

IntelGenx Technologies Corp.
Form SB-2/A
August 20, 2007

As filed with the Securities and Exchange Commission on August 17, 2007
Registration No. 333-143657

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

FORM SB-2/A

(Amendment No. 2)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

INTELGENX TECHNOLOGIES CORP.

(Name of small business issuer in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2834
(Primary Standard Industrial
Classification Code)

870299034
(I.R.S. Employer
Identification Number)

6425 Abrams
Ville St- Laurent
Quebec, H4S 1X9
(514) 331-7440

(Address and telephone number of principal executive offices and place of business)

Horst Zerbe

Chief Executive Officer
IntelGenx Technologies Corp.
6425 Abrams
Quebec, H4S 1X9
(514) 331-7440
(Name, address and telephone of agent for service)

Copies to:
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Approximate date of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

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

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. £

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. £

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.£

CALCULATION OF REGISTRATION FEE

<u>Title of Each Class of Securities to be Registered</u>	<u>Amount to be Registered (1)</u>	<u>Proposed Maximum Offering Price Per Share (2)</u>	<u>Proposed Maximum Aggregate Offering Price</u>	<u>Amount of Registration Fee</u>
Common Stock	1,636,702	\$1.70	\$2,782,393.40	\$85.42*
Total	1,636,702		\$2,782,393.40	\$85.42*

* Previously paid.

1. Represents shares of common stock underlying secured convertible debentures issued on May 22, 2007.
2. Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) and Rule 457(g) under the Securities Act of 1933, using the average of the high and low price as reported on the OTC Bulletin Board on August 15, 2007.

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 security holders will not sell these securities until after the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS, SUBJECT TO COMPLETION, DATED AUGUST 17, 2007

IntelGenx Technologies Corp.

1,636,702 Shares of Common Stock

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This prospectus relates to the offer for sale of 1,636,702 shares of our common stock by certain existing holders of the securities, referred to as selling stockholders throughout this document. The shares of common stock to be sold by the selling security holders include shares of common stock underlying 8% secured convertible debentures with a fixed conversion price of \$0.70. The debentures were issued pursuant to a securities purchase agreement entered into on May 22, 2007 with certain institutional and accredited investors.

The selling stockholders identified in this prospectus, or their pledgees, donees, transferees or other successors-in-interest, may offer the common stock or interests therein from time to time through public or private transactions at prevailing market prices, at prices related to prevailing market prices, or at privately negotiated prices. We will not receive any of the proceeds from the sale of the shares of our common stock in this offering. We will pay all expenses of registering this offering of securities.

Our common stock is quoted on the Over-The-Counter Bulletin Board (the "OTC Bulletin Board") under the symbol "IGXT". The last reported sales price per share of our common stock as reported by the OTCBB on August 15, 2007 was \$1.70

Investing in our stock involves substantial risks. See "Risk Factors" beginning on page 5.

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 August __, 2007

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere in this prospectus. This summary is not complete and may not contain all of the information that may be important to you. You should read carefully this entire prospectus, including the information under "Risk Factors" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision.

Our Business

We are a drug delivery company headquartered in Montreal (Quebec) which focuses on the development of novel oral immediate release and controlled-release products for the generic pharmaceutical market.

We currently have two unique, proprietary platform technologies that we use to develop products: (a) a Tri-Layer Tablet technology which allows for the development of oral controlled release products, and (b) a Quick Release Wafer technology for the rapid delivery of pharmaceutically active substances to the oral cavity. Our Tri-Layer technology is very versatile and reduces manufacturing costs significantly as compared to competing delivery technologies. The wafer technology allows for the instant delivery of pharmaceuticals to the oral mucosa and presently, management believes that this technology will give the Company a strong competitive position in the drug delivery market

Our executive offices are located at 6425 Abrams, Ville Saint-Laurent, Quebec, H4S 1X9, Canada. Our web site address is <http://www.IntelGenx.com>. Information contained on our web site is not a part of this prospectus.

The Offering

Common stock offered by selling stockholder	Up to 1,636,702 shares underlying convertible debentures with a fixed conversion price of \$0.70, subject to adjustment. This number represents approximately 10% of our currently outstanding common stock.
Common stock to be outstanding after the offering	Up to 17,644,191 shares, assuming the full conversion of \$1,500,000 of outstanding convertible debentures at the fixed conversion price.
Use of proceeds	We will not receive any proceeds from the sale of the common stock underlying the convertible debentures. We will, however, receive proceeds from the exercise of any

warrants. Upon closing, we received net proceeds of approximately \$1.36 million from the sale of the convertible debentures. We plan to use the first \$900,000 of net proceeds for working capital purposes; (ii) the next \$136,178 of net proceeds toward the repayment in full of the Secured Bank Loan; and (iii) the remaining net proceeds for working capital purposes.

OTCBB Ticker Symbol

IGXT

The above information regarding common stock to be outstanding after the offering is based on 16,007,489 shares of common stock outstanding as of August 16, 2007 and assumes the subsequent conversion of the convertible debentures by our selling stockholders.

Terms of May 2007 Private Placement of Convertible Debentures and Warrants

On May 22, 2007, IntelGenx Technologies Corp. ("IntelGenx" or the "Company") completed the sale of 8% Secured Convertible Debentures (the "Debentures") in an aggregate principal amount of approximately \$1.5 million (the "Purchase Price") to certain institutional and accredited investors (the "Investors"), pursuant to a Securities Purchase Agreement (the "Purchase Agreement"). The Company received net proceeds of approximately \$1.36 million.

Pursuant to the Purchase Agreement, the Company also issued to the Investors five year warrants to purchase 2,142,857 shares of the Company's common stock at an exercise price of \$1.02 per share (the "Warrants"). The Debentures mature twenty-eight (28) months from the date of issuance (the "Maturity Date") and are convertible at any time into shares of the Company's common stock at a fixed conversion price of \$.70. The conversion price of the Debentures and exercise price of the Warrants is subject to adjustment for certain events, including dividends, distributions or split of the Company's Common Stock, subsequent equity sales or rights offerings by the Company, or in the event of the Company's consolidation, merger or reorganization. The Debentures bear interest at the rate of 8% per annum, which interest is payable quarterly in cash or, at the Company's option following the effective date of the registration statement, in shares of common stock equal to the interest amount divided by the lower of \$0.70 or 85% of the Company's 20 day volume weighted average stock price.

The Company's obligations under the Purchase Agreement and the Debentures are secured by a lien on substantially all of the assets of the Company, pursuant to a Security Agreement.

In connection with the Purchase Agreement, the Company also entered into registration rights agreements (the "Registration Rights Agreements") providing for the filing of a registration statement (the "Registration Statement") with the Securities and Exchange Commission registering the Common Stock issuable upon conversion of the Debentures and exercise of the Warrants. The Company is obligated to file the Registration Statement no later than 45 days from the date of closing and to use its best efforts to cause the Registration Statement to be declared effective no later than 90 days after the date of closing (or 120 days in the event of a "full review" by the Securities and Exchange Commission). In the event that its obligations under the Registration Rights Agreements are not met, the Company is required to pay to the Investors, as liquidated damages, an amount equal to 1.0% of the Purchase Price for the first month, increasing to 1.5% for each month thereafter, subject to a maximum of 12%.

In connection with the private placement, the Company paid legal and due diligence expenses of the Investors in an amount of approximately \$28,750. In addition, Carter Securities LLC, an NASD registered broker-dealer, received

placement agent fees of approximately \$127,500 and four year warrants to purchase 214,286 shares of the Company's common stock at an exercise price of \$0.70 per share.

RISK FACTORS

An investment in our common stock involves significant risks. You should carefully consider the following risks and all other information set forth in this prospectus before deciding to invest in shares of our common stock. If any of the events or developments described below occurs, our business, financial condition and results of operations may suffer. In that case, the value of our common stock may decline and you could lose all or part of your investment.

Risks Related to Our Business

We continue to sustain losses and our revenues are minimal.

Even though we completed the development stage of our operations in April 2006 when we commenced consistently generating revenues from our operations, we are still subject to all of the risks inherent in both the creation of a new business and the development of new products. Our cash flows may be insufficient to meet expenses relating to our operations and the development of our business, and may be insufficient to allow us to develop new products. We currently conduct research and development using our proprietary platform technologies to develop oral controlled released and other delivery products. We do not know if we will always be successful in the development of such products.

We have an accumulated deficit of approximately \$1,011,919 since our inception in 2003. To date, these losses have been financed principally through sales of equity securities, long-term debt and debt from related parties. Our revenues for the three and six months ended June 30, 2007 and June 30, 2006 were \$335,923, \$423,378, \$93,168 and \$188,686, respectively. Our revenues for the years ended December 31, 2006, December 31, 2005 and December 31, 2004 were \$265,901, \$19,990 and \$257,374 respectively. Our revenues consisted primarily of development fee revenues from three clients and have not been sufficient to sustain our operations. In order to achieve profitability our revenue streams will have to increase and even though we expect increased revenues from development fees in 2007, there is no assurance that revenues can increase to such a level. Additional capital and/or borrowings will be necessary in order for us to continue in existence until we are able to attain and sustain profitable operations.

We are subject to currency fluctuations, which may affect our results.

The majority of our expenses and our debt are in Canadian dollars, while our revenues are primarily in U.S. dollars. The fluctuation of the Canadian dollar and the U.S. dollar could materially impact our operating results and financial position.

We may need additional capital to fulfill our business strategies. We may also incur unforeseen costs. Failure to obtain such capital would adversely affect our business.

We will need to expend significant capital in order to continue with our research and development by hiring additional research staff and acquiring additional equipment. If our cash flows from operations are insufficient to fund our expected capital needs, or our needs are greater than anticipated, we will be required to raise additional funds in the future through private or public sales of equity securities or the incurrence of additional indebtedness. Additional funding may not be available on favorable terms, or at all. If we borrow additional funds, we likely will be obligated to make periodic interest or other debt service payments and may be subject to additional restrictive covenants. If we fail to obtain sufficient additional capital in the future, we could be forced to curtail our growth strategy by reducing or delaying capital expenditures, selling assets or downsizing or restructuring our operations. If we raise additional funds through public or private sales of equity securities, the sales may be at prices below the market price of our stock, and our shareholders may suffer significant dilution.

The loss of the services of key personnel would adversely affect our business.

Our future success depends to a significant degree on the skills, experience and efforts of our executive officers and senior management staff. The loss of the services of existing personnel, particularly Horst Zerbe, our Chairman of the Board and Chief Executive Officer, would be detrimental to our research and development programs and to our overall business.

We are dependent on collaborators to conduct clinical trials of, obtain regulatory approvals for, and manufacture, market, and sell our controlled release products.

We depend heavily on our pharmaceutical partners to pay for part or all of the research and development expenses associated with developing a new product and to obtain approval from regulatory bodies such as the FDA to commercialize these products. We also depend on our partners to successfully distribute these products after receiving regulatory approval. We derive our revenues from research and development fees, milestone fees and royalty fees all of which are paid to us by our partners. Our inability to successfully find pharmaceutical partners who are willing to pay us these fees in order to develop new products would negatively impact our business and our cash flows.

We have limited experience in manufacturing, marketing and selling pharmaceutical products. Accordingly, if we cannot maintain our existing collaborations or establish new collaborations with respect to our other products in development, we will have to establish our own capabilities or discontinue the commercialization of the affected product. Developing our own capabilities would be expensive and time consuming and could delay the commercialization of the affected product. There can be no assurance that we would be successful in developing these capabilities.

Our existing collaborations are subject to termination on short notice under certain circumstances including, for example, if the collaborator determines that the product in development is not likely to be successfully developed or not likely to receive regulatory approval, if we breach the agreement or upon a bankruptcy event. If any of our collaborations are terminated, we may be required to devote additional resources to the product, seek a new collaborator on short notice or abandon the product. The terms of any additional collaborations or other arrangements that we establish may not be favorable to us.

We are also at risk that these collaborations or other arrangements may not be successful. Factors that may affect the success of our collaborations include the following:

Our collaborators may be pursuing alternative technologies or developing alternative products, either on their own or in collaboration with others, that may be competitive with the product as to which they are collaborating with us, which could affect our collaborator's commitment to the collaboration with us.

Our collaborators may reduce marketing or sales efforts, or discontinue marketing or sales of our products. This would reduce our revenues received on the products.

Our collaborators may terminate their collaborations with us. This could make it difficult for us to attract new collaborators or adversely affect perception of us in the business and financial communities.

Our collaborators may pursue higher priority programs or change the focus of their development programs, which could affect the collaborator's commitment to us. Pharmaceutical and biotechnology companies historically have re-evaluated their priorities from time to time, including following mergers

and consolidations, which have been common in recent years in these industries.

We face competition in our industry, and many of our competitors have substantially greater experience and resources than we do.

We compete with other companies within the drug delivery industry, many of which have more capital, more extensive research and development capabilities and greater human resources than we do. Some of these drug delivery competitors include Biovail, Penwest, Andrx, and Labopharm. Our competitors may develop new or enhanced products or processes that may be more effective, less expensive, safer or more readily available than any products or processes that we develop, or they may develop proprietary positions that prevent us from being able to successfully commercialize new products or processes that we develop. As a result, our products or processes may not compete successfully, and research and development by others may render our products or processes obsolete or uneconomical. We expect competition to increase as technological advances are made and commercial applications broaden.

We are dependent upon sales outside the United States, which are subject to a number of risks.

Our future results of operation could be harmed by risks inherent in doing business in international markets, including:

Unforeseen changes in regulatory requirements;

Weaker intellectual property rights protection in some countries;

New export license requirements, changes in tariffs or trade restrictions; and

Political and economic instability in our target markets.

We rely upon a third-party manufacturer, which puts us at risk for supplier business interruptions.

We have entered into an agreement with a third party manufacturer which will manufacture certain of our products once we complete development and after we receive regulatory approval. If our third-party manufacturer fails to perform, our ability to market products and to generate revenue would be adversely affected. Our failure to deliver products in a timely manner could lead to the dissatisfaction of our distribution partners and damage our reputation, cause our distribution partners to cancel existing agreements with us and to stop doing business with us.

The third-party manufacturer that we depend on to manufacture our products is required to adhere to FDA regulations regarding current Good Manufacturing Practices (cGMP), which include testing, control and documentation requirements. Ongoing compliance with cGMP and other regulatory requirements is monitored by periodic inspection by the FDA and comparable agencies in other countries. Failure by our third-party manufacturer to comply with cGMP and other regulatory requirements could result in actions against them by regulatory agencies and jeopardize our ability to obtain products on a timely basis.

We are subject to extensive government regulation including the requirement of approval before our products may be marketed. Even if we obtain marketing approval, our products will be subject to ongoing regulatory review.

We, our collaborators, our products, and our product candidates are subject to extensive regulation by governmental authorities in the United States and other countries. Failure to comply with applicable requirements could result in warning letters; fines and other civil penalties; delays in approving or refusal to approve a product candidate; product recall or seizure; withdrawal of product approvals; interruption of manufacturing or clinical trials; operating restrictions; injunctions; and criminal prosecution.

Our products cannot be marketed in the United States without FDA approval. Obtaining FDA approval requires substantial time, effort, and financial resources, and there can be no assurance that any approval will be granted on a timely basis, if at all. We rely on our partners for the preparation of applications and for obtaining regulatory

approvals. If the FDA does not approve our product candidates in a timely fashion, or does not approve them at all, our business and financial condition may be adversely affected. Further, the terms of approval of any marketing application, including the labeling content, may be more restrictive than we desire and could affect the marketability of our or our collaborator's products. Subsequent discovery of problems with an approved product may result in restrictions on the product or its withdrawal from the market. In addition, both before and after regulatory approval, we, our collaborators, our products, and our product candidates are subject to numerous FDA requirements covering testing, manufacturing, quality control, (cGMP), adverse event reporting, labeling, advertising, promotion, distribution, and export. Our collaborators and we are subject to surveillance and periodic inspections to ascertain compliance with these regulations. Further, the relevant law and regulations may change in ways that could affect us, our collaborators, our products, and our product candidates. Failure to comply with regulatory requirements could have a material adverse impact on our business.

Regulations regarding the manufacture and sale of our future products are subject to change. We cannot predict what impact, if any, such changes may have on our business, financial condition or results of operations. Failure to comply with applicable regulatory requirements could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the time required for obtaining regulatory approval is uncertain. We may encounter delays or product rejections based upon changes in FDA policies, including cGMP, during periods of product development. We may encounter similar delays in countries outside of the United States. We may not be able to obtain these regulatory acceptances on a timely basis, or at all.

The failure to obtain timely regulatory acceptance of our products, any product marketing limitations, or any product withdrawal would have a material adverse effect on our business, financial condition and results of operations. In addition, before it grants approvals, the FDA or any foreign regulatory authority may impose numerous other requirements with which we must comply. Regulatory acceptance, if granted, may include significant limitations on the indicated uses for which the product may be marketed. FDA enforcement policy strictly prohibits the marketing of accepted products for unapproved uses. Product acceptance could be withdrawn, or civil or criminal sanctions could be imposed, for our failure to comply with regulatory standards or the occurrence of unforeseen problems following initial marketing.

The third party manufacturer that we depend on to manufacture our products are required to adhere to FDA regulations regarding cGMP and similar regulations in other countries, which include testing, control and documentation requirements. Ongoing compliance with cGMP and other regulatory requirements is monitored by periodic inspection by the FDA and comparable agencies in other countries.

We may not be able to expand or enhance our existing product lines with new products limiting our ability to grow.

If we are not successful in the development and introduction of new products, our ability to grow will be impeded. We may not be able to identify products to enhance or expand our product lines. Even if we can identify potential products, our investment in research and development might be significant before we could bring the products to market. Moreover, even if we identify a potential product and expend significant dollars on development, we may never be able to successfully bring the product to market or achieve market acceptance for such product. As a result, we may never recover our expenses.

The market may not be receptive to products incorporating our drug delivery technologies.

The commercial success of any of our products that are approved for marketing by the FDA and other regulatory authorities will depend upon their acceptance by the medical community and third party payors as clinically useful, cost-effective and safe. No product based on our technologies is marketed in the United States, so there can be no assurance as to market acceptance.

Factors that we believe could materially affect market acceptance of these products include:

the timing of the receipt of marketing approvals and the countries in which such approvals are obtained;

the safety and efficacy of the product as compared to competitive products;

the relative convenience and ease of administration as compared to competitive products;

the strength of marketing distribution support; and

the cost-effectiveness of the product and the ability to receive third party reimbursement.

We are subject to environmental regulations, and any failure to comply may result in substantial fines and sanctions.

Our operations are subject to Canadian and international environmental laws and regulations governing, among other things, emissions to air, discharges to waters and the generation, handling, storage, transportation, treatment and disposal of raw materials, waste and other materials. Many of these laws and regulations provide for substantial fines and criminal sanctions for violations. We believe that we are and have been operating our business and facility in a manner that complies in all material respects with environmental, health and safety laws and regulations; however, we may incur material costs or liabilities if we fail to operate in full compliance. We do not maintain environmental damage insurance coverage with respect to the products which we manufacture.

We may have to make significant expenditures in the future to comply with evolving environmental, health and safety requirements, including new requirements that may be adopted or imposed in the future. To meet changing licensing and regulatory standards, we may have to make significant additional site or operational modifications that could involve substantial expenditures or reduction or suspension of some of our operations. We cannot be certain that we have identified all environmental and health and safety matters affecting our activities and in the future our environmental, health and safety problems, and the costs to remediate them, may be materially greater than we expect.

Our limited cash resources restrict our ability to pay cash dividends.

Since our inception, we have not paid any cash dividends on our common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. If we do not pay any dividends on our common stock, our stockholders will be able to profit from an investment only if the price of the stock appreciates before the stockholder sells it.

We will need to make substantial financial and man-power investments in order to assess our internal controls over financial reporting and our internal controls over financial reporting may be found to be deficient.

Section 404 of the Sarbanes-Oxley Act of 2002 requires management to assess its internal controls over financial reporting and requires auditors to attest to that assessment. Current regulations of the Securities and Exchange Commission, or SEC, will require us to include this assessment in our Annual Report on Form 10-KSB commencing with the annual report for the fiscal year ended December 31, 2007 and to include the auditor's attestation in our Annual Report for the fiscal year ended December 31, 2008.

We will incur significant increased costs in implementing and responding to the new requirements. In particular, the rules governing the standards that must be met for management to assess its internal controls over financial reporting under Section 404 are complex, and require significant documentation, testing and possible remediation. Our process of reviewing, documenting and testing our internal controls over financial reporting may cause a significant strain on our management, information systems and resources. We may have to invest in additional accounting and software systems. We may be required to hire additional personnel and to use outside legal, accounting and advisory services.

In addition, we will incur additional fees from our auditors as they perform the additional services necessary for them to provide their attestation. If we are unable to favorably assess the effectiveness of our internal control over financial reporting when we are required to, or if our independent auditors are unable to provide an unqualified attestation report on such assessment, we may be required to change our internal control over financial reporting to remediate deficiencies. In addition, investors may lose confidence in the reliability of our financial statements causing our stock price to decline.

Risks Related to Our Intellectual Property

If we are not able to adequately protect our intellectual property, we may not be able to compete effectively.

Our success depends, to a significant degree, upon the protection of our proprietary technologies. While we currently own 3 U.S. patents and have applied for 4 US patents and one PCT application (International Patent Application), we will need to pursue additional protections for our intellectual property as we develop new products and enhance existing products. We may not be able to obtain appropriate protection for our intellectual property in a timely manner, or at all. Our inability to obtain appropriate protections for our intellectual property may allow competitors to enter our markets and produce or sell the same or similar products.

If we are forced to resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome and expensive. In addition, our proprietary rights could be at risk if we are unsuccessful in, or cannot afford to pursue, those proceedings.

We also rely on trade secrets and contract law to protect some of our proprietary technology. We have entered into confidentiality and invention agreements with our employees and consultants. Nevertheless, these agreements may not be honored and they may not effectively protect our right to our un-patented trade secrets and know-how. Moreover, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets and know-how.

In 1995, the U.S. Patent and Trademark Office adopted changes to the U.S. patent law that made the term of issued patents 20 years from the date of filing rather than 17 years from the date of issuance, subject to specified transition periods. Beginning in June 1995, the patent term became 20 years from the earliest effective filing date of the underlying patent application. These changes may reduce the effective term of protection for patents that are pending for more than three years. While we cannot predict the effect that these changes will have on our business, they could have a material adverse effect on our ability to protect our proprietary information. Furthermore, the possibility of extensive delays in the patent issuance process could effectively reduce the term during which a marketed product is protected by patents.

We may need to obtain licenses to patents or other proprietary rights from third parties. We may not be able to obtain the licenses required under any patents or proprietary rights, or they may not be available on acceptable terms. If we do not obtain required licenses, we may encounter delays in product development or find that the development, manufacture or sale of products requiring licenses could be foreclosed. We may, from time to time, support and collaborate in research conducted by universities and governmental research organizations. We may not be able to acquire exclusive rights to the inventions or technical information derived from these collaborations, and disputes may arise over rights in derivative or related research programs conducted by us or our collaborators.

If we infringe on the rights of third parties, we may not be able to sell our products, and we may have to defend against litigation and pay damages.

If a competitor were to assert that our products infringe on its patent or other intellectual property rights, we could incur substantial litigation costs and be forced to pay substantial damages. Third-party infringement claims, regardless of their outcome, would not only consume significant financial resources, but would also divert our management's time and attention. Such claims could also cause our customers or potential customers to purchase competitors' products or defer or limit their purchase or use of our affected products until resolution of the claim. If any of our products are found to violate third-party intellectual property rights, we may have to re-engineer one or more of our products, or we may have to obtain licenses from third parties to continue offering our products without substantial re-engineering. Our efforts to re-engineer or obtain licenses could require significant expenditures and may not be successful.

Our controlled release products that are generic versions of branded controlled release products that are covered by one or more patents may be subject to litigation, which could delay FDA approval and commercial launch of our products

We expect to file or have our collaborators file ANDAs or NDAs for our controlled release products under development that are covered by one or more patents of the branded product. It is likely that the owners of the patents covering the brand name product or the sponsors of the NDA with respect to the branded product will sue or undertake regulatory initiatives to preserve marketing exclusivity. Any significant delay in obtaining FDA approval to market our products as a result of litigation, as well as the expense of such litigation, whether or not we or our collaborators are successful, could have a materially adverse effect on our business, financial condition and results of operations.

Risks Related to Our Securities

The price of our common stock could be subject to significant fluctuations.

Our common stock started trading on the OTC Bulletin Board on January 16, 2007.

Any of the following factors could affect the market price of our common stock:

- Our failure to achieve and maintain profitability;
- Changes in earnings estimates and recommendations by financial analysts;
- Actual or anticipated variations in our quarterly results of operations;
- Changes in market valuations of similar companies;
- Announcements by us or our competitors of significant contracts, new products, acquisitions, commercial relationships, joint ventures or capital commitments;
- The loss of major customers or product or component suppliers;
- The loss of significant partnering relationships; and
- General market, political and economic conditions.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs and divert our management's time and attention, which would otherwise be used to benefit our business. We expect such factors to impact our market price for the foreseeable future.

We have a significant number of options and warrants outstanding that could be exercised in the future. Subsequent re-sales of these and other shares could cause the Company's stock price to decline. This could also make it more difficult to raise funds at acceptable levels, via future securities offerings.

We have a concentration of stock ownership and control, and a small number of stockholders have the ability to exert significant control in matters requiring stockholder vote and may have interests that conflict with ours.

Our common stock ownership is highly concentrated. See "Security Ownership of Certain Beneficial Owners and Management." As a result, a relatively small number of stockholders, acting together, have the ability to control all matters requiring stockholder approval, including the election of directors and approval of mergers and other significant corporate transactions. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company. It could also deprive our stockholders of an opportunity to receive a premium for their shares as part of a sale of our company and it may affect the market price of our common stock. In deciding how to vote on such matters, those stockholders' interests may conflict with yours.

Lack of Independent Directors

We cannot guarantee that our Board of Directors will have a majority of independent directors. In the absence of a majority of independent directors, our executive officers, who are also principal stockholders and directors, could establish policies and enter into transactions without independent review and approval thereof. This could present the potential for a conflict of interest between the Company and its stockholders generally and the controlling officers, stockholders or directors.

Our common stock is quoted on the OTC Bulletin Board.

As a result, the holders of our common stock may find it more difficult to obtain accurate quotations concerning the market value of the stock. Stockholders also may experience greater difficulties in attempting to sell the stock than if it was listed on a stock exchange or quoted on Nasdaq. Because our common stock is not traded on a stock exchange or on Nasdaq, and the market price of the common stock is less than \$5.00 per share, the common stock is classified as a "penny stock." Rule 15c-9 of the Securities Exchange Act of 1934 imposes additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as an "established customer" or an "accredited investor." This includes the requirement that a broker-dealer must make a determination that investments in penny stocks are suitable for the customer and must make special disclosures to the customer concerning the risks of penny stocks. Application of the penny stock rules to our common stock could adversely affect the market liquidity of the shares, which in turn may affect the ability of holders of our common stock to resell the stock.

Consequently, these rules may restrict the ability of broker-dealers to trade and/or maintain a market in our common stock and may affect the ability of stockholders to sell their shares. These requirements may be considered cumbersome by broker-dealers and could impact the willingness of a particular broker-dealer to make a market in our shares, or they could affect the value at which our shares trade. Classification of the shares as penny stocks increases the risk of an investment in our shares.

We became public by means of a reverse merger, and as a result we are subject to the risks associated with the prior activities of the public company. In addition, we may not be able to attract the attention of major brokerage firms or institutional buyers.

Additional risks may exist because we became public through a "reverse merger" with a shell corporation. Although the shell did not have recent or past operations or assets and we performed a due diligence review of the public company, there can be no assurance that we will not be exposed to undisclosed liabilities resulting from the prior operations of our company.

Security analysts of major brokerage firms and securities institutions may not cover us since there are no broker-dealers who sold our stock in a public offering who would have an incentive to follow or recommend the purchase of our common stock. No assurance can be given that established brokerage firms will want to conduct any financings for us in the future.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the

Exchange Act. All statements, other than statements of historical fact, contained in this prospectus constitute forward-looking statements. In some cases you can identify forward-looking statements by terms such as "may," "intend," "might," "will," "should," "could," "would," "expect," "believe," "estimate," "anticipate," "predict," "project," "potential," or the negative of these terms and similar expressions intended to identify forward-looking statements.

Forward-looking statements are based on assumptions and estimates and are subject to risks and uncertainties. We have identified in this prospectus some of the factors that may cause actual results to differ materially from those expressed or assumed in any of our forward-looking statements. There may be other factors not so identified. You should not place undue reliance on our forward-looking statements. As you read this prospectus, you should understand that these statements are not guarantees of performance or results. Further, any forward-looking statement speaks only as of the date on which it is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time that may cause our business not to develop as we expect and it is not possible for us to predict all of them. Factors that may cause actual results to differ materially from those expressed or implied by our forward-looking statements include, but are not limited to, those described under the heading "Risk Factors" beginning on page 5, as well as the following:

- Our limited operating history and business development associated with being a development stage company;
- Our history of operating losses, which we expect to continue;
- Our ability to generate enough positive cash flow to pay our creditors;
- Our dependence on key personnel;
- Our need to attract and retain technical and managerial personnel;
- Our ability to execute our business strategy;
- Intense competition with established leaders in the drug delivery industry;
- Our ability to protect our intellectual property and proprietary technologies;
- Costs associated with potential intellectual infringement claims asserted by a third party;
- Our exposure to product liability claims resulting from the use of our products;
- General economic and capital market conditions, including political and economic uncertainty in various areas of the world where we do business;
- Our exposure to unanticipated and uncontrollable business interruptions;
- Pricing and product actions taken by our competitors;
- Financial conditions of our customers;
- Customers' perception of our financial condition relative to that of our competitors;
- Changes in United States or foreign tax laws or regulations;
- Reliance upon suppliers and risks of production disruptions and supply and capacity constraints;
- Our dependence on our pharmaceutical partners;
- Costs of raw materials and energy;
- Unforeseen liabilities arising from litigation;
- Our ability to successfully complete the integration of any future acquisitions;
- Our exposure to undisclosed liabilities of the public shell corporation;
- Our ability to project the market for our products based upon estimates and assumptions; and
- Our ability to obtain approvals needed to market our products.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock has been quoted on the OTC Bulletin Board under the symbol "IGXT" since January 2007. For the periods indicated, the following table sets forth the high and low bid prices per share of common stock. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

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Period Ended	High (\$)	Low (\$)
September 30, 2007 (through August 15, 2007)	1.90	0.90
June 30, 2007	1.31	0.60
March 31, 2007	1.20	0.68

Holders

As of June 4, 2007, we had approximately 123 active holders of our common stock. The number of active record holders was determined from the records of our transfer agent and also includes beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies. The transfer agent of our common stock is StockTrans Inc., 44 W. Lancaster Avenue, Ardmore, Pennsylvania 19003.

Dividend Policy

We have never declared any cash dividends and do not anticipate paying such dividends in the near future. We anticipate all earnings for the foreseeable future will be, retained for future investments in business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and subject to the approval of 66.6% of the Exchangeable Shares issued pursuant to our acquisition of Intelgenx Corp. (See "Description of Business - The IntelGenx Acquisition"). In addition, any determination to pay cash dividends will be dependent upon our results of operations, financial conditions, contractual restrictions, and other factors deemed relevant by our Board of Directors.

2006 STOCK OPTION PLAN

A majority of our shareholders approved the 2006 Option Plan at the Annual General Meeting held on August 10, 2006. Under the 2006 Stock Option Plan up to 1,600,749 shares of common stock may be issued upon the exercise of options granted to directors, management, employees and consultants. As of August 15, 2007 1,376,500 options have been granted under the 2006 Option Plan. No options granted under the 2006 Stock Option Plan have been exercised.

Equity Compensation Plan Information

Number of Securities to be issued upon	Weighted- Average	Number of securities remaining available
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	exercise of outstanding options, warrants, and rights	Exercise Price of outstanding options, warrants, and rights	for future issuance under equity compensation plans (excluding securities reflected in the first two columns)
Equity Compensation Plans Approved by Security Holders	1,376,500	\$0.55	224,249
Equity Compensation Plans Not Approved by Security Holders	None	None	None
Total	1,376,500	\$0.55	224,249

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On September 26, 2006 we granted options to purchase 225,000 shares of common stock to three non-employee directors. These options have an exercise price of \$0.41, vested immediately and expire on September 26, 2016.

On October 1, 2006 we granted options to purchase up to 69,000 shares of common stock to a consultant. These options have an exercise price of \$0.41, vest immediately and expire on October 1, 2016.

On November 9, 2006 we granted options to purchase up to 450,000 shares of common stock to the CFO and an management employee. These options have an exercise price of \$0.41, vest immediately and expire on November 9, 2016.

On November 13, 2006 we granted options to purchase up to 250,000 shares of common stock to a consultant. These options have an exercise price of \$0.41, vest over two years, 25% every six months and expire on November 13, 2016.

On November 16, 2006 we granted options to purchase up to 100,000 shares of common stock to employees and 25,000 options to a consultant. These options have an exercise price of \$0.41, vest over 2 years, 25% every six months and expire on November 16, 2016.

On August 9, 2007 we granted options to purchase up to 107,500 shares of common stock to four non-employee directors. These options have an exercise price of \$1.15, vesting immediately and expire on August 9, 2017. We also granted options to purchase up to 75,000 shares of common stock to the CFO and 75,000 to a consultant. These options have an exercise price of \$1.15, vest over 2 years, 25% every six months and expire on August 9, 2017.

As of August 15, 2007 there are 224,249 options remaining to be granted under the 2006 Option Plan.

None of the options have been exercised as of August 15, 2007.

SALES OF UNREGISTERED SECURITIES

The following issuance of shares were exempt from registration under section 4 (2) of the Securities Act, Regulation D-Rule 506 and/or Regulation S promulgated there under :

On April 28, 2006 our Canadian subsidiary, IntelGenx, completed a private placement to certain accredited investors and issued 3,191,489 of its common shares for cash consideration of \$1,341,750. Those shares were then exchanged into 3,191,489 shares of our common stock as part of the IntelGenx Acquisition (see Item 1 Description of Business The IntelGenx Acquisition). After deduction of costs related to the IntelGenx Acquisition, the net proceeds from this private placement were \$792,421.

On April 28, 2006 our special purpose Canadian subsidiary completed the acquisition of 10,991,000 common shares of IntelGenx, pursuant to the Share Exchange Agreement and other agreements. Under the Share Exchange Agreement, Exchangeco acquired all of the issued and outstanding common shares of IntelGenx in exchange for 10,991,000 Class A Special Shares of Exchangeco, where each Class A Special Share of Exchangeco is exchangeable into one share of our common stock.

We also acquired 100,000 common share purchase warrants of IntelGenx pursuant to a securities purchase agreement which we entered into with Patrick J. Caruso, in exchange for warrants exercisable for 100,000 shares of our common stock. Additionally, we entered into a business consultancy agreement with Mr. Caruso pursuant to which we issued to Mr. Caruso 325,000 shares of common stock as a non-refundable retainer, and in full payment of investor relations services to be rendered by Mr. Caruso under the agreement.

We also issued warrants to purchase 90,691 shares of common stock at \$0.41 per share for services rendered in connection with the IntelGenx Acquisition in April 2006. The issuance of the warrants were not registered under the Securities Act.

On May 22, 2007, we completed the sale of 8% Secured Convertible Debentures (the "Debentures") in an aggregate principal amount of approximately \$1.5 million (the "Purchase Price") to certain institutional and accredited investors (the "Investors"), pursuant to a Securities Purchase Agreement (the "Purchase Agreement"). The Company received net proceeds of approximately \$1.36 million.

SELLING STOCKHOLDERS

The following table provides information regarding the beneficial ownership of the outstanding shares of our common stock by the selling stockholders. In computing the number of shares beneficially owned by a selling stockholder and the percentage of ownership of that selling stockholder, we have included all shares of common stock owned or beneficially owned by that selling stockholder, and the number of shares of common stock issuable upon exercise of all warrants owned or beneficially owned by such selling stockholder and the number of shares issuable upon conversion of convertible debentures. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Each selling stockholders' percentage of ownership in the following table is based on 16,007,489 shares of our common stock outstanding as of August 15, 2007.

Name	Total Shares of Common Stock Issuable Upon Conversion of Debentures	Total Percentage of Common Stock, Assuming Full Conversion		Shares of Common Stock Included in Prospectus (1)	Beneficial Ownership Before the Offering (2)	Percentage of Common Stock Owned Before Offering (2)	Beneficial Ownership After the Offering (3)	Percentage of Common Stock Owned After Offering (3)
		Percentage	Percentage					
Alpha Capital Anstalt (4)	714,286	4.1%		545,568	798,773 (5)	4.99%	--	--
Chestnut Ridge Partners, L.P. (6)	357,143	2.14%		272,784	714,286 (7)	4.5%	--	--
RL Capital Partners (8) 2098205	285,714	1.73%		218,227	571,428 (9)	3.5%	--	--
Ontario Inc. (10)	142,857	*		109,113	608,677 (11)	3.8%	--	--
Endeavor Asset Management L.P. (12) 2100538	142,857	*		109,113	285,714 (13)	1.8%	--	--
Ontario Inc. (14)	142,857	*		109,113	551,672 (15)	3.4%	--	--

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Frederick B. Polak "S" (16)	107,143	*	81,835	214,286 (17)	1.3%	--	--
Anthony G. Polak (18) Domeco Venture Capital Fund (20)	71,429	*	54,557	142,858 (19)	*	--	--
IRA FBO Ronald Lazar (22)	35,714	*	27,278	71,428 (23)	*	--	--
Catherina Polak #2 Trust (24)	35,714	*	27,278	71,428 (25)	*	--	--
Taylor Hutchison (26)	35,714	*	27,278	71,428 (27)	*	--	--
TOTALS	2,142,857	10.4%	1,636,702				

* Less than 1%.

(1) Represents an aggregate of (i) 1,636,702 shares of common stock underlying convertible debentures in an aggregate outstanding principal amount of \$1,145,691 with a fixed conversion price of \$0.70.

(2) The percentages set forth in this column are based on 16,007,489 shares of common stock outstanding as of August 16, 2007. The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares as to which the selling stockholder has sole or shared voting power or investment power and also any shares, which the selling stockholder has the right to acquire within 60 days. However, the selling stockholder has contractually agreed to restrict their ability to convert their convertible debenture or exercise their warrants and receive shares of our common stock such that the number of shares of common stock held by them in the aggregate and their affiliates after such conversion or exercise does not exceed 4.99% of the then issued and outstanding shares of common stock as determined in accordance with Section 13(d) of the Exchange Act. Accordingly, these columns represents the aggregate maximum number and percentage of shares that the selling stockholder can own at one time (and therefore, offer for resale at any one time) due to their 4.99% limitation.

(3) Assumes that all securities registered will be sold.

(4) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Konrad Ackerman may be deemed a control person of the shares owned by the selling stockholder.

(5) Beneficial ownership before the offering includes 714,286 shares underlying debentures and 84,487 shares underlying warrants which are currently convertible/exercisable. Does not include 629,799 shares underlying warrants which are not currently exercisable that would exceed 4.99% of the issued and outstanding shares of our common stock

(6) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Kenneth Pasternak may be deemed a control person of the shares owned by the selling stockholder.

(7) Beneficial ownership before the offering includes 357,143 shares underlying debentures and 357,143 shares underlying warrants which are currently convertible/exercisable.

(8) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Ronald Lazar may be deemed a control person of the shares owned by the selling stockholder. Ronald Lazar is a registered representative of the Maxim Group LLC, an NASD member broker-dealer. We do not have any arrangement with Maxim Group LLC for it to act as a broker-dealer for the sale of the shares included herein for the selling stockholders. This selling stockholder may be deemed to be an underwriter with respect to its sales of shares to be offered by it in this prospectus. Each selling security holder has represented to us that it acquired the shares in the ordinary course of business and that, at the time of such acquisition, it did not have any agreements or understandings, directly or indirectly, with any person to distribute the shares.

(9) Beneficial ownership before the offering includes 258,714 shares underlying debentures and 258,714 shares underlying warrants which are currently convertible/exercisable.

(10) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Yoel Altman may be deemed a control person of the shares owned by the selling stockholder.

(11) Beneficial ownership before the offering includes 142,857 shares underlying debentures and 142,857 shares underlying warrants which are currently convertible/exercisable.

(12) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Patrick Tully may be deemed a control person of the shares owned by the selling stockholder.

(13) Beneficial ownership before the offering includes 142,857 shares underlying debentures and 142,857 shares underlying warrants which are currently convertible/exercisable.

(14) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Vincenzo Mazza may be deemed a control person of the shares owned by the selling stockholder.

(15) Beneficial ownership before the offering includes 142,857 shares underlying debentures and 142,857 shares underlying warrants which are currently convertible/exercisable.

(16) Includes shares underlying debentures.

(17) Beneficial ownership before the offering includes 107,143 shares underlying debentures and 107,143 shares underlying warrants which are currently convertible/exercisable.

(18) Includes shares underlying debentures. Anthony G. Polak is an employee of the Maxim Group LLC, an NASD member broker-dealer. We do not have any arrangement with Maxim Group LLC for it to act as a broker-dealer for the sale of the shares included herein for the selling stockholders. This selling stockholder may be deemed to be an underwriter with respect to its sales of shares to be offered by it in this prospectus. Each selling security holder has represented to us that it acquired the shares in the ordinary course of business and that, at the time of such acquisition, it did not have any agreements or understandings, directly or indirectly, with any person to distribute the shares.

(19) Beneficial ownership before the offering includes 71,429 shares underlying debentures and 71,429 shares underlying warrants which are currently convertible/exercisable.

(20) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Jack Polak may be deemed a control person of the shares owned by the selling stockholder.

(21) Beneficial ownership before the offering includes 71,429 shares underlying debentures and 71,429 shares underlying warrants which are currently convertible/exercisable.

(22) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Ronald Lazar may be deemed a control person of the shares owned by the selling stockholder. Ronald Lazar is a registered representative of the Maxim Group LLC, an NASD member broker-dealer. We do not have any arrangement with Maxim Group LLC for it to act as a broker-dealer for the sale of the shares included herein for the selling stockholders. This selling stockholder may be deemed to be an underwriter with respect to its sales of shares to be offered by it in this prospectus. Each selling security holder has represented to us that it acquired the shares in the ordinary course of business and that, at the time of such acquisition, it did not have any agreements or understandings, directly or indirectly, with any person to distribute the shares.

(23) Beneficial ownership before the offering includes 35,714 shares underlying debentures and 35,714 shares underlying warrants which are currently convertible/exercisable.

(24) Includes shares underlying debentures. In accordance with rule 13d-3 under the Securities Exchange Act of 1934, Jack Polak may be deemed a control person of the shares owned by the selling stockholder.

(25) Beneficial ownership before the offering includes 35,714 shares underlying debentures and 35,714 shares underlying warrants which are currently convertible/exercisable.

(26) Includes shares underlying debentures.

(27) Beneficial ownership before the offering includes 35,714 shares underlying debentures and 35,714 shares underlying warrants which are currently convertible/exercisable.

Terms of May 2007 Private Placement of Convertible Debentures and Warrants

On May 22, 2007, IntelGenx Technologies Corp. ("IntelGenx" or the "Company") completed the sale of 8% Secured Convertible Debentures (the "Debentures") in an aggregate principal amount of approximately \$1.5 million (the "Purchase Price") to certain institutional and accredited investors (the "Investors"), pursuant to a Securities Purchase Agreement (the "Purchase Agreement"). The Company received net proceeds of approximately \$1.36 million.

Pursuant to the Purchase Agreement, the Company also issued to the Investors five year warrants to purchase 2,142,857 shares of the Company's common stock at an exercise price of \$1.02 per share (the "Warrants"). The Debentures mature twenty-eight (28) months from the date of issuance (the "Maturity Date") and are convertible at any time into shares of the Company's common stock at a fixed conversion price of \$.70. The conversion price of the Debentures and exercise price of the Warrants is subject to adjustment for certain events, including dividends, distributions or split of the Company's Common Stock, subsequent equity sales or rights offerings by the Company, or in the event of the Company's consolidation, merger or reorganization. The Debentures bear interest at the rate of 8% per annum, which interest is payable quarterly in cash or, at the Company's option following the effective date of the registration statement, in shares of common stock equal to the interest amount divided by the lower of \$0.70 or 85% of the Company's 20 day volume weighted average stock price.

The Company's obligations under the Purchase Agreement and the Debentures are secured by a lien on substantially all of the assets of the Company, pursuant to a Security Agreement.

In connection with the Purchase Agreement, the Company also entered into registration rights agreements (the "Registration Rights Agreements") providing for the filing of a registration statement (the "Registration Statement") with the Securities and Exchange Commission registering the Common Stock issuable upon conversion of the Debentures and exercise of the Warrants. The Company is obligated to file the Registration Statement no later than 45 days from the date of closing and to use its best efforts to cause the Registration Statement to be declared effective no later than 90 days after the date of closing (or 120 days in the event of a "full review" by the Securities and Exchange Commission). In the event that its obligations under the Registration Rights Agreements are not met, the Company is required to pay to the Investors, as liquidated damages, an amount equal to 1.0% of the Purchase Price for the first month, increasing to 1.5% for each month thereafter, subject to a maximum of 12%.

In connection with the private placement, the Company paid legal and due diligence expenses of the Investors in an amount of approximately \$28,750. In addition, Carter Securities LLC, an NASD registered broker-dealer, received placement agent fees of approximately \$127,500 and four year warrants to purchase 214,286 shares of the Company's common stock at an exercise price of \$0.70 per share.

Sample Conversion Calculation

The debentures have a fixed conversion price of \$0.70. For example, assuming conversion of \$100,000 of the \$1.5 million aggregate outstanding principal amount of the convertible debentures, the number of shares issuable upon conversion would be:

$$100,000 / \$0.70 = 142,857$$

The fixed conversion price of the debentures is subject to adjustment by reason of any future equity sales or rights offerings by IntelGenx, or by reason of any stock split, stock dividend or similar transaction involving the common stock, in accordance with Rule 416 under the Securities Act of 1933. The following is an example of the amount of shares of our common stock that are issuable, upon conversion of the \$1.5 million aggregate outstanding principal amount of our convertible debentures, based on a conversion price 25%, 50% and 75% below the fixed conversion price of \$0.70:

% Below Fixed Conversion Price		Effective Conversion Price	Number of Shares Issuable	% of Outstanding Stock
25%	\$	0.525	2,857,142	13.9%
50%	\$	0.35	4,285,714	20.9%
75%	\$	0.175	8,571,428	41.8%

Additional Disclosures

Total Dollar Value of Securities Underlying the Convertible Notes

The total dollar value of the securities underlying the convertible notes that we have registered for resale (using the number of underlying securities that we have registered for resale and the market price per share for those securities on the date of the sale of the convertible note) are as follows:

Securities Underlying the Convertible Notes	Market Price at May 22, 2007 (1)	Dollar Value of Underlying Securities
2,142,857	\$0.70	1,500,000

(1) Fair market value based on the average of the high and low prices reported on the Over the Counter Bulletin Board on May 22, 2007.

Payments Made in Connection with the Convertible Note Offering

Comment 2.

The following schedule of interest payments is based on the initial principal amount of the notes and assumes: (i) that the the interest payments in cash and (ii) the selling shareholders will not convert any portion of the principal amount into shares

Investor	Payment Reference	Date	Amount
Alpha Capital Anstalt	Interest Payment	1-Jul-07	\$ 4,333.33
	Interest Payment	1-Oct-07	\$ 10,000.00

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	Interest Payment	1-Jan-08	\$	10,000.00
	Interest Payment	1-Apr-08	\$	10,000.00
Alpha Capital Anstalt Total:			\$	34,333.33
Chestnut Ridge Partners, L.P.				
	Interest Payment	1-Jul-07	\$	2,166.67
	Interest Payment	1-Oct-07	\$	5,000.00
	Interest Payment	1-Jan-08	\$	5,000.00
	Interest Payment	1-Apr-08	\$	5,000.00
Chestnut Ridge Partners, L.P. Total:			\$	17,166.67
RL Capital Partners				
	Interest Payment	1-Jul-07	\$	1,733.33
	Interest Payment	1-Oct-07	\$	4,000.00
	Interest Payment	1-Jan-08	\$	4,000.00
	Interest Payment	1-Apr-08	\$	4,000.00
RL Capital Partners Total:			\$	13,733.33
2098205 Ontario Inc.				
	Interest Payment	1-Jul-07	\$	866.67
	Interest Payment	1-Oct-07	\$	2,000.00
	Interest Payment	1-Jan-08	\$	2,000.00
	Interest Payment	1-Apr-08	\$	2,000.00
2098205 Ontario Inc. Total:			\$	6,866.67
Endeavor Asset Management L.P.				
	Interest Payment	1-Jul-07	\$	866.67
	Interest Payment	1-Oct-07	\$	2,000.00
	Interest Payment	1-Jan-08	\$	2,000.00
	Interest Payment	1-Apr-08	\$	2,000.00
Endeavor Asset Management L.P. Total:			\$	6,866.67
2100538 Ontario Inc.				
	Interest Payment	1-Jul-07	\$	866.67
	Interest Payment	1-Oct-07	\$	2,000.00
	Interest Payment	1-Jan-08	\$	2,000.00
	Interest Payment	1-Apr-08	\$	2,000.00
2100538 Ontario Inc. Total:			\$	6,866.67
Frederick B. Polak "S"				
	Interest Payment	1-Jul-07	\$	650.00
	Interest Payment	1-Oct-07	\$	1,500.00
	Interest Payment	1-Jan-08	\$	1,500.00
	Interest Payment	1-Apr-08	\$	1,500.00
Frederick B. Polak "S" Total:			\$	5,150.00
Anthony G. Polak				
	Interest Payment	1-Jul-07	\$	433.33
	Interest Payment	1-Oct-07	\$	1,000.00
	Interest Payment	1-Jan-08	\$	1,000.00
	Interest Payment	1-Apr-08	\$	1,000.00
Anthony G. Polak Total:			\$	3,433.33
Domeco Venture Capital Fund				
	Interest Payment	1-Jul-07	\$	433.33
	Interest Payment	1-Oct-07	\$	1,000.00
	Interest Payment	1-Jan-08	\$	1,000.00
	Interest Payment	1-Apr-08	\$	1,000.00
Domeco Venture Capital Fund Total:			\$	3,433.33

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IRA FBO Ronald Lazar				
	Interest Payment	1-Jul-07	\$	216.67
	Interest Payment	1-Oct-07	\$	500.00
	Interest Payment	1-Jan-08	\$	500.00
	Interest Payment	1-Apr-08	\$	500.00

IRA FBO Ronald Lazar Total: \$ **1,716.67**

Catherina Polak #2 Trust				
	Interest Payment	1-Jul-07	\$	216.67
	Interest Payment	1-Oct-07	\$	500.00
	Interest Payment	1-Jan-08	\$	500.00
	Interest Payment	1-Apr-08	\$	500.00

Catherina Polak #2 Trust Total: \$ **1,716.67**

Taylor Hutchison				
	Interest Payment	1-Jul-07	\$	216.67
	Interest Payment	1-Oct-07	\$	500.00
	Interest Payment	1-Jan-08	\$	500.00
	Interest Payment	1-Apr-08	\$	500.00

Taylor Hutchison Total: \$ **1,716.67**

Placement agent and other fees	Payment Reference	Date	Amount
Carter Securities LLC	Placement Agent Fee	22-May-07	\$ 120,000.00
Carter Securities LLC	Due diligence	12-Mar-07	\$ 7,500.00
Feldman Weinstein & Smith LLP	Legal Fees	20-Apr-2007+4/20/2007	\$ 25,000.00
Valla LLC	Due diligence fee	26-Apr-2007+5/22/2007	\$ 3,750.00
Signature Bank	Escrow Account Fee	22-May-07	\$ 3,500.00
Total			\$ 159,750.00

Total payments that have been or may be required to be made in connection with the transaction during the first year, following the sale of the convertible debentures, excluding principal repayments:

\$ **262,750.01 (1)**

Total interest payments remaining after May 22, 2008:

Alpha Capital Anstalt	Interest Payment	Total- Paid quarterly	\$	59,000.00
Chestnut Ridge Partners, L.P.	Interest Payment	Total- Paid quarterly	\$	29,500.00
RL Capital Partners	Interest Payment	Total- Paid quarterly	\$	23,600.00
2098205 Ontario Inc.	Interest Payment	Total- Paid quarterly	\$	11,800.00
Endeavor Asset Management L.P.	Interest Payment	Total- Paid quarterly	\$	11,800.00
2100538 Ontario Inc.	Interest Payment	Total- Paid quarterly	\$	11,800.00
Frederick B. Polak "S"	Interest Payment	Total- Paid quarterly	\$	8,850.00
Anthony G. Polak	Interest Payment	Total- Paid quarterly	\$	5,900.00
Domeco Venture Capital Fund	Interest Payment	Total- Paid quarterly	\$	5,900.00
IRA FBO Ronald Lazar	Interest Payment	Total- Paid quarterly	\$	2,950.00
Catherina Polak #2 Trust	Interest Payment	Total- Paid quarterly	\$	2,950.00
Taylor Hutchison	Interest Payment	Total- Paid quarterly	\$	2,950.00

Total interest payment remaining after May 22, 2008: \$ **177,000.00**

Total payments that have been or may be required to be made in connection with the transaction, excluding principal repayments: \$ **439,750.01**

Payments Made in Connection with the Convertible Note Offering

(1) Assumes that interest payments will be made in cash.

Pursuant to the Registration Rights Agreement, we may be required to pay liquidated damages to the selling shareholders upon the occurrence of certain events. To date, we have not incurred any such liquidated damages. The maximum possible aggregate amount of liquidated damages that we may be required to pay to the selling shareholders is 12% of the aggregate principal amount of the notes, or \$180,000.

Potential Profits from Conversion of the Convertible Debentures

Potential Profits from other Securities

The following table shows the total possible profit to be realized as a result of any conversion discounts for securities underlying any other warrants, options, notes or other securities of our company that are held by the selling stockholders or any affiliates of the selling stockholders. Since the exercise price of the warrants exceeds the current market price, any profit is determined by the extent the future market price exceeds the exercise price.

Selling Stockholder	Date of Sale	Shares underlying Warrants or Options	Market Price of Common Stock on Date of Sale	Exercise Price of Warrants or Options	Combined Market Price of Shares underlying Warrants or Options	Combined Exercise Price of Shares underlying Warrants or Options	Total Possible Discount (Premium) to Market Price
Alpha Capital Anstalt		714,286	\$ 0.70	\$ 1.02	\$ 500,000	\$ 728,572	\$ (228,572)
Chestnut Ridge Partners, L.P.		357,143	\$ 0.70	\$ 1.02	\$ 250,000	\$ 364,286	\$ (114,286)
RL Capital Partners 2098205 Ontario Inc.		285,714	\$ 0.70	\$ 1.02	\$ 200,000	\$ 291,428	\$ (91,428)
Endeavor Asset Management L.P. 2100538 Ontario Inc.		142,857	\$ 0.70	\$ 1.02	\$ 100,000	\$ 145,714	\$ (45,714)
Frederick B. Polak "S"		142,857	\$ 0.70	\$ 1.02	\$ 100,000	\$ 145,714	\$ (45,714)
		107,143	\$ 0.70	\$ 1.02	\$ 75,000	\$ 109,286	\$ (34,286)

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Anthony G. Polak Domeco Venture Capital Fund IRA FBO Ronald Lazar	71,429	\$	0.70	\$	1.02	\$	50,000	\$	72,858	\$	(22,858)
Catherina Polak #2 Trust	71,429	\$	0.70	\$	1.02	\$	50,000	\$	72,858	\$	(22,858)
Taylor Hutchison	35,714	\$	0.70	\$	1.02	\$	25,000	\$	36,428	\$	(11,428)
	35,714										