by the Company, to be so included. In the event of the inclusion of Warrant Stock pursuant to this paragraph 15, the Company shall bear the Costs and Expenses of such registration; provided, however that the Selling Shareholder(s) shall pay the fees and disbursements of their own counsel and, pro-rata based upon the number of shares of Warrant Stock included therein as these relate to the total number of Common Shares to be offered or sold, the Securities Act registration fees and underwriters' discounts and compensation attributable to the inclusion of such Warrant Stock; and, provided further, however, that amounts to which any person or entity shall become entitled pursuant to this sentence shall not include amounts which may become payable pursuant to paragraphs 16 or 17 hereof. Nothing in this paragraph 15 shall require the registration of Warrant Stock in a Registration Statement relating solely to (a) securities to be issued by the Company in connection with the acquisition of the stock or the assets of another corporation, or the merger or consolidation of any other corporation by or with the Company or any of its subsidiaries, or an exchange offer with any corporation, (b) securities to be offered to the then existing security holders of the Company, or (c) securities to be offered to employees of the Company. In the event the distribution of securities of the Company covered by a Registration Statement referred to in this paragraph 15 is to be underwritten, then the Company's obligation to include Warrant Stock in such a Registration Statement shall be subject, at the option of the Company, to the following further conditions:

(a) The distribution for the account of the Selling Shareholders shall be underwritten by the same underwriters who are underwriting the distribution of the securities for the account of the Company and/or any other persons whose securities are covered by such Registration Statement and the Selling Shareholder(s) shall enter into an agreement with such underwriters containing customary provisions.

(b) If the Selling Shareholders are included in the Registration Statement and if the underwriting agreement entered into with the aforesaid underwriters contains restrictions upon the sale of securities of the Company, other than the securities which are to be included in the proposed distribution, for a period not exceeding ninety (90) days from the effective date of the Registration Statement, then such restrictions shall be binding upon the Selling Shareholder(s) with respect to any Warrant Stock not covered by the Registration Statement and, if requested by the underwriter, the Selling Shareholder(s) shall enter into a written agreement to that effect.

(c) If the underwriters shall state in writing that they are unwilling to include any or all of the Selling Shareholder(s)' Warrant Stock in the proposed underwriting because such inclusion would

materially interfere with the orderly sale and distribution of the securities being offered by the Company, then the number of the Selling Shareholder(s)' shares of Warrant Stock to be included shall be reduced pro rata on the basis of the number of shares of Warrant Stock originally requested to be included by such Selling Shareholder(s), or there shall be no inclusion of the shares of the Selling Shareholder(s) in the Registration Statement not proposed distribution, in accordance with such statement by the underwriters.

However, if in such an event, the Holder(s) hereof shall not be able to include at least fifty percent (50%) of the Warrant Stock originally requested to be included, then the Company shall agree to pay all of the Costs and Expenses of a Shelf Registration to be filed at a later date.

In the event that any Holder's Warrant Shares previously have been registered under the Securities Act, then this paragraph 15 shall not be applicable to such previously registered shares.

16. INDEMNIFICATION BY THE COMPANY. The Company shall indemnify and hold harmless each Selling Shareholder, any underwriter (as defined in the Securities Act) for the Selling Shareholder, and each person, if any, who controls the Selling Shareholder or such underwriter within the meaning of the Securities Act (but, in the case of an underwriter or a controlling person, only if such under writer or controlling person indemnifies the persons mentioned in paragraph 17(b) hereof in the manner set forth therein) against any losses, claims, damages or liabilities, joint or several, to which the Selling Shareholder or any such underwriter or controlling person becomes subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) are caused by any untrue statement or alleged untrue statement of any material fact contained in any preliminary prospectus (if used prior to the effective date of the Registration Statement), or contained, on the effective date thereof, in any Registration Statement under which the Selling Shareholder(s)' shares of Warrant Stock were registered under the Securities Act, the prospectus contained therein, or any amendment or supplement thereto, arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; the Company shall reimburse the Selling Shareholder, or any such underwriter or controlling person, in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable to any such person in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information furnished in writing to the Company by such person expressly for inclusion in any of the foregoing documents.

17. INDEMNIFICATION BY SELLING SHAREHOLDERS. Each individual Selling Shareholder shall:

(a) Furnish to the Company in writing all information concerning it and its holdings of securities of the Company as shall be required in connection with the preparation and filing of any Registration Statement covering any Shares of Warrant Stock.

(b) Indemnify and hold harmless the Company, each of its directors, each of its officers who has signed a Registration Statement, each person, if any, who controls the Company within the meaning of the Securities Act and any underwriter (as defined in the Securities Act) for the Company, against any losses, claims, damages or liabilities to which any such director, officer, controlling person or underwriter may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect therefor) are caused by any untrue statement of any material fact contained in any preliminary prospectus (if used prior to the effective date of the Registration Statement) or contained, on the effective date thereof, in any Registration Statement under which the Selling Shareholder's securities were registered under the Securities Act, the prospectus contained therein, or any amendment or supplement thereto, or arising out of or based upon the omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading; in each case to the extent, but only to the extent, that such untrue statement or omission was made in reliance upon and in conformity with information furnished to the Company in writing by the Selling Shareholder expressly for inclusion in any of the foregoing documents, and the Selling Shareholder shall reimburse the Company and any such director, officer, controlling person or underwriter for any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person or underwriter in connection with investigating or defending any such loss, claim, damage, liability or action.

18. NOTIFICATION BY SELLING SHAREHOLDERS. The Selling Shareholder(s) and each other person indemnified pursuant to paragraph 16 hereof shall, in the event it receives notice of the commencement of any action against it which is based upon an alleged act or omission which, if proven, would result in the Company having to indemnify it pursuant to paragraph 16 hereof, promptly notify the Company, in writing, of the commencement of such action and permit the Company, if the Company so notifies the Selling Shareholder(s) within ten (10) days after receipt by the Company of notice of the commencement of the action, to participate in and to assume the defense of such action with counsel reasonably satisfactory to the Selling Shareholder(s) or such other indemnified person, as the case may be. The omission to notify the Company promptly of the commencement of any such action shall not relieve the Company of any liability to indemnify the Selling Shareholder(s) or such other indemnified person, as the case may be, under paragraph 16 hereof, except to the extent that the Company shall suffer any loss by reason of such failure to give notice which it may have pursuant to the rights conveyed to the Holders) in this Warrant.

19. NOTIFICATION BY THE COMPANY TO SELLING SHAREHOLDERS. The Company agrees that, in the event it receives notice of the commencement of any action against it which is based upon an alleged act or omission which, if proven, would result in a Selling Shareholder having to indemnify the Company pursuant to paragraph 17(b) hereof, the Company will promptly notify the Selling Shareholder in writing of the commencement of such action and permit the Selling Shareholder, if the Selling Shareholder so notifies the Company within ten (10) days after receipt by the Selling Shareholder of notice of the commencement of the action, to participate in and assume the defense of such action with counsel reasonably satisfactory to the Company. The omission to notify the Selling Shareholder promptly of the commencement of any such action shall not relieve the Selling Shareholder of liability to indemnify the Company under paragraph 17(b) hereof,

except to the extent that the Selling Shareholder shall suffer any loss by reason of such failure to give notice, and shall not relieve the Selling Shareholder of any other liabilities which it may have under this or any other agreement then in effect between the Company and the Selling Shareholder.

20. COSTS AND EXPENSES. As used in this Warrant, "Costs and Expenses" shall include all of the costs and expenses relating to the respective Registration Statement(s) involved, including but not limited to, registration fees, filing and qualification fees, blue-sky expenses, printing and mailing expenses, fees and expenses of Company's counsel and, if/when appropriate, fees and expenses of counsel designated by the Selling Shareholder(s) (provided, however, that no more than one such counsel for the Selling Shareholder(s) shall be designated on any occasion).

21. ADDRESSES. All notices, certificates, waiver and other communications required or permitted to be given hereunder to any of the parties by any other party shall be in writing and shall be delivered personally or sent by next day delivery service or registered or certified mail, postage prepaid, as follows:

(a) If to the Company, addressed to:
Celsion Corporation
10220-I Old Columbia Road
Columbia, MD 21046-1705

Attention: Mr. John Mon, Corporate Secretary

(b) If to a Holder, addressed to the address of each such Holder as shall, from time to time, appear on the records of the Company or those of the Company's transfer agent as may be the case.

Except as otherwise specifically provided herein, any notice delivered personally or sent by next day delivery service shall be deemed to have been given on the date so delivered, and any notice delivered by registered or certified mail shall be deemed to have been given on the date it is received. Any party may change the address to which notices hereunder are to be sent by giving written notice of such change of address in the manner provided for giving notice.

22. WAIVER. No waiver by a Holder of any right hereunder shall be effective unless it is in a writing which specifically refers to the provision hereof under which such right arises, and no such waiver shall operate or be construed as a waiver of any subsequent breach, whether of a similar or dissimilar nature.

23. ENTIRE WARRANT. This Warrant may be amended, supplemented or modified only by a written instrument executed by the Company and the Holder(s). While separate executed letters proposing and/or accepting amendment(s) sent to the Company by the Holder(s) or to the Holder(s) by the Company shall, for the purposes of this paragraph 23, constitute a valid agreement as to the relationship then created by and

between the Company and the individual Holder in question, only [Riker] (as the original Holder) may, by agreement with the Company, bind all subsequent Holders to one single written instrument which shall serve to amend the terms and conditions hereof, and to which by their acceptance of an assignment of any portion of this Warrant, they implicitly agree to be bound.

24. APPLICABLE LAW. This Warrant and the legal relations among the parties hereto shall be governed by and construed in accordance with the substantive laws of the State of Illinois applicable to contracts made and to be performed therein without giving effect to the principles of conflict of laws thereof.

25. APPRAISAL RIGHTS. In the event that the Company's board of directors has not approved and the Company has not executed the next public offering of the Company's Common Stock prior to the second anniversary of the issuance of this Warrant, a majority in interest of the Holder(s) may, in their sole discretion and at any time thereafter, give notice to the Company that they wish to avail themselves of Appraisal Rights rather than force the Company into filing a Registration Statement against its will by demanding registration hereunder.

Should this event occur, the Company and the Holder(s) shall meet together to appraise the value of the Warrant(s) and shall proceed to do so in the same fashion and spirit as is provided for in the first paragraph of paragraph 10 hereof in determining a Retirement Fee to be paid the Holders upon termination of the Warrant(s).

26. BINDING EFFECT. The provisions contained in this Warrant shall be binding upon and inure to the benefit of the Company and the Holders and their respective successors, permitted assigns, heirs and legal representatives. Any person to whom all or a part of a Holder's rights and obligations hereunder are assigned shall fulfill such of the assigning Holder's obligations hereunder as have been assigned, and shall be entitled to all of the rights and benefits hereunder to the extent that such person has assumed such Holder's obligations. The rights and powers of each successive Holder hereunder are granted to such Holder as an owner of Warrants or Warrant Stock as the case may be. Any subsequent Holder whether becoming such by transfer, assignment, operation of law or otherwise, shall have the same rights and powers which a Holder owning the same number of Warrants and/or Warrant Stock has hereunder, and shall be entitled to exercise such rights and powers until such Holder or subsequent Holder no longer owns any Warrants or Warrant Stock. Except as provided in this paragraph 26, this Warrant does not create, and shall not be construed as creating, any rights enforceable by any person not a Holder.

27. VALIDITY. If any term, provision, covenant or restriction of this Warrant is held by a court of competent jurisdiction to be invalid, void or unenforceable, the Company agrees that such term, provision, covenant or restriction shall be reformed to the extent possible consistent with such judicial holding to reflect the intent of the Company and the original Holder as stated herein and the remainder of the terms, provisions, covenants and restrictions of this Warrant shall remain in full force and effect and shall in no way be affected, impaired or invalidated. It is hereby stipulated and declared to be the intention of the Company

that it would have executed this Warrant including the remaining terms, provisions, covenants and restrictions without including any of such provision of term which may be hereafter declared invalid, void or unenforceable.

28. NATURE OF WARRANT. This Warrant is issued in substitution, exchange and replacement of that certain Warrant, Serial No. _____ originally granted to the holder on May 29, 1996 (the "Original Warrant") pursuant to that certain Settlement Agreement dated as of [January 25, 2002] (the "Settlement Agreement"). The parties acknowledge and agree that the surrendered Original Warrant is of the same or greater amount than this Warrant. The issuance of this Warrant shall satisfy the Company's obligations with respect to replacement of the Original Warrant under the Settlement Agreement and, upon issuance of this Warrant, the Original Warrant shall be null and void and of no further force or effect, provided that, if it is determined that such exchange does not qualify as a tax-free reorganization under Section 368(a)(1)(F) of the Internal Revenue Code, the Original Warrants shall be deemed to be amended to reflect the terms of the Replacement Warrants.

This Warrant (Serial Number: _____) is granted and sold on the date first above written.

Celsion Corporation

By:

Augustine Y. Cheung
President

Attest:

John Mon

Secretary

PURCHASE FORM

Dated: _____

Celsion Corporation
10220-1 Old Columbia Road
Columbia, MD 21046-1705

Attention: Mr. John Mon, Corporate Secretary

Attached herewith is Celsion Corporation's Common Stock Purchase Warrant, Serial Number: _____ (the "Warrant"), giving the Holder the right to purchase _____ shares of Celsion Corporation Common Stock.

I/We hereby notify you that I/we am/are exercising my/our right to purchase _____ shares pursuant to the Warrant and have enclosed herewith my/our check in the amount of $_____, representing the aggregate exercise price of said shares. If transfer taxes (federal or state) are applicable to this transaction, I/we understand that you will be billing me/us for said taxes, which I/we agree will be promptly remitted to you within ten (10) days of my/our receipt of notification.

I/We hereby state that the shares being purchased are to be held by me/us for investment purposes and not with a view to sale, except pursuant to an effective registration statement pursuant to the Securities Act of 1933, as amended, or an exemption therefrom the registration requirements of such Securities Act.

Please cancel the enclosed Warrant and, if applicable, send me/us a Warrant, in partial substitution on identical terms, for the remaining shares not being purchased pursuant to this notification and as to which the Warrant has not heretofore been exercised.

Yours very truly,

Holder of Warrant, Serial Number _____

Exhibit 23.1

STEGMAN & COMPANY

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

We consent to the incorporation by reference in this Registration Statement on Form S-3 pertaining to Celsion Corporation of our report dated Novmeber 6, 2001 with respect to the financial statements of Celsion Corporation included in its Annual Report on Form 10-K for the year ended September 30, 2001 filed with the Securities and Exchange Commission.

/s/ Stegman & Company

Baltimore, Maryland
February 8, 2002