

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 13D  
(Amendment No. 1)

Under the Securities Exchange Act of 1934

**BIODRAIN MEDICAL, INC.**

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(Name of Issuer)

**Common Stock, par value \$0.01 per share**

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(Title of Class of Securities)

**09071P109**

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(CUSIP Number)

**Jeffrey G. Klein  
301 Yamato Road  
Suite 1240  
Boca Raton, FL 33431  
(561)953-1126**

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(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

**March 20, 2012**

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(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box.

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act.

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(1) Names of reporting persons

**Bellejule Partners, LP**

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(2) Check the appropriate box if a member of a group (see instructions)

- (a)  
(b)

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(3) SEC use only

---

(4) Source of funds (see instructions)

**OO**

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(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

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(6) Citizenship or place of organization

**Delaware**

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Number of shares beneficially owned by each reporting person with:

(7) Sole Voting Power

0

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(8) Shared Voting Power

11,977,963(1).

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(9) Sole Dispositive Power

0

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(10) Shared Dispositive Power

11,977,963(1)

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(11) Aggregate Amount Beneficially Owned by Each Reporting Person

11,977,963 (2)

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(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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(13) Percent of Class Represented by Amount in Row (11)

26.76%(3)

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(14) Type of Reporting Person (See Instructions)

**PN**

- 
- (1) These shares are held directly by Bellejule Partners, LP ("Bellejule Partners"). Ronald Levine is the general partner of Bellejule Partners, and in such capacity, Mr. Levine may be deemed to have voting and dispositive power over the shares held directly by Bellejule Partners. Mr. Levine is also a beneficiary of Bellejule Partners
- (2) This number includes 6,175,096 warrants that are immediately exercisable to purchase shares of common. These warrants were originally issued at various dates. At the original grant date, these warrants could not be exercised if the exercise of the warrants would result in the holder owning in excess of 4.99% of the Company's issued and outstanding shares of common stock. This restriction has been removed and pursuant to Rule 13(d)-3(d)(1) (i) are deemed beneficially owned by the reporting person.
- (3) Based on 38,573,928 outstanding shares of common stock, par value \$0.01 per share at April 10, 2012 as reported in the Company's annual report filed on Form 10-K for the period ended December 31, 2011 plus the issuance of 6,175,096 shares of common stock owned by the Reporting Person upon exercise of outstanding warrants. Beneficial ownership is determined pursuant to Rule 13(d)(1)(i).



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(1) Names of reporting persons

**Caron Partners, LP**

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(2) Check the appropriate box if a member of a group (see instructions)

- (a)  
(b)

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(3) SEC use only

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(4) Source of funds (see instructions)

**OO**

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(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

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(6) Citizenship or place of organization

**Delaware**

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Number of shares beneficially owned by each reporting person with:

(7) Sole Voting Power

0

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(8) Shared Voting Power

11,977,963(1)

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(9) Sole Dispositive Power

0

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(10) Shared Dispositive Power

11,977,963(2)

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(11) Aggregate Amount Beneficially Owned by Each Reporting Person

11,977,963 (1)

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(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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(13) Percent of Class Represented by Amount in Row (11)

26.76% (3)

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(14) Type of Reporting Person (See Instructions)

**PN**

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- (1) This number includes 6,175,096 warrants that are immediately exercisable to purchase shares of common stock. These warrants were originally issued at various dates. At the original grant date, these warrants could not be exercised if the exercise of the warrants would result in the holder owning in excess of 4.99% of the Company's issued and outstanding shares of common stock. This restriction has been removed and pursuant to Rule 13(d)-3(d)(1)(i) are deemed beneficially owned by the reporting person.
- (2) These shares are held directly by Caron Partners, LP ("Caron Partners"). Beth Levine is the general partner of Caron Partners, and in such capacity, Ms. Levine may be deemed to have voting and dispositive power over the shares held directly by Caron Partners. Ms. Levine is also the beneficiary of Caron Partners. Mr. Levine is the father of Beth Levine.
- (3) Based on 38,573,928 outstanding shares of common stock, par value \$0.01 per share at April 10, 2012 plus the Issuance of 6,175,096 shares owned by the reporting person on exercise of outstanding warrants. Beneficial ownership is calculated pursuant to Rule 13(d)(1)(i)



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(1) Names of reporting persons

**UBS FBO Ronald Levine IRA**

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(2) Check the appropriate box if a member of a group (see instructions)

(a)  
(b)

---

(3) SEC use only

---

(4) Source of funds (see instructions)

**BK**

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(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

---

(6) Citizenship or place of organization

**U.S.A.**

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Number of shares beneficially owned by each reporting person with:

(7) Sole Voting Power

0

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(8) Shared Voting Power

11,977,963 (1):

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(9) Sole Dispositive Power

0

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(10) Shared Dispositive Power

11,977,963 (1)

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(11) Aggregate Amount Beneficially Owned by Each Reporting Person

11,977,963 (2)

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(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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(13) Percent of Class Represented by Amount in Row (11)

26.76% (3)

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(14) Type of Reporting Person (See Instructions)

**IN**

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(1) This number includes 6,175,096 warrants that are immediately exercisable to purchase shares of common stock. These warrants were originally at various dates in 2011. At the original grant date, these warrants could not be exercised if the exercise of the warrants would result in the holder owning in excess of 4.99% of the Company's issued and outstanding shares of common stock. This restriction has been removed and pursuant to Rule 13(d)-3(d)(1)(i) are deemed beneficially owned by the reporting person.

(2) These shares are held directly by Ronald Levine. Mr. Levine is a beneficiary of UBS FBO Ronald Levine IRA, and may be deemed to have voting and dispositive power over the shares held directly by UBS FBO Ronald Levine IRA.

(3) Based on 38,573,928 outstanding shares of common stock, par value \$0.01 per share at April 10, 2012 as reported in the Company's Annual Report filed on Form 10-k for the period ended December 31, 2011 plus the issuance of 6,175,096 shares owned by the reporting person on the exercise of outstanding warrants. Beneficial ownership is calculated pursuant to Rule 13(d)(1)(i)

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(1) Names of reporting persons

Ronald Levine IRA

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(2) Check the appropriate box if a member of a group (see instructions)

- (a)  
(b)

---

(3) SEC use only

---

(4) Source of funds (see instructions)

BK

---

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

---

(6) Citizenship or place of organization

U.S.A.

---

Number of shares beneficially owned by each reporting person with:

(7) Sole Voting Power

0

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(8) Shared Voting Power

11,977,963(1)

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(9) Sole Dispositive Power

0

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(10) Shared Dispositive Power

11,977,963(1)

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(11) Aggregate Amount Beneficially Owned by Each Reporting Person

11,977,963(2)

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(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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(13) Percent of Class Represented by Amount in Row (11)

26.76%

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(14) Type of Reporting Person (See Instructions)

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- (2) These shares are held directly by Ronald Levine. Mr. Levine is a beneficiary of the Ronald Levine IRA, and may be deemed to have voting and dispositive power over the shares held directly by the Ronald Levine IRA.
- (3) Based on 38,573,928 outstanding shares of common stock, par value \$0.01 per share at April 10, 2012 as reported in the Company Annual Report filed on Form 10-K for the period ended December 31, 2011 plus the issuance of 6,175,096 shares owned by the reporting person on exercise of the warrants. Beneficial ownership is calculated pursuant to Rule 13(d)(1)(i)
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(1) Names of reporting persons

Carole Levine IRA

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(2) Check the appropriate box if a member of a group (see instructions)

(a)  
(b)

---

(3) SEC use only

---

(4) Source of funds (see instructions)

BK

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(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

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(6) Citizenship or place of organization

U.S.A.

---

Number of shares beneficially owned by each reporting person with:

(7) Sole Voting Power

0

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(8) Shared Voting Power

11,977,963

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(9) Sole Dispositive Power

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11,977,963 (1)

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26.76%(3)

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(1) This number includes 6,175,096 warrants that are immediately exercisable to purchase shares of common stock. These warrants were originally issued at various dates. At the original grant date, these warrants could not be exercised if the exercise of the warrants would result in the holder owning in excess of 4.99% of the Company's issued and outstanding shares of common stock. This restriction has been removed and pursuant to Rule 13(d)-3(d)(1)(i) are deemed beneficially owned by the Reporting Person.

(2) These shares are held directly by Carole Levine. Ms. Levine is a beneficiary of the Carole Levine IRA and may be deemed to have voting and dispositive power over the shares held directly by Carole Levine IRA.

(3) Based on 38,573,928 outstanding shares of common stock, par value \$0.01 per share at April 10, 2012 as reported in the Company's Annual Report filed on Form 10-K for the period ended December 31, 2011 plus the issuance of 6,175,096 shares owned by the Reporting Person on exercise of outstanding warrants. Beneficial ownership is calculated pursuant to Rule 13(d)(1)(i)



### **ITEM 1. Security and Issuer**

This Schedule 13(d) relates to the common stock, par value \$0.01 per share (the "Common Stock") of Biodrain Medical, Inc., a Minnesota corporation (the "Company"). The address of the Company's principal executive office is: 2060 Centre Pointe Boulevard, Suite 7, Mendota Heights, Minnesota 55120

### **ITEM 2. Identity and Background**

This Schedule 13D is being filed on behalf of Bellejule Partners, LP, a company organized under the laws of the State of Delaware ("Bellejule Partners"), Caron Partners, LP, a company organized under the laws of the State of Delaware ("Caron Partners"), UBS FBO Ronald Levine IRA, an individual account under the name of Ronald Levine ("UBS FBO Ronald Levine"), Ronald Levine IRA, an IRA account under the name of Ronald Levine ("Ronald Levine IRA") and Carole Levine IRA, an IRA account under the name of Carole Levine ("Carole Levine IRA"). The persons named in this paragraph are sometimes referred to individually herein as a "Reporting Person" and collectively as the "Reporting Persons."

(b) The address for the Reporting Persons is: 20155 NE 38th Ct. #1804, Adventura, Florida 33180.

(c) During the past five years, the Reporting Persons have not been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors).

(d) During the past five years, the Reporting Persons have not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(e) During the past five years, the Reporting Persons have not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding, was or are subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Bellejule Partners is a company formed under the laws of the State of Delaware. Caron Partners is a company formed under the laws of the State of Delaware. UBS FBO Ronald Levine IRA is an individual account directly owned by Ronald Levine. Ronald Levine IRA is an IRA account directly owned by Ronald Levine. Carole Levine IRA is an IRA account directly owned by Carole Levine.

### **ITEM 3. Source of Amount of Funds or Other Compensation**

On June 11, 2008, Bellejule Partners paid \$25,000 and was issued 101,200 shares of common stock and 71,429 warrants which are exercisable at \$.13 per share.

On June 11, 2008, Caron Partners paid \$25,000 and was issued 100,000 shares of common stock and 100,000 warrants exercisable at \$0.13 and expire in June 2012.

On June 22, 2008 Caron Partners paid \$25,000 and was issued 100,000 shares of common stock and 100,000 warrants exercisable at \$0.13 and expire in June 2012.

On September 30, 2009, UBS FBO Ronald Levine IRA purchased 80,000 common shares and a warrant to purchase 80,000 shares at \$0.65 per share for \$40,000, with the warrant registered under the name of Caron Partners. The strike price of the warrant was subsequently changed to \$0.13 per share.

On October 2, 2009, Caron Partners received 30,000 common shares and a warrant to purchase 30,000 shares at \$0.65 per share as compensation for its consulting services. The strike price of the warrant was subsequently changed to \$0.13 per share.

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On September 7, 2010, Caron Partners purchased 250,000 common shares at \$0.10 per Unit and a warrant to purchase 250,000 common shares at \$0.17 per share for \$25,000. The strike price of the warrant was subsequently changed to \$0.13 per share.

On February 11, 2011, Caron Partners purchased 666,667 common shares at \$0.075 per Unit and a warrant to purchase 666,667 common shares at \$0.15 per share for \$50,000. The strike price of the warrant was subsequently changed to \$0.075 per share.

On February 17, 2011, Ronald Levine IRA purchased 1,666,667 common shares at \$0.075 per Unit and a warrant to purchase 1,666,667 common shares at \$0.15 per share for \$125,000, with the warrant registered under the name of Caron Partners.

On February 17, 2011, Carole Levine IRA purchased 1,666,667 common shares at \$0.075 per Unit and a warrant to purchase 1,666,667 common shares at \$0.15 per share for \$125,000, with the warrant registered under the name of Caron Partners. The strike price of the warrant was subsequently changed to \$0.075 per share.

On February 17, 2011, Caron Partners received a warrant for 400,000 shares at \$0.075 as compensation for its consulting services.

On July 5, 2011 Caron Partners purchased 333,333 shares of the Company's common stock at a purchase price of \$0.06 per share. In connection with the purchase of these shares, Caron Partners was also issued 333,333 warrants to purchase common stock at \$0.075 per share.

On July 26, 2011 Bellejule Partners purchased 333,333 shares of common stock at \$0.06 per share. In connection with the purchase, Bellejule Partners was also issued 333,333 warrants at \$0.075 per share of common stock.

On August 31, 2011 Caron Partners was issued 475,000 shares of common stock and a warrant to purchase 475,000 shares of common stock in connection with fundraising efforts at \$0.075.

On March 16, 2012 the Reporting person sold 15,000 shares of the Company's common stock and received gross proceeds of \$1,1145.

On March 16, 2012 the Reporting Person purchased 15,000 shares of the Company's common stock at a purchase price of \$1,155.

#### **ITEM 4. Purpose of Transaction**

The Reporting Persons received the shares of common stock in the above-described transactions as compensation for referral and consulting services and their investments in the Company. See Item 3 of this Schedule 13D, which is hereby incorporated by reference.

In their capacity as a majority shareholder of the Company, the Reporting Persons may actively pursue proposals which could relate to or would result in: (a) the acquisition by any person of additional securities of the Company; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Company or of any of its subsidiaries; (d) any change in the present board of directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; (e) any material change in the present capitalization or dividend policy of the Company; (f) any other material change in the Company's business or corporate structure; (g) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the issuer by any other person; (h) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Act; or (j) any similar action to those enumerated above.

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#### **ITEM 5. Interest in Securities of the Issuer**

- (a) The aggregate number and percentage of class of securities identified pursuant to Item 1 beneficially owned by each Reporting Persons named in Item 2 may be found in rows 11 and 13 of the Cover Pages relating to each of the Reporting Persons, which hereby is incorporated by reference. Applicable percentages are based upon 38,573,928 shares of common stock outstanding at April 10, 2012 plus a total of 6,175,096 shares that can be issued on the exercise of warrants .
- (b) The powers that the Reporting Persons identified in the preceding paragraph have relative to the shares discussed herein may be found in rows 7 through 10 of the Cover Pages relating to each of the Reporting Persons, which hereby is incorporated by reference.
- (c) All transactions in the class of securities reported on effected by any of the persons named in Item 5(a) during the past 60 days may be found in Item 3.
- (d) None.
- (e) Not applicable.

#### **ITEM 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.**

The information provided in Items 3 and 4 is hereby incorporated by reference.

On March 10, 2008, the Company entered into a Finder Agreement for referral services for the Company's funding that was completed in October 2008. This agreement covered Caron Partners and Bellajule Partners. Under the Finder Agreement, in addition to a cash referral fee, the finders were entitled to receive 10% of their gross proceeds raised for the Company with a fair market value of the Company's common stock, or \$0.35 per share. Under terms of the Finder Agreement, Caron Partners received a warrant for 100,000 shares at \$.46 per share and Bellejule Partners received a warrant for 71,429 shares at \$.46 per share. Caron Partners and Bellajule Partners also received 15,600 and 15,979 shares of common stock, respectively, as penalty shares pursuant to the terms of the Registration Rights Agreement executed among the Company and the investors in the 2008 financing.

On September 30, 2009, UBS FBO Ronald Levine IRA purchased 80,000 common shares and a warrant to purchase 80,000 shares at \$0.65 per share for \$40,000, with the warrant registered under the name of Caron Partners.

On October 2, 2009, Caron Partners received 30,000 common shares and a warrant to purchase 30,000 shares at \$0.65 per share as compensation for its consulting services.

On September 7, 2010, Caron Partners purchased 250,000 common shares at \$0.10 per Unit and a warrant to purchase 250,000 common shares at \$0.17 per share for \$25,000.

On February 11, 2011, Caron Partners purchased 666,667 common shares at \$0.075 per Unit and a warrant to purchase 666,667 common shares at \$0.15 per share for \$50,000.

On February 17, 2011, Ronald Levine IRA purchased 1,666,667 common shares at \$0.075 per Unit and a warrant to purchase 1,666,667 common shares at \$0.15 per share for \$125,000, with the warrant registered under the name of Caron Partners.

On February 17, 2011, Carole Levine IRA purchased 1,666,667 common shares at \$0.075 per Unit and a warrant to purchase 1,666,667 common shares at \$0.15 per share for \$125,000, with the warrant registered under the name of Caron Partners.

On February 17, 2011, Caron Partners received a warrant for 400,000 shares at \$0.075 as compensation for its consulting services.

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On July 26, 2011 Caron Partners purchased 333,333 shares of the Company's common stock at a purchase price of \$0.06 per share. In connection with the purchase of these shares, Caron Partners was also issued 333,332 warrants to purchase common stock at \$0.075 per share.

On July 26, 2011 Bellejule Partners purchased 475,000 shares of common stock at \$0.06 per share. In connection with the purchase, Bellejule Partners was also issued 475,000 shares of common stock.

On August 31, 2011 Caron Partners was issued 475,000 shares of common stock and a warrant to purchase 475,000 shares of common stock in connection with fundraising efforts.

On March 16, 2012 the Reporting person sold 15,000 shares of the Company's common stock and received gross proceeds of \$1,145.

On March 16, 2012 the Reporting Person purchased 15,000 shares of the Company's common stock at a purchase price of \$1,155.

To the best of knowledge of each Reporting Persons, other than as described in this Schedule 13D, the Reporting Persons have no contracts, arrangements, understandings or relationships with any other person with respect to any securities of the Company.

**ITEM 7. Material to be Filed as Exhibits**

**Exhibit 99.1 Form of warrant**

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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: May 1, 2012

Bellejule Partners, LP  
a Delaware company

/s/ Ronald Levine  
By: Ronald Levine, General Partner

Caron Partners, LP  
a Delaware company

/s/ Beth Levine  
By: Beth Levine, General Partner

UBS FBO Ronald Levine IRA  
An individual account

/s/ Ronald Levine  
By: Ronald Levine

-  
Ronald Levine IRA  
An individual IRA account

/s/ Ronald Levine  
By: Ronald Levine

Carole Levine IRA  
An individual IRA account

/s/ Carole Levine  
By: Carole Levine

## FORM OF WARRANT

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

## BIODRAIN MEDICAL, INC.

## WARRANT TO PURCHASE COMMON STOCK

Warrant No.: \_\_\_\_\_  
 Date of Issuance: \_\_\_\_\_ (“**Issuance Date**”)  
 Date of Issuance of Exchange Warrant: \_\_\_\_\_ (“**Original Issuance Date**”)  
 Warrant Shares: \_\_\_\_\_ shares of Common Stock

BIODRAIN MEDICAL, INC., a Minnesota corporation (the “**Company**”), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged \_\_\_\_\_ the registered holder hereof or its permitted assigns (the “**Holder**”), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon surrender of this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, the “**Warrant**”), at any time or times on or after the date hereof, but not after 5:00 p.m., Central time, on the Expiration Date (as defined below), \_\_\_\_\_ validly issued, fully paid non-assessable shares of Common Stock (as defined below) determined in accordance with Section 1(a) below. Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 15.

1. EXERCISE OF WARRANT.

(a) Warrant Shares. This Warrant shall be exercisable for the number of shares of Common Stock of the Company as set forth on the cover page of this Warrant (“**Warrant Shares**”).

(b) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(g)), this Warrant may be exercised by the Holder on any day on or after the date hereof, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit A (the “**Exercise Notice**”), of the Holder’s election to exercise this Warrant and (ii) (A) payment to the Company of an amount equal to the Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the “**Aggregate Exercise Price**”) in cash or wire transfer of immediately available funds or (B) by notifying the Company that this Warrant is being exercised in a Cashless Exercise pursuant to and subject to the conditions set forth in Section 1(d); provided, however, that this Warrant may not be exercised if the Warrant Shares have been registered under the Act (as defined below). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. On or before the first Business Day following the date on which the Company has received each of the Exercise Notice and the Aggregate Exercise Price (or notice of a Cashless Exercise) (the “**Exercise Delivery Documents**”), the Company shall transmit by facsimile an acknowledgment of receipt of the Exercise Delivery Documents to the Holder and the Company’s transfer agent (the “**Transfer Agent**”). On or before the third Business Day following the date on which the Company has received all of the Exercise Delivery Documents (the “**Share Delivery Date**”), the Company shall issue and dispatch by overnight courier to the address as specified in the Exercise



Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of the Exercise Notice and Aggregate Exercise Price referred to in clause (ii)(A) above or notification to the Company of a Cashless Exercise referred to in Section 1(d), the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(b) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional shares of Common Stock are to be issued upon the exercise of this Warrant, but rather the number of shares of Common Stock to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

(c) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means \$ \_\_\_\_\_, subject to adjustment as provided herein.

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary, if a registration statement covering the Warrant Shares that are the subject of an Exercise Notice (the "**Unavailable Warrant Shares**") is not available for the resale of such Unavailable Warrant Shares at the time of exercise, the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

B= the Closing Sale Price of the shares of Common Stock (as reported by Bloomberg) on the date immediately preceding the date of the Exercise Notice.

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 12.

(f) [INTENTIONALLY OMITTED.]

(g) Insufficient Authorized Shares. If at any time while any of the Warrants remain outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon exercise of the Warrants at least a number of shares of Common Stock equal to 100% (the "**Required Reserve Amount**") of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of all of the Warrants then outstanding (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Warrants then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal.

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2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) If the Company, at any time while this Warrant is outstanding: (A) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be adjusted by multiplying the Exercise Price by a fraction, of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted to result in the same Aggregate Exercise Price as existed immediately prior to such event. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution or shall become effective immediately after the effective date of such subdivision, combination or re classification, as applicable.

(b) Organic Change. If, at any time while this Warrant is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another Person, (B) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (D) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each "Organic Change"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Organic Change, the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and/or any additional consideration (the "Alternate Consideration") receivable as a result of such merger, consolidation or disposition of assets by a Holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Organic Change (if applicable), and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Organic Change, then the Holder shall be given the same choice (no later than the time of the Organic Change) as to the Alternate Consideration it receives upon any exercise of this Warrant following such Organic Change. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Organic Change shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to exercise such warrant into Alternate Consideration. The terms of any agreement pursuant to which an Organic Change is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 2(b) and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to an Organic Change.

3. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Articles of Incorporation, Bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as any of the Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the Warrants, 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of the Warrants then outstanding (without regard to any limitations on exercise).

4. INVESTMENT INTENT. The Holder is acquiring the Warrant, and will acquire the Warrant Shares by any exercise, for investment purposes only for its own account and not with an intent to acquire majority control of the Company.

5. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 4, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

6. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 5(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 5(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred. Applicable transfer taxes, if any, shall be paid by the Holder.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 5(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 5(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that no Warrants for fractional shares of Common Stock shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 5(a) or Section 5(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), and (iii) shall reference the Original Issuance Date.

7. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with the notice provision requirements of the Subscription Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen days prior to the date on

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which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Common Stock, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

8. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Required Holders; provided that no such action may (i) increase the exercise price of any Warrants issued under the Subscription Agreement or decrease the number of shares or change the class of stock obtainable upon exercise of any Warrants issued under the Subscription Agreement, (ii) modify Section 1(d) or 1(g) of this Warrant or (iii) disproportionately affect the Holder in a materially and adversely manner (except as a result of holding a greater percentage of Warrant Shares) without the written consent of the Holder. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Warrants then outstanding.

9. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Minnesota without regard to the choice of law principles thereof.

10. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and all the Holders and shall not be construed against any person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

11. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

12. TRANSFER. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company, except as may otherwise be required by the Subscription Agreement.

13. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Bloomberg**" means Bloomberg Financial Markets.

(b) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

(c) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid

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price or the closing trade price, as the case may be, then the last bid price or last trade price, respectively, of such security prior to 4:00 p.m., New York Time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the “pink sheets” by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 10. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

(d) “**Common Stock**” means (i) the Company’s shares of Common Stock, par value \$0.01 per share, and (ii) any share capital into which such Common Stock shall have been changed or any share capital resulting from a reclassification of such Common Stock.

(e) “**Convertible Securities**” means any stock or securities (other than Options) directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock.

(f) “**Eligible Market**” means the Principal Market, the American Stock Exchange, The New York Stock Exchange, Inc. or the Nasdaq Capital Market.

(g) “**Expiration Date**” means the date thirty-six (36) months after the Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a “**Holiday**”), the next date that is not a Holiday; provided, that the Expiration Date may be accelerated pursuant to the provisions of Section 1(h).

(h) “**Fundamental Transaction**” means that the Company shall, directly or indirectly, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Person, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company, including intellectual property, to another Person, or (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than fifty percent (50%) of either the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), or (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than fifty percent (50%) of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business combination), (v) reorganize, recapitalize or reclassify its Common Stock (other than a forward or reverse stock split), or (vi) any “person” or “group” (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or shall become the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of fifty percent (50%) of the aggregate ordinary voting power represented by issued and outstanding Common Stock.

(i) “**Options**” means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(j) “**Organic Change**” means a transaction as described in section 2(b).

(k) “**Parent Entity**” of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

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(l) “**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(m) “**Principal Market**” means the OTC Bulletin Board.

(n) “**Required Holders**” means the holders of the Warrants representing at least a majority of shares of Common Stock underlying the Warrants then outstanding.

(o) “**Securities**” means the Notes issued pursuant to the Subscription Agreement.

(p) “**Successor Entity**” means the Person (or, if so elected by the Required Holders, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Required Holders, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

**BIODRAIN MEDICAL, INC.**

By: \_\_\_\_\_  
Kevin Davidson  
Chief Executive Officer

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EXHIBIT A

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS  
WARRANT TO PURCHASE COMMON STOCK  
BIODRAIN MEDICAL, INC.

The undersigned holder hereby exercises the right to purchase \_\_\_\_\_ of the shares of Common Stock (“**Warrant Shares**”) of BIODRAIN MEDICAL, INC., a Minnesota corporation (the “**Company**”), evidenced by the attached Warrant to Purchase Common Stock (the “**Warrant**”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

\_\_\_\_\_ a “Cash Exercise” with respect to \_\_\_\_\_ Warrant Shares; and/or

\_\_\_\_\_ a “Cashless Exercise” with respect to \_\_\_\_\_ Warrant Shares.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of \$ \_\_\_\_\_ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder \_\_\_\_\_ Warrant Shares in accordance with the terms of the Warrant.

4. Acknowledgement. The undersigned holder hereby represents and warrants that after giving effect to the exercise of the Warrant contemplated by this Exercise Notice, such holder will not be in violation of the beneficial ownership limits specified in Section 1(g) of the Warrant, as increased or decreased pursuant to terms contained therein.

Date: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Name of Registered Holder

By:  
Name:  
Title:



**ACKNOWLEDGMENT**

The Company hereby acknowledges this Exercise Notice and hereby directs **[Insert Name of Transfer Agent]** to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated \_\_\_\_\_ from the Company and acknowledged and agreed to by **[Insert Name of Transfer Agent]**.

**BIODRAIN MEDICAL, INC.**

By: \_\_\_\_\_  
Kevin Davidson  
Chief Executive Officer