UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549
FORM 10-KSB

(X) ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED December 31, 2003

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

Commission file number: 0-50019

ASPENBIO, INC.

(Name of small business issuer in its charter)

Colorado	84-1553387
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1585 South Perry Street, Castle Rock, Colorado 80104
(Address of principal executive offices) (Zip Code)

(303) 794-2000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, no par value

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.
Yes [X] No [ ]

Check if there was no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

The registrant had revenues of $650,575 for its most recent fiscal year ended December 31, 2003.

The aggregate market value of the common stock of the registrant held by non-affiliates as of March 19, 2004 was $7,789,000.

The number of shares outstanding of the registrant's common stock at March 17, 2004, was 10,477,031.

Transitional small business disclosure format. Yes [ ] No [X]

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement expected to be filed within 120 days of the close of the registrant's fiscal year in connection with the registrant's annual meeting of shareholders are incorporated by reference into portions of Part III of this Form 10-KSB.

ASPENBIO, INC.
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report that are not historical facts constitute forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbors created by that Act. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, which may cause actual results, performance, or achievements to differ materially from those expressed or implied. Any forward-looking statement speaks only as of the date made. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which they are made.

Statements concerning the establishments of reserves and adjustments for dated and obsolete products, expected financial performance, on-going business strategies and possible future action which we intend to pursue to achieve strategic objectives constitute forward-looking information. The sufficiency of such charges, implementation of strategies and the achievement of financial performance are each subject to numerous conditions, uncertainties, and risk factors. Factors which could cause actual performance to differ materially from these forward-looking statements, include, without limitation, management's analysis of our assets, liabilities, and operations, the failure to sell date-sensitive inventory prior to its expiration, competition, new product development by competitors, which could render particular products obsolete, the inability to develop or acquire and successfully introduce new products or improvements of existing products, problems in collecting receivables, testing or other delays or problems in introducing our bovine pregnancy test, and difficulties in obtaining financing on an as-needed basis.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Overview

We were founded to acquire the antigen business from Vitro Diagnostics, Inc. in August 2000, and to leverage that base of operations and technology to develop new products with substantial market potential. Our management team had been conducting the antigen business at Vitro Diagnostics since 1990. Many new products have been developed since the acquisition.

Our human diagnostic antigen division has been our core business and,

taking into account the operations while this division was part of Vitro Diagnostics, this part of our business has been in operation since 1990. We have continued to expand our product offerings since it became part of AspenBio. We manufacture over thirty products. Our products are used as standards and controls in diagnostic test kits, antibody purification and in research projects.

Our strategy is to search for niches that we can dominate with our purification abilities. We are focusing on expanding our business into other uses of purified proteins, principally for diagnosis and treatment of humans and animals. An important factor in the diagnostics business is the vastly reduced times required from product conception to saleable product as compared to therapeutic products which often require many years to market, due to significantly more stringent FDA requirements for those types of products. With this in mind we have started a diagnostic test division developing lateral flow test strips for use initially in the lab and research and development sectors. To date we have developed nine tests with an additional approximately dozen tests currently in the early stages of development. We anticipate having a total of approximately twenty tests finished and ready to go to market before the end of 2004. The Company is in discussions with a number of potential marketers of these types of products. We are hopeful that we will enter into agreements with the best-suited marketers/distributors for each individual test. Furthermore many of these tests may have multiple markets as their availability and ease of use and time saving features become known.

We are engaged in the discovery, development, manufacturing and marketing of industry-leading products for human and animal healthcare. We leverage our expertise as the dominant supplier of antigens for diagnostic kit manufacturers to target and validate potential products of significant economic value while focusing our resources on areas of animal and human healthcare where we believe there are clearly unmet needs. We apply our advanced understanding of the purification processes of antigens to develop products off a broadly applicable technological platform. Our product pipeline consists of product candidates in various stages of clinical and pre-clinical development. One of our business strategies is to pursue and develop products and technologies which we believe have a relatively short time line to revenue, i.e., 18-24 months in addition to others where the time to market maybe substantially greater. We pursue technologies under "in-licensing" agreements with universities, researchers or doctors; complete research and development on the technologies through proof of concept, and then either "out-license" to "Big Pharma" companies and \ or go to product introduction and launch.

Our first out licensed product was the Early Detection Bovine Pregnancy Test. On March 31, 2003, we announced a Global Development and Distribution Agreement covering the Early Detection Bovine Pregnancy Test with Merial Limited ("Merial"), the world's leading animal health company. Merial (preliminary Merial web site for the AspenBio pregnancy test is - http://us.merial.com/bovinetest) is a joint venture between Merck & Co., Inc. (MRK: NYSE) and Aventis SA (AVE: NYSE). The total potential market size for the Early Detection Bovine Pregnancy Test is 58 million dairy cows, each of which is potentially checked twice annually. Of the 58 million dairy cows 25 million are readily accessible thru sophisticated existing channels of distribution. Under the terms of the Agreement, following successful completion of the test, Merial must achieve sales goals of 1.5 million units in 2004, 4.0 million units in 2005 and 5.0 million units in each calendar year thereafter during the full term of the Agreement. In addition to product development fees totaling $1.9 million, we will also receive 33% of all gross sales of the product under the terms of the Agreement subject to a minimum of $1.75/ test. To date we have not successfully completed the clinical trial required to resolve an issue relating to the test's sensitivity in order to be able to go to commercialization of this product. Accordingly, the product has not been released for distribution to date and we are continuing to work on improving the sensitivity of the test.

Products and Status of Products

Human Antigens - We currently manufacture more than thirty human antigens and tumor markers. These are proteins that we manufacture from human tissues and fluids, using our proprietary purification processes, so that they are in an especially pure form. These proteins are used as part of diagnostic test kits manufactured and sold by others. The test kits diagnose tumor marker levels within the blood or hormone imbalances by measuring the presence and/or levels

of certain proteins. The proteins supplied by us are typically used to determine whether the test is functioning correctly, more commonly know as controls. We have manufactured human antigen products since 1990 and can produce additional proteins through our proprietary purification process. Our human diagnostic antigen product division has represented our base revenue stream to date. Our products are used as standards and controls in diagnostic test kits, antibody purification and in research projects. The approximate $.7 million annual revenues derived from this division provides a consistent revenue stream to help support the Company and its ongoing research and development activities. Recently we have begun work on a number of new antigen products in response to expanding customer requests. Some of these are in the research and development phase, which typically should be finished and available for customer testing approximately 90-120 days after we commence our work.

In order to distribute our human antigen products, we manufacture the purified proteins at our facility, and then lyophilize (freeze dry) the ingredients contained in a glass vial. We then send the products out to customers in vials with tops that allow the use of a syringe to reconstitute the product enabling the end user to remove and use the products from the vial.

Ungulate Pregnancy Test - The ungulate pregnancy test is designed to determine the pregnancy status of cows within approximately 18 days after artificial insemination prior to the end of the cow's cycle. Pregnancy is necessary for milk production and the dairy industry relies on artificial insemination to impregnate the cows to assure genetics and reduce the breakdown of cows thru the natural reproductive process. The traditional way of determining pregnancy is via palpation, a physical examination by a veterinarian. Ultrasound is also being used on a limited basis. The test kit we intend to produce would permit pregnancy status to be determined sooner than the traditional methods, which, in turn, would permit a herd manager to repeat the artificial insemination process at an earlier date on cows determined not to be pregnant. Also, our test does not include any physical risk to the calf. We believe pregnancy in other hoofed animals can be determined using the same antigen. The pig, elk, bison, and sheep industries also utilize artificial insemination, and we plan to develop these pregnancy test kits as well where feasible.

Our bovine pregnancy test consists of a plastic cartridge containing a membrane, which has been sprayed with an antibody. The antibody was created from rabbits that were exposed to a specific purified antigen manufactured at our facility. Once a blood sample from a cow is exposed to the antibody on the membrane it will cause the strip to change color indicating the presence of a certain antigen which is only present in the blood of a pregnant cow. This reaction occurs approximately at day 18, following artificial insemination to enable the determination of pregnancy. The test strip will be sealed in a foil package along with a pipette. Within the kit there will be a needle for drawing the blood sample, a blood collection tube, a holder for the needle, and a bottle containing a buffer reagent. The exact configuration of the kit is not complete as we are continuing development on the test.

Once the development work is complete we anticipate that in order to create commercial quantities of test kits, we will produce the active ingredients and send them to a company that specializes in large-scale manufacturing of test strips. This company would place the active ingredients onto the test strips and then ship the sealed and packaged pregnancy test kits to our warehouse or to our customers for distribution.

We entered into licensing agreements with the University of Idaho and the University of Wyoming in fall, 2001, to obtain the exclusive rights to manufacture the protein used in the bovine pregnancy test kit. We have filed two provisional patent applications, as well as a trademark application for "Surbred," the name of the bovine pregnancy test kit. This technology has been in development for 12 years at the universities.

On March 29, 2003 we entered into a distribution agreement described above, with Merial. Merial is a joint venture between Merck and Aventis. We have granted Merial exclusive rights to market and distribute the bovine pregnancy test worldwide. Based on findings of an expanded field trial we concluded that improvements need to be made to the test before marketing can begin. We have recently contracted with a recognized industry expert in this field to assist our internal efforts in development of the test. The test was not launched by October 2003, as previously anticipated, and the receipt of the second development payment of $700,000 from Merial has been delayed. Development

efforts are ongoing with the goal being to try and have product ready to introduce at the World Dairy Expo that occurs in the fall. As a result of the delays we are experiencing in the introduction of the test, Merial may reduce the second development payment, or eliminate it if we are not able to deliver the test or terminate the agreement. Should Merial elect to terminate the agreement, they may also request a refund of 50% ($100,000) of the development payment received to date. To date they have been supportive of our efforts to resolve the sensitivity issues surrounding the pregnancy test.

Bovine LH/ Staybred- A complementary technology to the early detection bovine pregnancy test is our Bovine LH drug. This product was developed, under the trade name "StayBred" in collaboration with Dr. Kevin McSweeny, DVM. Initially the product utilized hCG injected into dairy cows intended to play the role of LH to reduce the rate of pregnancy loss. Currently up to 70% of dairy cows absorb or abort causing significant financial loss to the dairy. We are on track to complete the development of StayBred (rBovine LH) by the end of the year 2004. We plan to begin to market and test the product in the field on a very limited basis via veterinary prescription unless a licensing arrangement is entered into with a partner that wants to delay introduction until the product can be sold with a major advertising rollout. We will also file with the FDA an Abbreviated New Drug Application ("ANDA") and begin the registration process as soon as practical after a successful large-scale clinical using recombinant LH. The Company, upon launching the project, filed a Provisional Patent Application to protect the concept and methods of product use. Further, the Company has been amending the Provisional Patent Application with clinical and field results. We plan to continue and expand the protection of our product and findings, as results become known.

It is estimated that there are approximately 58,000,000 artificially inseminated dairy cows worldwide. The product StayBred would be an applicable and beneficial application to dairy cows at the average rate of 1.75 times per year as a therapeutic to maintain pregnancy. Total potential annual market size (assuming only those cows in timed breeding programs is 25,000,000) is therefore estimated to approximate 40-50 million doses. We do not currently have an estimate of our, or a potential marketing partner's ability to penetrate the total market, should the product continue to provide the results experienced to date in the native form. We plan to begin discussions and negotiations with major pharmaceutical companies who have shown an interest in licensing/distributing/purchasing the StayBred product. We are in various stages of preliminary discussions with interested parties regarding the LH technology. We anticipate that as we proceed to a large clinical trial of a recombinant form of LH we will have additional discussions and determine what course of action is best.

Although the product is still in its development stage and must still be tested for effectiveness (and although we can provide no assurance that such development and testing efforts will be successful), we anticipate the "value" of the StayBred product to the dairy cow industry may be summarized as follows:

- Percentage of cows maintaining pregnancy may significantly increase by approximately 30-45%.
- Saves the additional cost and manipulation to the animal of repeated reproduction treatments. o Reduces average days a cow is "open" (un-bred), thereby improving milk and calf production.
- Anticipated cost per application is easily cost justified to the dairy.
- The product is easy to administer.
- Technology is Patent Pending.

Lateral Flow Test Technology Kits -AspenBio has created a Lateral Flow Division for the development and manufacturing of immunochromatographic rapid test devices. The devices determine the presence or absence of minute quantities of target analyte in unknown samples within a few minutes. Typically, these devices are used by the human and animal healthcare industries as clinical diagnostic tools. The most commonly known test of this nature is the home pregnancy test. We have found additional applications for the lateral flow device in the biotechnology and laboratory field. Since the devices are sensitive and yield results quickly, they are ideal for research and development projects that include protein expression and/or purification. This device can save up to 12 hours of laboratory time by replacing immunoblotting in some cases. AspenBio has developed nine different tests thus far. We are currently investigating a number of partners to team up with to market and distribute these time and money saving

devices to laboratories, universities and a broad range of other applications.

Equine Proteins - The purified equine protein products we are developing would have both diagnostic and therapeutic uses for horses. We began purifying equine pituitary-derived antigens in 2001, and are currently working on development of diagnostic test kits and recombinant antigens. The diagnostic test kits can be used to measure hormone levels affecting fertility, thyroid, growth and lactation. Uses of the recombinant antigens include inducing fertility, improving healing of wounds, and inducing lactation. The purification processes we use for the human antigens can be used in manufacturing equine proteins. The therapeutic use of the equine proteins is currently in limited testing on horse farms. The results to date based on discussions with the doctors in the field have been encouraging. AspenBio's preliminary products appear to solve some of the therapeutic problems related to breeding problems in horses as well as an anti-aging drug for horses over eighteen years old.

Insulin/PZI - We are working on developing a recombinant form of bovine and porcine insulin, which is commonly referred to as PZI. PZI was previously manufactured by Eli Lilly and was used for treatment of human diabetes, until it was phased out of production in the mid-1990s and replaced by recombinant human insulin. We expect to use PZI initially for treatment of feline diabetes. The available human insulin does not successfully replace the cat's own insulin and bovine insulin is more similar in molecular structure to feline insulin. We are currently working to create a recombinant form of PZI that exactly matches the PZI previously manufactured by Eli Lilly. We hope to begin selling PZI in 2005, if we can obtain a compassionate drug exemption from the Food and Drug Administration to begin manufacturing and marketing PZI while formal approval is pending. We can apply for a compassionate drug exemption based on the need for PZI to treat feline diabetes when there are no other comparable products. Based on our investigation of this process, we are hopeful that we will be able to obtain an exemption. The manufacture and bottling of PZI will be done by an outside entity because of clean room and FDA requirements. We hope to enter into arrangements for marketing the product once we have finished with our development work with a pharmaceutical company.

Human Appendicitis Test - Appendicitis is a common acute surgical problem affecting patients of a wide age range. There are approximately 700,000 cases annually in the United States. An accurate diagnosis at a sufficiently early stage is a significant factor in achieving a successful outcome. An accurate and early diagnosis, however, is difficult because there is considerable overlap of genuine appendicitis with other clinical conditions. Furthermore, to date there appears to be no individual sign, symptom, test, or procedure capable of providing a reliable indication of appendicitis. Misdiagnosis of appendicitis can lead not only to unnecessary surgery but also to delay of proper therapy for the actual underlying condition. A dilemma for surgeons is minimizing the negative appendectomy rate without increasing the incidence of perforation among patients referred for suspected appendicitis. AspenBio aims to address this problem by identifying novel diagnostic markers through genomic and proteomic screening approaches in collaboration with Dr. John Bealer, a pediatric surgeon with extensive experience in the area. AspenBio has filed a patent application entitled "METHODS RELATING TO DIAGNOSIS OF APPENDICITIS". The project is in Research and Development phase as serum and tissue samples are now being harvested and banked. Testing is ongoing for a marker that could be used to assist in or determine the diagnosis of the condition.

CEA - Carcinoembryoinc antigen is a tumor marker found in patients suffering from colon cancer. Currently, serum CEA levels are closely monitored in a cancer patient to assist in treatment of the disease. Native CEA is derived from human liver tissue extracts. Liver tissue positive for CEA is difficult to obtain and the need for cell culture derived CEA is of high importance. AspenBio has cells in culture that produce the antigen, however, the cultures are being optimized to induce the cells to produce optimal levels of CEA to make the production of CEA most cost effective. AspenBio has a patent pending for methods used for purification of CEA.

Raw Materials

The human antigens are purified from human tissue or fluids. We have several sources available for the materials needed.

We have recombinant sources for both the protein for the bovine pregnancy test and the PZI. We have also cultured cell lines and recombinant material for

both human and animal proteins, which can be used for therapeutic applications, when produced in a GMP facility. Ultimately, we expect that this type of production will replace the need for tissue or fluids as a source material, thereby reducing the chance of contamination from possible impurities.

Intellectual Property

We have not filed patents for our human diagnostic antigens, although we treat our protein purification process as proprietary. Much of the purification work is considered an art form and the processes are trade secrets. We have filed for a patent or provisional patent on a number of our technologies. The total number of provisional patent applications, patents pending or licensed or pending patents is in excess of 25.

With respect to the ungulate pregnancy test, we entered into exclusive licensing agreements with the University of Idaho and the University of Wyoming in fall, 2001, for the manufacture, use, sale and distribution of the pregnancy proteins used in the test. We have titled the pregnancy test "Surbred 15"and titled the LH product "Staybred" and have applied for trademark protection. We have also filed provisional patent applications for the bovine pregnancy test as well as the LH product, among a number of others.

Due to its previous manufacture by Eli Lilly and the availability of the methods and formulations in the public domain, PZI is not a patentable product and we have not filed a patent on the protein purification process. We do not think it is likely that our development of recombinant PZI will result in patentable products in the near term because of use of existing methods. However, we are hopeful that as we continue this development process we may develop intellectual property regarding purification of recombinant insulin.

Due to the status of development to date, we have not yet filed patent applications with respect to the equine protein products.

Marketing/Competitive Conditions

Product Markets

Human diagnostic antigens - The total market for human antigens and tumor markers is estimated at approximately $2 million, annually. We believe we currently are the largest supplier in our market, and all of our revenues to date have come from sales of these products. We expect to continue adding products to our diagnostic protein line. Our primary competitor for supply of human pituitary antigens is Dr. Albert Parlow, a professor at UCLA. We believe that we have displaced Dr. Parlow as the largest supplier.

Lateral Flow Test Technology Kits -We have recently created a Lateral Flow Division for the development and manufacturing of immunochromatographic rapid test devices. The devices determine the presence or absence of minute quantities of target analyte in unknown samples within a few minutes. This device can save up to 12 hours of laboratory time by replacing immunoblotting in some cases. AspenBio has developed nine different tests thus far and has a number of others in various stages of development. We are currently investigating a number of partners to market and distribute these devices to laboratories, universities and a broad range of other applications.

Ungulate Pregnancy Test - The bovine pregnancy tests currently available in the marketplace cannot determine pregnancy status until at least 30 days from insemination. Testing by palpation includes a risk of aborting the calf. Our bovine pregnancy test is designed to determine status sooner and does not involve a physical risk to the calf. Because the first attempt at artificial insemination is often unsuccessful, cows in the same "heat" cycle can be inseminated again if the pregnancy status is determined quickly enough. Our test is an antigen-based test that detects the presence of a novel protein that is designed to determine the pregnancy or open status of a cow. Success in any operation of dairy or beef cattle depends on efficient reproduction. Producers who can minimize the interval between first pregnancy and all subsequent bovine pregnancies should achieve higher reproductive efficiency and we believe enhanced profitability. This early detection method gives operators the opportunity to breed open animals twice during every 21-day estrous cycle versus the traditional once, without use of the test until a successful, healthy pregnancy is achieved.

The worldwide population of dairy cows exceeds 100,000,000, of which approximately 58,000,000 cows are located in North America, Europe and the former Soviet Union. It has been estimated that approximately 70% of cows in the North American and European dairy industry are artificially inseminated. Although there are no published reports known to us regarding timed or synchronized cow breeding programs, based on our discussions with industry sources, we estimate that approximately 25,000,000 of the artificially inseminated cows are involved in these programs and would represent our primary target market for our bovine pregnancy test. We are currently assessing the potential markets for an additional bovine pregnancy test to be used 35 days or more after insemination for use in the beef industry and for pregnancy tests of other ungulates.

If we are able to successfully complete the Surbred 15 product Merial will provide us with sales projections and we will ship the product to Merial pursuant to an order schedule. Merial will market and distribute the product exclusively so long as target sales and other conditions are satisfied. As long as there is no competing technology, Merial must sell at least 1.5 million products in 2004, at least 4 million products in 2005 and at least 5 million products in each calendar year thereafter during the term of the agreement. If Merial does not satisfy the sales targets, then Merial will lose its exclusive distribution rights.

With respect to each market in which Merial markets the product, the term of the agreement will be the greater of five years or the term of the patent in the country. We have also granted to Merial a right of first negotiation during the first two years of the agreement to distribute future animal health products developed by us independent of other collaborations.

The success of a modern dairy cow operation is highly dependent upon a number of critical factors. Several of these factors are outside the control of the dairyman, such as milk prices and costs for feed, nutrients and medicines. Factors that are somewhat under their control include size of the operation (number of head milked), labor costs and access to high quality bulk feed.

The amount of revenue derived from milk sales is a function of the quantity of milk produced and the level of milk fat contained in the milk. The quantity and the level of milk fat contained in milk correspond directly to the amount of time that a cow is pregnant. The more days during a year that a cow remains un-bred ("open"), the lower the annual milk production from that cow, hence the lower the revenue received.

Over the last decade, the average number of days per year that a cow remains open has steadily increased from the 130 days range to the 175 days range. This has had a direct negative correlation on the average milk revenue per head.

A significant percentage of dairy cows, when inseminated, do not successfully become pregnant. This is due to a number of factors that cause the cow to abort or absorb. The rate of a cow being successfully bred on the first try when she is in heat has decreased over the past decade from the 50% range to less than 35%. On average, 65-70% of cows that are AI'ed require a second insemination, and approximately 40% will require a third, or may be culled from the herd.

The total cost of artificially inseminating a cow, including the semen, breeder time and the administration of Gonadorellin ("GnRH") and prostaglandin ("PGF") to promote ovulation, is estimated for an average dairyman to be in the range of $40 to $55, per head per treatment, before the cost to ultrasound to determine results. The majority of this cost is incurred again with each subsequent AI, averaging at least two treatments per year to achieve successful pregnancy.

It is believed that a combination of factors is contributing to the poor reproduction rates. Among these are:

1. Nutritional factors such as High Protein Diets, Negative Energy Balance, and Vitamin and Mineral Deficiencies.
2. Disease conditions such as Metritis, RFM, Ovarian Cysts, Twins, BVD and Trichomoniasis.
3. Management issues including Industry Expansion, Cows Spending More

Time on Concrete, Less Time Spent Detecting Peak Heat Cycle, Heat Stress, Inbreeding and Genetic Trends.

In recent decades, products to assist in achieving better AI success rates have been introduced. The administration of GnRH during the estrous cycle results in natural LH release, causing ovulation or luteinization of large follicles present in the ovary, synchronizing the recruitment of a new follicular wave, and equalizing follicle development waves. Subsequent administration of PGF induces the regression of an original corpus leuteum (CL) and allows final maturation of the synchronized dominant follicle. The cost associated with these doses is appreciable, with GnRH at $12.80 per dose (Merial being the dominate market player) and PGF at $3.30 per dose (Pfizer/Pharmacia being the dominant market player), in addition to the average $25 - $40 cost of the straw of semen and breeder time, used for the AI.

The following chart describes the ovulation synchronization protocol for dairy cows using traditional synchronization protocol and our new StayBred(TM) and SurBred15(TM) (Early Detection Bovine Pregnancy Test) products in development. We are currently refining our approach to this reproduction problem, and further studies are ongoing. This chart also describes the potential savings to the dairy by using our StayBred(TM) product at Day 4 and our SurBred15(TM) product at Day 18 post artificial insemination "AI":

OVULATION SYNCHRONIZATION

CURRENT PROTOCOL AND COST

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Day	-10 |	-3	-1	0	32	45
Drug/ Procedure	GnRH	PGF	GnRH	AI	Ultrasound	Palpation
Approximate Cost per Dose/Procedure	$12.80	$3.30	$12.80	$15 to $25	$10 to $30	$1 to $2

</TABLE>

The total cost of AI under current protocol can range from $55 to $86. GnRH is the name of the drug sold by Merial. PGF is also known as Lutelyze and sold by Pfizer/Pharmacia.

OVULATION SYNCHRONIZATION PROTOCOL
USING STAYBRED(TM) AND SURBRED15(TM)

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Day	-10	-3	-1	0	4	18
Drug/ Procedure	GnRH	PGF	GnRH	AI	StayBred(TM) Pregnancy Test	SurBred15(TM)
Approximate Cost per Dose/Procedure	$12.80	$3.30	$12.80	$15 to $25 to $10	Projected $8	Projected $5 to $7

</TABLE>

Because we believe the use of StayBred(TM) results in a higher number of cows maintaining pregnancy (an increase from approximately 30% to approximately 50% in our initial field tests, using the native product) the overall costs of reproduction decrease. This means the annual costs associated with GnRH, PGF & AI will drop, and because the dairy's cows will retain approximately 20% more calves from the first round of AI thereby eliminating the need to re-incur the

AI costs in these cows. When SurBred15(TM) is used to determine if a cow is open at day 18 after AI, the operator is in a position to re-AI the open cow within the same estrous cycle thereby reducing duplicate drug costs. Feed costs may also be lowered through better herd management.

AspenBio is in field trials of a product to improve successful pregnancy rates in cows. The Bovine LH product has been developed, under the trademark "StayBred" in collaboration with Dr. Kevin McSweeny, DVM. AspenBio has successfully completed initial studies using native highly purified (or natural) bovine LH. AspenBio is on track to complete the initial Proof of Concept of StayBred (rBovine LH, r=recombinant) during the first half of 2004.

It is the Company's plan to begin to market and test the product in the field on a limited basis via veterinary prescription once the final formulation has been successfully tested and a mass production process has been determined. The Company will also file with the FDA an ANDA and begin the registration process once the previously mentioned milestones have been achieved. The Company, upon developing the project, filed a Provisional Patent Application to protect the concept and methods of product use. Further, the Company has been amending and enhancing the Provisional Patent Application with clinical and field results, resulting in the filing of an additional Provisional Patent Application. It is the plan of the Company to continue to expand the protection for our product and findings, as results become known. We believe Bovine LH can be sold by a pharmacy with a veterinarian's prescription as soon as we make it available, although we cannot provide assurances that this will be the case. It is worth noting that if we involve big pharma in this product they may not want us to go to market with a product until final FDA approval has been obtained so that they could fully gear up production and develop a significant market roll out. No big pharma is currently involved in the production or pre-production of Staybred.

By treating the recently inseminated cow with bovine LH, we have been able to stimulate ovulation and the development of the corpus Luteum (which is believed to result in the production of progesterone which nourishes the fetus), which in turn has resulted in 37% higher retained pregnancy rates at day 32 ultrasound testing. We expect this product would probably be sold in conjunction with the other market leaders to enhance the retained pregnancy rates.

Successful reproduction is the number one key to a successful dairy operation. The product StayBred would be an applicable and beneficial application to dairy cows as a therapeutic to maintain pregnancy.

Equine Proteins - Equine diagnostic kits and hormones for therapeutic use are not currently commercially available, so we do not expect to encounter competition in this market. However, we can offer no assurance that competitors will not enter the market. Based on information developed by Dr. Clara Singular, an independent consultant and doctor of veterinary medicine, we estimate a $10 million annual market for therapeutic use of proteins to induce fertility in horses and a $7 million annual market for diagnostic use of proteins to measure thyroid function. Preliminary studies indicate that one of these equine hormones might be used as an anti-aging treatment for horses over eighteen years old.

Insulin/PZI - PZI is not currently distributed in the United States by any other companies, so we do not expect that we will have competition in this area. However, competitors capable of distributing PZI may enter the market at any time. We are developing PZI as a product for the feline diabetes market at the request of Idexx Pharmaceuticals. According to a study conducted by Idexx, there are currently 66 million cats in the U.S. and approximately 20% are expected to suffer from diabetes. We estimate this market to be approximately $15 million annually once FDA approval is obtained for general distribution. Also, according to the American Diabetes Association, there are approximately 300,000 human diabetics whose bodies perform better on bovine/porcine insulin than the recombinant human form of insulin currently available. These people would create another potential market for PZI if we can obtain the necessary FDA approvals and partner with a pharmaceutical company.

Customers/Marketing

Human Antigens Division - The customers for our human antigen products are the manufacturers of the diagnostic test kits and research facilities and brokers who sell to these same end users. Two of our larger customers are brokers,

Monobind and Golden West Biologics, which accounted for approximately eleven percent (11%) and thirteen percent (13%) of our business, respectively, in 2001. One of our customers, BioRad, accounted for approximately fifty-four percent (54%) of our business in 2003. In 2002, BioRad accounted for 48% of our sales. The loss of this customer would have a material adverse effect on this division of our business.

The National Cancer Institute, and the universities that conduct its research, are also customers for the purchase of CEA.

Lateral Flow Test Technology Kits - We are in negotiations with several potential marketing partners to market and distribute these time and money saving devices to laboratories, universities and a broad range of other applications.

Ungulate Pregnancy Test -Merial will be responsible for the marketing of this product. We expect that the customers for our bovine pregnancy test will be primarily the artificial insemination (AI) providers. The AI providers include three general categories of business: (1) pharmaceutical companies selling prostaglandins, which are used to induce estrus in cows to be artificially inseminated; (2) pharmaceutical companies selling cattle semen and providing the actual AI services; and (3) AI equipment manufacturers and suppliers. There are a limited number of these AI providers who service the dairy industry. We would expect the AI providers to market the products as well. We also expect that industry trade associations would market the bovine pregnancy test, by endorsing the product and then receiving compensation based on the value realized from such endorsements.

Bovine LH- We anticipate that the initial customers for this drug will be commercial dairy operations using timed (synchronized) breeding programs. It may also have further applications in all artificially inseminated cows. An injection given shortly after insemination should increase the retention of a healthy fetus by 30-50% based on initial studies using native LH and HcG. We anticipate that marketing on a large scale will be developed by a significant partner which will be determined as we complete our clinical trials on the recombinant form of LH now being developed.

Equine Proteins - We anticipate that the ultimate customers for the equine protein products would be veterinarians and horse owners. If we are successful in the development of these products we anticipate entering into agreements with a pharmaceutical company for marketing and distribution.

Insulin/PZI - We anticipate that the ultimate customers for the PZI would be veterinarians and cat owners. If we are successful in developing the recombinant form of PZI, we plan to seek to enter into an agreement with a pharmaceutical company for marketing and distribution. We are attempting to develop recombinant PZI that matches the original PZI manufactured by E.I. Lilly. If we pursue approval to sell PZI to human diabetics, then they would provide an additional customer base. We would expect to enter into arrangements with a pharmaceutical company for marketing and distribution of PZI if such an expanded use is possible.

General Operations

Backlog and inventory - Our business is not seasonal in nature, so we expect demand to remain relatively steady. Because we produce proteins on demand, we do not maintain a backlog of orders. We have reliable sources of raw materials, do not require significant amounts of raw materials, and can manufacture all of our protein. As a result, we do not expend large amounts of capital to maintain inventory.

Payment terms - Because we currently act as a supplier to manufacturers of test kits and research facilities, we do not provide extended payment terms.

Revenues - The vast majority of our revenues come from domestic customers. Less than 2% of our revenues come from foreign customers.

Employees - We currently have twelve full-time employees and one part time employee. We will hire additional personnel, as needed depending upon the

implementation and success of our new product lines.

Research and Development

We spent $540,000 on research and development in fiscal 2003 and $622,000 in fiscal 2002. We expect to spend significantly more over the next few years to develop our new products, primarily on the equine proteins and ungulate pregnancy tests. We will also continue research and development to improve and add antigens to the bovine pregnancy test, in order to improve accuracy and eliminate competition. If we reach an arrangement with a pharmaceutical company to assess the potential for marketing PZI to humans, we would also expect to spend research and development funds on those efforts.

Compliance

FDA

The Food and Drug Administration (FDA) has regulatory authority over certain of our planned products. Our existing products require no approvals at our level.

Human Patients - FDA approval is required for therapeutic uses of products. For use on human patients, FDA extensively regulates the testing, manufacturing, labeling, advertising, promotion, export and marketing of therapeutic products. A therapeutic product administered to human patients is regulated as a drug or a biologic drug and requires regulatory approval before it may be commercialized. This would be applicable to AspenBio if we become involved in the manufacture of either the CEA colon cancer vaccine, the sale of PZI to human diabetics or the potential diagnostic for the treatment of Appendicitis.

Product approvals are granted after extensive clinical trials. Any product approvals that are granted remain subject to continual FDA review, and newly discovered or developed safety or efficacy data may result in withdrawal of products from marketing. Moreover, if and when such approval is obtained, the manufacture and marketing of such products remain subject to extensive regulatory requirements administered by the FDA and other regulatory bodies, including compliance with current Good Manufacturing Practices, adverse event reporting requirements and the FDA's general prohibitions against promoting products for unapproved or "off-label" uses. Manufacturers are subject to inspection and market surveillance by the FDA for compliance with these regulatory requirements. Failure to comply with the requirements can, among other things, result in warning letters, product seizures, recalls, fines, injunctions, suspensions or withdrawals of regulatory approvals, operating restrictions and criminal prosecutions. Any such enforcement action could have a material adverse effect on our business. Unanticipated changes in existing regulatory requirements or the adoption of new requirements could also have a material adverse effect on our business.

Ungulate Pregnancy Test - Because the ungulate pregnancy test will be a diagnostic use only, it will not be subject to FDA regulation. However, we will make a notification filing with the FDA, which advises the FDA of the expected uses and labeling of the product.

LH Pregnancy Enhancing Drug - It is anticipated that an ANDA will be required to be filed with the FDA before mass distribution can occur. During the initial distribution phase management believes it will be able to sell the drug through compounding pharmacies for distribution to diaries, with a veterinarian's prescription.

Equine Proteins - As the equine proteins would have a therapeutic use, they would require regulatory approval similar to that required for PZI.

PZI/Feline Diabetes Application - FDA approval will be necessary for PZI to be used for treatment of feline diabetes. New drugs for companion animals must receive New Animal Drug Application approval prior to marketing. The requirements for such approval are similar to those for human drugs and may require similar clinical testing. We plan to file a compassionate drug exemption application, so that we can manufacture and use PZI while the FDA is conducting the more comprehensive review. This application would be based on the need for PZI to treat diabetic cats and the fact that there are no comparable products manufactured by a USA company. We believe the exemption may be available based upon discussions with an experienced potential industry partner. We are hopeful

that FDA approval will not be difficult to obtain because PZI was previously approved for this use. If approval were obtained, we would once again be subject to ongoing regulation, which exposes us to the risks associated with compliance failures.

Environmental Protection

We are subject to various environmental laws pertaining to the disposal of hazardous medical waste. We contract for disposal of our hazardous waste with a licensed disposal facility. We do not expect to incur liabilities related to compliance with environmental laws; however, we cannot make a definitive prediction.

Other Laws

We are also subject to other federal, state and local laws, pertaining to matters such as safe working conditions and fire hazard control.

RISK FACTORS

An investment in our common stock involves a high degree of risk. Prospective investors should consider carefully the following factors and other information in this report before deciding to invest in shares of our common stock. If any of the following risks actually occur, our business, financial condition, results of operations and prospects for growth would likely suffer. As a result, the trading price of our common stock could decline and you could lose all or part of your investment.

Our success depends on our ability to develop and commercialize new products

Our success depends on our ability to successfully develop new products. Although we are engaged in human diagnostic antigen manufacturing operations and all of our revenues are derived from this business, we believe our ability to substantially increase our revenues and generate net income is contingent on successfully developing one or more of our pipeline products. Our ability to develop any of the pipeline products is dependent on a number of factors, including funding availability to complete development efforts, to adequately test and refine products, and to commercialize our products, thereby generating revenues once development efforts prove successful. We have encountered in the past and may again encounter in the future problems in the testing phase for different pipeline products, sometimes resulting in substantial setbacks in the development process. There can be no assurance that we will not encounter similar setbacks with the products in our pipeline, or that funding from outside sources and our revenues will be sufficient to bring any or all of our pipeline products to the point of commercialization.

Our Agreement with Merial could be terminated

Our Agreement with Merial for SurBred15(TM) contemplated a product launch date of October 1, 2003. The sales goals under the Agreement state that the goals will be prorated by calendar quarter since the product launch did not occur by October 1, 2003. We are actively engaged in research and development on this product, but do not yet have a satisfactory working prototype. Consequently, progress payments from Merial have been delayed, and until we reach certain milestones, continued delays in developing a prototype could result in substantial modifications to the Merial Agreement, and/or possibly cancellation. As a result of problems associated with making the test into a commercially acceptable lateral flow test we have recently engaged a specialist with extensive experience in whole blood lateral flow tests to assist us in the development of this product. Although Merial has expressed its desire to continue working with us, if we are unable to meet milestones expected by Merial and/or successfully develop a prototype, Merial may discontinue its support of this product and cancel the Agreement and in the event of canceling, may request a refund of 50% ($100,000) of the advance development fees they have paid to date. The inability to successfully develop a prototype and/or cancellation of the Agreement could have a material adverse effect on our business plan and projected growth.

We Have Substantial Note Payments Due Within the Next Year

We have borrowed an aggregate of $248,502 under our bank line of credit,

which matured in February 2004. We currently anticipate that the bank will renew the line of credit under terms substantially equivalent to those currently in place for the line of credit. Any delays in refinancing this obligation or a change in the terms of the line of credit could have an adverse impact on our business and financial condition.

We Issued Securities in 2002 Which May Not Qualify For The Private Offering Exemption.

On July 5, 2002, we made a convertible promissory note to a shareholder in connection with a $500,000 loan from him. Of the $500,000, $350,000 was used to establish an account at the bank providing our construction loan to be used as a pledge for repayment of the construction loan. We used the balance of $150,000 for general corporate purposes. The note was convertible at the shareholder's option into our common stock at $1.50 per share. We also issued to the shareholder warrants to purchase up to 275,000 shares of our common stock at $1.50 per share during a three-year period. During August 2003, we finalized an agreement with the holder under which $150,000 plus accrued interest of $38,281 was converted into 188,281 shares of common stock and we repaid $350,000 of the remaining debt in two payments during 2003. In connection with that transaction we issued 250,000 warrants to the shareholder exercisable at $1.00. We also obtained a $200,000 guaranty from another shareholder, Cambridge Holdings, Ltd., and we issued to Cambridge a warrant to purchase up to 100,000 shares of our common stock at $1.50 per share for a three-year period. The notes and warrants issued in these transactions are securities and are required to be registered unless an exemption is available. We relied on the private offering exemption from registration in making these issuances. The persons to whom we issued these securities are sophisticated, experienced investors who were our shareholders prior to these transactions and who are knowledgeable about the business, financial condition and the risks of investing in the securities. These transactions were made during the pendency of the processing of a registration statement. Under certain circumstances, the SEC has determined that separate offerings should be integrated which has the effect of destroying the private offering exemption. We do not believe that these transactions should be integrated with the sale of our shares by selling shareholders pursuant to the prospectus, which was part of the registration statement. Nonetheless, the SEC may take the position that the offering should be integrated and could challenge the availability of the private offering exemption to us. In that event, we could be subject to enforcement proceedings brought by the SEC and subject to injunctive or other relief, and could be subject to possible civil action by the two purchasers of these securities. It is also possible that the SEC could require us to make a rescission offer through a registration statement to the purchasers of the securities. Any such developments could be expensive and could harm our reputation and result in an adverse impact on our business and financial condition.

Our success will depend in part on establishing effective strategic partnerships and business relationships.

A key aspect of our business strategy is to establish strategic partnerships. We currently have license arrangements with the University of Idaho, the University of Wyoming. Under a separate agreement with another university the Company agreed to fund $46,550 payable over a six-month period for consulting and research assistance on one of the Company's products in development. It is likely that we will seek other strategic alliances. We also intend to rely heavily on companies with greater capital resources and marketing expertise to market some of our products, such as our agreement with Merial. While we have identified certain candidates for other potential products, we may not reach definitive agreements with any of them. Even if we enter into these arrangements, we may not be able to maintain these collaborations or establish new collaborations in the future on acceptable terms. Furthermore, these arrangements may require us to grant certain rights to third parties, including exclusive marketing rights to one or more products, or may have other terms that are burdensome to us, and may involve the acquisition of our securities. Our partners may decide to develop alternative technologies either on their own or in collaboration with others. If any of our partners terminate their relationship with us or fail to perform their obligations in a timely manner, the development or commercialization of our technology in potential products may be substantially delayed.

We have limited manufacturing experience, and we may experience manufacturing

problems that limit the growth of our revenue.

We purify human and animal antigens and tumor markers. In 2003, our revenues from these sales were approximately $651,000. We intend to introduce new products with substantially greater revenue potential. We may seek to manufacture these products in-house or through contractual arrangements with third parties. In either event, we may not be able to produce sufficient quantities at an acceptable cost. In addition, we may encounter difficulties in production due to, among other things, quality control, quality assurance and component supply. These difficulties could reduce sales of our products, increase our costs, or cause production delays, all of which could damage our reputation and hurt our profitability. To the extent that we enter into manufacturing arrangements with third parties, we will depend on them to perform their obligations in a timely manner and in accordance with applicable government regulations.

Our success depends upon our ability to protect our intellectual property rights.

Our success will partially depend on our ability to obtain and enforce patents relating to our technology and to protect our trade secrets. We may not receive any patents. In addition, third parties may challenge, narrow, invalidate or circumvent our patents. The patent position of biotechnology companies is generally highly uncertain, involves complex legal and factual questions and has recently been the subject of much litigation. Neither the U.S. Patent Office nor the courts have a consistent policy regarding breadth of claims allowed or the degree of protection afforded under many biotechnology patents.

In an effort to protect our unpatented proprietary technology, processes and know-how, we require our employees and consultants to execute confidentiality agreements. However, these agreements may not provide us with adequate protection against improper use or disclosure of confidential information. These agreements may be breached, and we may not have adequate remedies for any such breach. In addition, in some situations, these agreements may conflict, or be subject to, the rights of third parties with whom our employees or consultants have previous employment or consulting relationships. Also, others may independently develop substantial proprietary information and techniques or otherwise gain access to our trade secrets. We intend to market our products in many different countries some of which we will not have patents in or applied for. Different countries have different patent rules and we may sell in countries that do not honor patents and in which the risk that our products could be copied and we would not be protected would be greater.

We may be unable to retain key employees or recruit additional qualified personnel.

Because of the specialized scientific nature of our business, we are highly dependent upon qualified scientific, technical, and managerial personnel. There is intense competition for qualified personnel in our business. Therefore, we may not be able to attract and retain the qualified personnel necessary for the development of our business. A loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical and managerial personnel in a timely manner would harm our development programs and our business.

Roger Hurst has been our Chief Executive Officer and our largest shareholder since our inception. We rely on him for his leadership and business direction. We do not have an employment agreement with Mr. Hurst. The loss of his services could significantly delay or prevent the achievement of our business objectives.

Our competitors may have greater resources or research and development capabilities than we have, and we may not have the resources necessary to successfully compete with them.

Our business strategy has been to create a niche in the protein purification area. We are aware of only one competitor in this area, Dr. Albert Parlow, a UCLA professor. We believe that we have displaced Dr. Parlow as the largest supplier of human antigens. However, we plan to expand our operations into other areas as described above. The biotechnology business is highly competitive, and we may face increasing competition. We expect that many of our competitors will have greater financial and human resources and more experience

in research and development and more established sales, marketing and distribution capabilities than we have. In addition, the healthcare industry is characterized by rapid technological change. New product introductions or other technological advancements could make some or all of our products obsolete.

Our common stock is classified as a "penny stock" under SEC rules and the market price of our common stock is highly unstable.

A limited trading market exists for our common stock on the OTC Bulletin Board. Since inception of trading in January 2003, our common stock has not traded at $5 or more per share. Because our stock is not traded on a stock exchange or on the Nasdaq National Market or the Nasdaq Small Cap Market, if the market price of the common stock is less than $5 per share, the common stock is classified as a "penny stock." SEC Rule 15g-9 under the Exchange Act 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 stock are suitable for the customer and must make special disclosures to the customers concerning the risk of penny stocks. Many broker-dealers decline to participate in penny stock transactions because of the extra requirements imposed on penny stock transactions. Application of the penny stock rules to our common stock reduces the market liquidity of the shares, which in turn affects the ability of holders of our common stock to resell the shares they purchase, and they may not be able to resell at prices at or above the prices they paid.

A significant number of our shares are or will be eligible for future sale, which may cause the price of our common stock to decline.

As of March 19, 2004, 10,477,031 shares of our common stock and an aggregate of 3,986,662 options and warrants were outstanding. We also intend to issue additional shares and warrants in order to raise additional capital on an as-needed basis. We have granted registration rights to the holders of the shares and certain warrants and convertible notes. Sales of a substantial number of shares of our common stock in the public market or the exercise of a substantial number of options or warrants to purchase shares of our common stock, or the perception that such sales or exercises might occur, could cause the market price of our common stock to decline.

Because one of our shareholders exercises voting power of more than 11% of our common stock, he may be able to determine the outcome of all matters submitted to our shareholders for approval, regardless of the preferences of the minority shareholders.

Roger D. Hurst currently owns 37.2% of our outstanding common stock, although he exercises voting power as to only 15.7% of our common stock due to a voting agreement whereby he must vote 2,250,000 shares pro rata with the vote of all other shareholders. Accordingly, he may have the ability to control matters affecting us, including the composition of our board of directors, any determinations with respect to mergers, or other business combinations, our acquisition or disposition of assets and our financings. In addition, Mr. Hurst may be able to prevent or cause a change in control of our company and may be able to amend our articles of incorporation and bylaws without the approval of any other shareholder, depending on the number of votes cast on any proposal. His interests may conflict with the interests of our other shareholders.

We do not currently have insurance that covers product liability.

Our insurance policies do not currently cover claims and liability arising out of defective products. As a result, if a claim were brought against us, we would not have any insurance that would apply and would have to pay any costs directly. Because our products have only been used as part of diagnostic test kits, we did not believe that this insurance would be necessary. However, as we expand into other products, the risk of claims will increase and we will need to evaluate the need to obtain insurance.

If we fail to obtain FDA approval, we cannot market certain products in the United States.

Therapeutic products to be used by humans must be approved by the FDA prior to marketing and sale. This would apply to our plan to potentially market PZI to human diabetics, CEA and the Appendicitis test. In order to obtain approval, we must complete extensive clinical trials and comply with numerous standards; this process can take substantial amounts of time to complete. Even if we complete the trials, FDA approval is not guaranteed. FDA approval can be suspended or revoked, or we could be fined, based on a failure to continue to comply with those standards.

FDA approval is also required for therapeutic products that will be used on animals prior to marketing and sale, and can also require considerable time to complete. New drugs for companion animals must receive New Animal Drug Application approval. This type of approval would be required for the use of PZI for treatment of feline diabetes and for our therapeutic equine protein products. The requirements for obtaining FDA approval are similar to those for human drugs described above and may require similar clinical testing. Approval is not assured and, once FDA approval is obtained, we would still be subject to fines and suspension or revocation of approval if we fail to comply with FDA requirements. We plan to file a compassionate drug exemption application for the use of PZI, so that we can manufacture and use PZI while the FDA is conducting the more comprehensive review. However, the interim approval is also not guaranteed and could delay marketing of PZI until the New Animal Drug Application is approved.

If we fail to obtain regulatory approval in foreign jurisdictions, then we cannot market our products in those jurisdictions.

We plan to market some of our products in foreign jurisdictions. Specifically, we expect that the bovine pregnancy test will be aggressively marketed in foreign jurisdictions. We may market our therapeutic products to foreign jurisdictions, as well. We may need to obtain regulatory approval from the European Union or other jurisdictions to do so and obtaining approval in one jurisdiction does not necessarily guarantee approval in another. We may be required to conduct additional testing or provide additional information, resulting in additional expenses, to obtain necessary approvals.

ITEM 2. DESCRIPTION OF PROPERTY

We maintain our administrative office, laboratory and production operations in a 40,000 square foot building in Castle Rock, Colorado, which was constructed for us. We moved into our new facility in early 2003 and do not presently plan any renovation, improvements, or development of this property.

AspenBio owns the property subject to a mortgage with an outstanding balance of $3,263,287 at December 31, 2003, payable in monthly installments of approximately $23,700 and bearing interest at an approximate average rate of 6.5%. The Company maintains adequate insurance coverage on the property.

ITEM 3. LEGAL PROCEEDINGS.

We are not a party to any legal proceedings, the adverse outcome of which would, in our management's opinion, have a material adverse effect on our business, financial condition and results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Our common stock is traded on the over-the-counter bulletin system operated by NASDAQ under the symbol, APNB. Our common stock did not trade publicly during 2002. Trading commenced in February 2003 and high and low prices are summarized as: Quarter ended High Low

March 31, 2003	$4.30	$3.50

June 30, 2003	$3.70	$1.20
September 30, 2003	$1.60	$1.25
December 31, 2003	$1.45	$1.07

As of March 19, 2004 we had 1,010 holders of record (excluding an indeterminable number of shareholders whose shares are held in street or "nominee" name) of our common stock.

We have never paid a dividend on our common stock, and we do not intend to pay cash dividends for the foreseeable future. Instead, we currently plan to retain earnings, if any, for use in the operation of our business and to fund future growth.

Recent Sales of Unregistered Securities.

The following sets forth the equity securities sold by the Company during the period covered by this report that were not registered under the Securities Act.

On July 5, 2002, we made a convertible promissory note to a shareholder in connection with a $500,000 loan from him. Of the $500,000, $350,000 was used to establish an account at the bank providing our construction loan to be used as a pledge for repayment of the construction loan. We used the balance of $150,000 for general corporate purposes. The note was convertible at the shareholder's option into our common stock at $1.50 per share. We also issued to the shareholder warrants to purchase up to 275,000 shares of our common stock at $1.50 per share during a three-year period. During August 2003, we finalized an agreement with the holder under which $150,000 plus accrued interest of $38,281 was converted into 188,281 shares of common stock and we repaid $350,000 of the remaining debt in two payments during 2003. We relied on the private offering exemption from registration contained in Section 4(2) of the Act in making these issuances.

In 2003, we also obtained a $200,000 guaranty from another shareholder, Cambridge Holdings, Ltd., and we issued to Cambridge a warrant to purchase up to 100,000 shares of our common stock at $1.50 per share for a three-year period. We relied on the private offering exemption from registration contained in Section 4(2) of the Act in making this issuance.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

RESULTS OF OPERATIONS

Sales for the year ended December 31, 2003 totaled $651,000, which is a $(95,000) or (13)% decrease from the year ended December 31, 2002. The decrease in sales is primarily attributable to reduced shipment levels to a number of existing customers, except for the Company's largest customer, to which sales were virtually unchanged. It is not unusual for the orders from our customers to vary by quarter and by year depending upon the customer's sales and production needs. We cannot predict future sales volumes that could be expected from existing or other customers.

Costs of sales for the year ended December 31, 2003 totaled $518,000, a $144,000 or 22% decrease as compared to the 2002 period. The change in cost of sales resulted from a combination of factors, no one of which was significant. Gross profit percentage increased to 20% in the year ended December 31, 2003, as compared to 11% in the 2002 period. The change is generally attributable to more efficient production out of our new facility, net of the increased operating costs associated with the new facility.

Selling, general and administrative expenses in the year ended December 31, 2003, totaled $878,000, which is a $490,000 or 127% increase as compared to the 2002 period. The increase is primarily attributable to a combination of additional personnel on staff, higher operating expenses in our new facility and the costs of now being a public reporting entity.

Research and development expenses in the year ended December 31, 2003 totaled $540,000, which is an $82,000 or 13% decrease as compared to the 2002 period. The decrease is due to the timing of when significant costs associated with the acquisition and development of technologies, are incurred. During 2002 additional external costs were being incurred to acquire and develop the line of

technologies as compared to 2003 year. Current technologies being developed include the bovine pregnancy tests and bovine pregnancy enhancement products and several other technologies. Depending upon available cash, we expect research and development expenses to increase at least back to the 2002 level for the year ending December 31, 2004.

Interest expense for the year ended December 31, 2003, increased to $353,000 or $219,000 more as compared to the $134,000 for the 2002 year. The increase was primarily due to higher debt levels to fund the new facility and working capital needs. We also recorded an $81,500 expense during the 2003 period for the estimated non-cash cost associated with the revision in terms of a convertible loan that was completed during 2003.

No income tax benefit was recorded on the loss for the year ended December 31, 2003, as management of the Company was unable to determine that it was more likely than not that such benefit would be realized. At December 31, 2003, the Company had a net operating loss for income tax purposes of approximately $2,974,000, expiring through 2023.

Liquidity and Capital Resources

The Company reported a net loss of $1,717,000 during the year ended December 31, 2003. At December 31, 2003, the Company had a working capital deficit of $202,000. Management believes that in order to continue with the technology development activities and support the current level of operations, the Company will need to continue to pursue its capital raising activities. Management's plans also include continuing to fulfill the requirements under the global development and distribution agreement signed in March 2003, to accomplish the milestones and successful completion of the bovine pregnancy test to receive additional development payments of up to $1,700,000. Under the terms of the development agreement, development payments the Company may receive in the future are subject to reduction due to delays in the test development. The completion of this test has been delayed from the timeline originally agreed to under the distribution agreement and the Company is attempting to achieve its requirements in the next few months under the agreement. The Company is also focused on generating increased product sales, and raising additional capital.

Capital expenditures, primarily for production, laboratory and facility improvement costs for the fiscal year ending December 31, 2004, are anticipated to total less than $50,000. Funding for the capital additions is contingent on the Company's ability to obtain additional financing and available working capital.

AspenBio anticipates that spending for research and development for the fiscal year ending December 31, 2004, will increase from those incurred for the year ended December 31, 2003. The primary expenditures will be to continue to file patents on the Company's technologies as well as to fund development costs in support of the current pipeline products. The principal products in development currently consist of the bovine pregnancy tests and bovine pregnancy enhancement products. Funding for such increased research and development expenses is anticipated to be covered by additional capital raising efforts.

During February 2003, the Company secured a $250,000 line of credit with a bank and as of December 31, 2003, $248,502 had been drawn and was outstanding under the line of credit. The line of credit is currently being renewed under terms that management believes will be substantially equivalent to those currently in effect.

During June 2003, the Company closed on a $3,250,000 permanent mortgage facility on its land and building. The mortgage is held by a commercial bank and includes a portion guaranteed by the U. S. Small Business Administration. The loan is collateralized by the real property and is also personally guaranteed by the Company's President. The average approximate interest rate is approximately 6.5% and the loan requires monthly payments of approximately $23,700.

During June 2003, the Company's President agreed to consolidate the Company's notes payable to him in the aggregate principal amount of $958,651, into one new note with an interest rate of 6% per annum and the maturity date extended to June 2008. An advance principal payment of $150,000 will be made to him if the Company raises sufficient equity funding to meet certain other needs.

During August 2003, the Company finalized an agreement with the holder of a $500,000 convertible note payable which matured in July 2003, to convert $150,000, plus $38,281 in accrued interest into common stock, be repaid $300,000 in principal and have $50,000 remain outstanding under a new 10% note due November 26, 2003. In consideration for the revisions that were made to the note, the Company agreed to reduce the conversion price from the $1.50 per share under the original note to $1.00 per share for the converted portion. Additionally, the Company granted the holder a warrant to purchase shares of common stock at $1.50 per share through July 2005. As a result of the reduction in the conversion rate to $1.00 per share, the Company recorded a debt conversion inducement expense of $81,500, representing the value of the additional shares received as of the date of conversion. The value of the 250,000-share warrant granted to the holder was computed and allocated to the components of the transaction. The value of the portion allocated to the new debt was recorded as additional interest expense over the life of the new note. In December 2003 the remaining $50,000 plus accrued interest was repaid to the stockholder.

In the third quarter of the current fiscal year Cambridge Holdings, Ltd. a stockholder of the Company, loaned a total of $40,000 under two notes to the Company. The proceeds of the notes were used for working capital, with the notes due on demand bearing interest at 10%. During December 2003 the notes plus accrued interest were repaid to the stockholder.

During the fourth quarter of 2003 we completed the sale of 1,083,750 shares of the Company's common stock, generating net proceeds to the Company of $923,000 after deducting offering expenses. Proceeds from this offering were used for debt repayment, operating and development expenses and working capital.

During October 2003, the Company completed a $350,000 offering of convertible debt. The unsecured notes bear interest at 8% and were due at the earlier of May 2004 or at the time $1,000,000 is raised in an equity offering. The debt offering consisted of a note for $1.00 and one share of common stock for each $1.00 invested in the notes. To reduce the amount of the dilution as a result of the debt offering, the Company's president contributed 350,000 shares of common stock to the Company that were used in the offering. The proceeds of the offering have been allocated between the estimated value of the notes, the stock and the warrant, based upon their respective estimated fair values. The amount allocated to the non-debt elements will be accreted back to the debt as additional interest expense over the life of the notes. The Placement Agent selling the notes received fees and expenses of 13% of the proceeds raised plus a warrant to acquire 150,000 shares of common stock at $1.50 per share exercisable through June 2006. During December 2003 an equity offering exceeding $1,000,000 was closed and accordingly, the bridge loans matured. Out of the total $350,000, $205,000 was converted into common stock of the Company at $1.00 per share and $145,000 was repaid, with $45,000 of the amount outstanding at December 31, 2003 and repaid in January 2004.

Operating Activities

Net cash consumed by operating activities was $396,000 during the year ended December 31, 2003. Cash was consumed by the loss of $1,717,000, less non-cash expenses of $278,000 for depreciation and amortization and $150,000 associated with additional non-cash items. Decreases of $73,000 in accounts receivable and $251,000 in inventories, arising from lower sales levels in 2003 and $350,000 in restricted cash, from the release of the restrictions, provided funding for a portion of the loss. A net increase in accounts payable and accruals of $27,000 during the period also funded a portion of the loss. During March 2003, cash of $200,000 was received upon the execution of the global development and distribution agreement, which has been recorded as deferred revenue until the Company has completed the contingencies under the agreement.

Net cash outflows from operating activities consumed $765,000 during the year ended December 31, 2002. Cash was consumed by the loss of $1,224,000, offset by $121,000 in total depreciation and amortization expenses and $50,000 associated with non-cash items. Operating cash flow benefited from a $135,000 reduction in accounts receivable and a $120,000 reduction in inventories during 2002 due to lower sales levels. Accounts payable and accrued expenses increased by $250,000 benefiting operating cash flow. The Company also used cash of $350,000 to fund a restricted cash account. Expenditures associated with the development of the

bovine pregnancy test also increased the rate of cash outflow.

Investing Activities

Net cash outflows from investing activities consumed $228,000 during the year ended December 31, 2003. The outflow was primarily attributable to purchases of property and equipment and intangibles.

Net cash outflows from investing activities consumed $606,000 during the 2002 period. The outflow was attributable to purchases of property and equipment and payments for intangibles.

Financing Activities

Net cash inflows from financing activities generated $640,000 during the year ended December 31, 2003. The Company drew $249,000 under the new line of credit. The construction loan was increased by $653,000, advanced directly to finalize the construction of our new facility. This loan was converted into a $3,250,000 permanent mortgage in June 2003, and loan closing costs of $57,000 incurred. During the year we received $79,000 in new loan proceeds above the amounts that we repaid during the period. We also received net proceeds from the sale of common stock totaling $718,000, exclusive of debt conversions, and repurchased and retired $100,000 of common stock during the year.

Net cash inflows from financing activities generated $1,080,000 during 2002. The Company received $300,000 in connection with the completion of sale of securities and we received $1,191,000 from the issuance of notes payable. During 2002 $362,000 was used to reduce debt and $49,000 was paid out in dividends.

Critical Accounting Policies

The Company's financial position, results of operations and cash flows are impacted by the accounting policies the Company has adopted. In order to get a full understanding of the Company's financial statements, one must have a clear understanding of the accounting policies employed. A summary of the Company's critical accounting policies follows:

Accounts Receivable: Accounts receivable balances are stated net of allowances for doubtful accounts. The Company records allowances for doubtful accounts when it is probable that the accounts receivable balance will not be collected. When estimating the allowances for doubtful accounts, the Company takes into consideration such factors as its day-to-day knowledge of the financial position of specific clients, the industry and size of its clients. A financial decline of any one of the Company's large clients could have an adverse and material effect on the collectibility of receivables and thus the adequacy of the allowance for doubtful accounts. Increases in the allowance for doubtful accounts are recorded as charges to bad debt expense and are reflected in other operating expenses in the Company's statements of operations. Write-offs of uncollectible accounts are charged against the allowance for doubtful accounts.

Inventories: The Company's inventory is a significant component of current assets and is stated at the lower of cost or market. The Company regularly reviews inventory quantities on hand and records provisions for excess or obsolete inventory based primarily on its estimated forecast of product demand, market conditions, production requirements and technological developments. Significant or unanticipated changes to the Company's forecasts of these items, either adverse or positive, could impact the amount and timing of any additional provisions for excess or obsolete inventory that may be required.

Long-Lived Assets: The Company records property and equipment at cost. Depreciation of the assets is recorded on the straight-line basis over the estimated useful lives of the assets. Dispositions of property and equipment are recorded in the period of disposition and any resulting gains or losses are charged to income or expense when the disposal occurs. The carrying value of the Company's long-lived assets is periodically reviewed to determine that such carrying amounts are not in excess of estimated market value. Goodwill is reviewed annually for impairment by comparing the carrying value to the present value of its expected cash flows. For the years ended December 31, 2003 and 2002, the required annual testing resulted in no impairment charge.

Revenue recognition: The Company's revenues are recognized when products are shipped or delivered to unaffiliated customers. The Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition" provides guidance on the application of generally accepted accounting principles to select revenue recognition issues. The Company has concluded that its revenue recognition policy is appropriate and in accordance with SAB No. 101. Revenue is recognized under development and distribution agreements only after the following criteria are met: (i) there exists adequate evidence of the transactions; (ii) delivery of goods has occurred or services have been rendered; and (iii) the price is not contingent on future activity and collectibility is reasonably assured.

Recent Accounting Policies

Accounting for Guarantees - In November 2002, FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (FIN 45) was issued. FIN 45 requires a guarantor entity, at the inception of a guarantee covered by the measurement provisions of the interpretation, to record a liability for the fair value of the obligation undertaken in issuing the guarantee. Interpretation 45 applies prospectively to guarantees the Company issues or modifies subsequent to December 31, 2002. The Company has historically not issued guarantees and therefore FIN 45 did not have a material effect on its 2003 financial statements.

Stock-Based Compensation - In December 2002, the FASB issued FASB No. 148 (SFAS 148), Accounting for Stock-Based Compensation - Transition and Disclosure. This Statement amends FASB Statement No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. It also amends disclosure requirements to require prominent disclosures in both annual and interim financial statements about the method and the effect of the method used for stock based compensation on reported results. The statement is effective for fiscal years ending after December 15, 2002. Adoption of SFAS 148 did not have a material effect on the Company's financial statements.

Variable Interest Entities - In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. FIN 46 clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, for certain entities which do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties or in which equity investors do not have the characteristics of a controlling financial interest ("variable interest entities"). Variable interest entities will be required to be consolidated by their primary beneficiary. The primary beneficiary of a variable interest entity is determined to be the party that absorbs a majority of the entity's expected losses, receives a majority of its expected returns, or both, as a result of holding variable interests, which are ownership, contractual, or other pecuniary interests in an entity. In December 2003, the FASB approved a partial deferral of FIN 46 along with various other amendments. The effective date for this interpretation has been extended until the first fiscal period ending after December 15, 2004. However, prior to the required application of this interpretation, a public company that is a small business issuer shall apply this interpretation to those entities that are considered to be special purpose entities no later than the end of the first fiscal reporting period after December 15, 2003. The Company does not have any variable interest entities, and therefore, the adoption of the provisions of FIN 46 will not have a material effect on the financial condition or results of operations of the Company.

Revenue Arrangements - In November 2002, the Emerging Issues Task Force ("EITF") reached a consensus on Issue 00-21, Accounting for Revenue Arrangements with Multiple-Deliverables (EITF 00-21). EITF 00-21 addresses how to account for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The consensus mandates how to identify whether goods or services or both which are to be delivered separately in a bundled sales arrangement should be accounted for separately because they are

"separate units of accounting." The guidance can affect the timing of revenue recognition for such arrangements, even though it does not change rules governing the timing or pattern of revenue recognition of individual items accounted for separately. The final consensus will be applicable to agreements entered into in fiscal years beginning after June 15, 2003 with early adoption permitted. Additionally, companies will be permitted to apply the consensus guidance to all existing arrangements as the cumulative effect of a change in accounting principle in accordance with APB Opinion No. 20, Accounting Changes. The Company does not believe the adoption of EITF 00-21 had a material impact on its financial position or results of operations.

Financial Instruments - In May 2003 the FASB issued Statement of Financial Accounting Standards No. 150 ("SFAS 150"), Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This statement establishes standards for how an issuer classifies and measures in its balance sheet certain financial instruments with characteristics of both liabilities and equity. In accordance with this standard, financial instruments that embody obligations of the issuer are required to be classified as liabilities. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, except for those provisions relating to mandatorily redeemable non-controlling interests, which have been deferred. . For existing financial instruments, SFAS No. 150 is effective at the beginning of the fiscal quarter commencing July 1, 2003. The adoption of SFAS No. 150 did not have an effect on the Company's financial position, results of operations or cash flows. If the deferred provisions of SFAS No. 150 are finalized in their current form, management does not expect adoption to have a material impact on the financial position, results of operations or cash flows.

ITEM 7. FINANCIAL STATEMENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
AspenBio, Inc.

We have audited the accompanying balance sheet of AspenBio, Inc. (a Colorado corporation) (the "Company") as of December 31, 2003, and the related statements of operations, stockholders' equity (deficit), and cash flows for the two years in the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AspenBio, Inc. as of December 31, 2003, and the results of its operations and its cash flows for the two years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

GELFOND HOCHSTADT PANGBURN, P.C.

/s/ Gelfond Hochstadt Pangburn, P.C.
- ----------

Denver, Colorado
March 17, 2004

AspenBio, Inc.
Balance Sheet
December 31, 2003

ASSETS

Current assets:	
Cash	$ 148,132
Accounts receivable, net (Note 5)	21,349
Inventories (Notes 2 and 5)	259,972
Prepaid expenses	18,718
Total current assets	448,171
Property and equipment, net (Notes 3 and 6)	3,764,008
Other assets:	
Goodwill	387,239
Other intangibles (Note 4)	242,735
Total other assets	629,974
Total assets	$ 4,842,153

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:	
Accounts payable	$ 72,074
Accrued expenses (Note 7)	182,417
Lines of credit (Note 5)	277,480
Notes payable (Note 6):	
Mortgage note - current portion	73,026
Other	45,000
Total current liabilities	649,997
Mortgage note payable, less current portion (Note 6)	3,190,262
Note payable, related party (Note 7)	958,651
Deferred revenue (Note 8)	200,000
Total liabilities	4,998,910
Commitments and contingencies (Notes 8, 11 and 12)	
Stockholders' equity (deficit) (Notes 9 and 12):	
Common stock, no par value, 15,000,000 shares authorized; 10,102,031 shares issued and outstanding	2,712,035
Accumulated deficit	(2,868,792)
Total stockholders' equity (deficit)	(156,757)
Total liabilities and stockholders' equity (deficit)	$ 4,842,153

See Accompanying Notes to Financial Statements

<TABLE>

AspenBio, Inc.
Statements of Operations
Years ended December 31,

<CAPTION>

	2003	2002
<S>	<C>	<C>
Sales	$ 650,575	$ 745,427
Cost of sales	518,493	662,817
Gross profit	132,082	82,610
Operating expenses:		
Selling, general and administrative	877,562	387,202
Research and development	540,292	622,460
Total operating expenses	1,417,854	1,009,662
Operating loss	(1,285,772)	(927,052)
Other income (expense):		
Interest expense	(353,342)	(134,411)
Debt conversion inducement expense (Note 7)	(81,500)	--
Interest income	3,437	7,522
Expenses incurred with registration statement	--	(175,608)
Total other (expense) income	(431,405)	(302,497)
Net loss before income tax benefit	(1,717,177)	(1,229,549)
Income tax benefit (Note 10)	--	5,298
Net loss	$(1,717,177)	$(1,224,251)
Basic and diluted loss per share	$ (.19)	$ (.13)
Basic and diluted weighted average shares outstanding	9,239,909	9,204,110

</TABLE>

See Accompanying Notes to Financial Statements

<TABLE>

AspenBio, Inc.
Statements of Stockholders' Equity (Deficit)
Years ended December 31, 2003 and 2002

<CAPTION>

	Common Stock		Deferred consulting	Retained earnings (accumulated	
	Shares	Amount	cost	deficit)	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 2001	8,800,000	$ 1,261,769	$ (32,880)	$ 72,636	$ 1,301,525

Issuance of common stock for cash	500,000	300,000			300,000
Dividends				(48,999)	(48,999)
Warrants issued in connection with note payable			43,000		43,000
Amortization of deferred consulting cost			32,880		32,880
Net loss for the year				(1,224,251)	(1,224,251)
Balance, December 31, 2002	9,300,000	1,555,770	--	(1,151,615)	404,155
Debt converted into common stock	188,281	272,365			272,365
Common stock and warrants issued with debt offering	350,000	188,510			188,510
Common stock contributed by stockholder for debt offering	(350,000)	(161,490)			(161,490)
Common stock issued for cash, net of offering expenses of $160,770	1,083,750	922,980			922,980
Common stock repurchased for cash	(500,000)	(100,000)			(100,000)
Common stock issued for services	30,000	33,900			33,900
Net loss for the year				(1,717,177)	(1,717,177)
Balance, December 31, 2003	10,102,031	$ 2,712,035	$ --	$ (2,868,792)	$ (156,757)

</TABLE>

See Accompanying Notes to Financial Statements

<TABLE>

AspenBio, Inc.
Statements of Cash Flows
Years ended December 31,

<CAPTION>

	2003	2002
Cash flows from operating activities		
<S>	<C>	<C>
Net loss	(1,717,177)	$(1,224,251)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	277,735	121,413
Stock issued for services	133,705	--
Amortization of deferred consulting cost	--	32,880
Amortization of discount of note payable	16,000	16,000
Change in provision for doubtful accounts	--	1,600
(Increase) decrease in:		
Accounts receivable	73,088	135,392
Inventories	251,487	120,302
Restricted cash	350,000	(350,000)
Prepaid expenses	(7,418)	108,902
Other assets	--	22,500
Increase (decrease) in:		
Accounts payable	(177,130)	227,880
Accrued liabilities	204,107	22,098
Deferred revenue	200,000	--

Net cash used by operating activities	(395,603)	(765,284)
Cash flows from investing activities		
Purchases of property and equipment	(176,435)	(487,439)
Patent and trademark application costs	(60,467)	(119,091)
Reductions in other assets	8,925	--
Net cash used by investing activities	(227,977)	(606,530)
Cash flows from financing activities		
Proceeds from the issuance of notes payable	745,464	1,191,442
Payment of mortgage loan costs	(57,085)	--
Repayment of notes payable	(666,427)	(362,614)
Proceeds from issuance of common stock	717,980	300,000
Repurchase of common stock	(100,000)	--
Payment of dividends	--	(48,999)
Net cash provided by financing activities	639,932	1,079,829

</TABLE>

Continued

<TABLE>

AspenBio, Inc.
Statements of Cash Flows (Continued)
Years ended December 31,

<CAPTION>

	2003	2002
<S>	<C>	<C>
Net increase (decrease) in cash	16,352	(291,985)
Cash at beginning of year	131,780	423,765
Cash at end of year	$ 148,132	$ 131,780
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 222,551	$ 97,299
Income tax benefit	--	(5,298)
Schedule of non-cash investing and financing transactions:		
Common stock issued for debt conversion and services	$ 427,181	$ --
Value of 350,000 common shares contributed by shareholder	161,490	--
Warrants issued in connection with note payable	29,603	11,000
Construction in progress financed by construction loan	653,252	2,596,748
Construction loan refinanced to mortgage	3,250,000	--

</TABLE>

See Accompanying Notes to Financial Statements

AspenBio, Inc.
Notes to financial statements

1. Organization and summary of significant accounting policies:

Nature of operations:

AspenBio, Inc. (the "Company" or "AspenBio") was organized on July 24, 2000, as a Colorado corporation. AspenBio is a biotechnology company that is a purifier of human and animal antigens, and manufactures over 30 products. The antigens are used as standards and controls in diagnostic test kits, antibody purification and in research projects. The research and development activities of the Company are primarily performed internally on new product technology.

Products being developed are currently projected for use in the diagnosis and treatment of animals. A new product, which is in advanced stages of development, is an antigen pregnancy test for dairy cows.

Revenue recognition and accounts receivable:

The Company recognizes revenue when product is shipped or delivered. The Company extends credit to customers generally without requiring collateral. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses. The Company sells primarily throughout North America. At December 31, 2003, no one customer accounted for more than 10% of total accounts receivable. One customer accounted for 54% and 48% of total net sales for the years ended December 31, 2003 and 2002.

Revenue is recognized under development and distribution agreements only after the following criteria are met: (i) there exists adequate evidence of the transactions; (ii) delivery of goods has occurred or services have been rendered; and (iii) the price is not contingent on future activity and collectibility is reasonably assured.

Accounts receivable are stated net of an allowance for doubtful accounts of approximately $1,600 at December 31, 2003.

Inventories:

Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out (FIFO) method. The elements of cost in inventories include materials, labor and overhead. The Company purchases substantially all of its raw materials from one supplier.

Property and equipment:

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the assets, generally twenty-five years for the building, ten years for land improvements and five years for equipment.

1. Organization and summary of significant accounting policies (continued):

Goodwill and other intangible assets:

Goodwill, arising from the initial formation of the Company represents the purchase price paid and liabilities assumed in excess of the fair market value of tangible assets acquired. In June 2001, the Financial Accounting

Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets. Effective January 1, 2002, SFAS No. 142 no longer allows the amortization of goodwill and intangible assets with indefinite useful lives. SFAS No. 142 requires that these assets be reviewed for impairment at least annually, or whenever there is an indication of impairment. Intangible assets with finite lives will continue to be amortized over their estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets.

SFAS No. 142 requires companies to allocate goodwill to identifiable reporting units, which are then tested for impairment using a two-step process detailed in the statement. The first step requires comparing the fair value of each reporting unit with its carrying amount, including goodwill. If the fair value exceeds the carrying amount, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test is not necessary. If the fair value of the reporting unit does not exceed the carrying amount, the second step of the goodwill impairment test must be performed to measure the amount of impairment loss, if any. This step requires the allocation of the fair value of the reporting unit to the reporting unit's assets and liabilities (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. The excess of the fair value of the reporting unit over its re-evaluated net assets would be the new basis for the reporting unit's goodwill, and any necessary goodwill write down to this new value would be recognized as an impairment expense.

The Company adopted SFAS No. 142 on January 1, 2002 and completed the first step of the transitional goodwill impairment test as required under the statement. It was determined that the Company has one reporting unit. The fair value of the reporting unit exceeded the carrying value of the reporting unit and accordingly, as of that date, there was no goodwill impairment. The Company has also performed a goodwill impairment test in the fourth quarter of each year and determined that there has been no goodwill impairment. A goodwill impairment test will be performed annually in the fourth quarter or upon significant changes in the Company's business environment.

Impairment of long-lived assets:

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Based on its review, management does not believe that any impairment of long-lived assets exists at December 31, 2003.

Shipping and handling fees and costs:

The Company records shipping and handling fees billed to customers as revenue, and shipping and handling costs incurred by the Company in cost of sales.

1. Organization and summary of significant accounting policies (continued):

Research and development:

Research and development costs are charged to expense as incurred.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of

revenue and expenses during the reporting periods. Actual results could differ significantly from those estimates.

Fair value of financials instruments:

The fair value of the note payable, related party is not practicable to estimate, due to the related party nature of the underlying transactions. The carrying amounts of the Company's other financial instruments approximate fair value because of their variable interest rates and \ or short maturities.

Much of the information used to determine fair values is highly subjective and judgmental in nature and, therefore the results may not be precise. In addition, estimates of cash flows, risk characteristics, credit quality and interest rates are all subject to change. Since the fair values are estimated as of the balance sheet date, the amounts, which will actually be realized or paid upon settlement or maturity of the various instruments, could be significantly different.

Income taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, Accounting for Income Taxes. Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is required to the extent any deferred tax assets may not be realizable.

Stock-based compensation:

SFAS No. 123, Accounting for Stock Based Compensation, defines a fair-value-based method of accounting for stock-based employee compensation plans and transactions in which an entity issues its equity instruments to acquire goods or services from non-employees, and encourages but does not require companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to account for employee stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 ("APB No. 25"), Accounting for Stock Issued to Employees, and related interpretations. Accordingly, employee compensation cost for stock options is measured as the excess, if any, of the estimated fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. The Company has provided pro forma disclosures of net income as if the fair value based method of accounting for stock-based compensation, as prescribed by SFAS No. 123, had been applied. Options issued to non-employees or directors for services are accounted for in accordance with SFAS No. 123.

The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2003 and 2002, a dividend yield of 0%; a risk-free interest rate of 3.7% and 2.7%; an expected life ranging from 5-10 years; and an expected volatility of 111% and 172%, respectively. The following table illustrates the effect on net income (loss) and income (loss) per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation to its stock-based employee plans.

<TABLE>
<CAPTION>

	2003	2002
<S>	<C>	<C>
Net loss, as reported	$(1,717,000)	$(1,224,000)
Deduct: Total stock-based employee compen-		

sation expense determined under fair value based method for awards granted, modified or settled, net of related tax effects	(195,000)	(2,000)
Pro forma net loss	$(1,912,000)	$(1,226,000)
Loss per share:		
Basic and diluted - as reported	$(0.19)	$(0.13)
Basic and diluted - pro forma	$(0.21)	$(0.13)

</TABLE>

Income (loss) per share:

Basic earnings (loss) per share includes no dilution and is computed by dividing net earnings (loss) available to stockholders by the weighted number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the Company's earnings. The effect of the inclusion of the dilutive shares would have resulted in a decrease in loss per share. Accordingly, the weighted average shares outstanding have not been adjusted for dilutive shares.

Comprehensive income:

SFAS No. 130, Reporting Comprehensive Income, requires disclosure of comprehensive income, which includes certain items not reported in the statement of income, including unrealized gains and losses on available-for-sale securities and foreign currency translation adjustments. During the years ended December 31, 2003 and 2002, the Company did not have any components of comprehensive income to report.

1. Organization and summary of significant accounting policies (continued):

Recently issued accounting pronouncements:

Accounting for Guarantees - In November 2002, FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (FIN 45) was issued. FIN 45 requires a guarantor entity, at the inception of a guarantee covered by the measurement provisions of the interpretation, to record a liability for the fair value of the obligation undertaken in issuing the guarantee. Interpretation 45 applies prospectively to guarantees the Company issues or modifies subsequent to December 31, 2002. The Company has historically not issued guarantees and therefore FIN 45 did not have a material effect on its 2003 financial statements.

Stock-Based Compensation - In December 2002, the FASB issued FASB No. 148 (SFAS 148), Accounting for Stock-Based Compensation - Transition and Disclosure. This Statement amends FASB Statement No. 123; Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. It also amends disclosure requirements to require prominent disclosures in both annual and interim financial statements about the method and the effect of the method used for stock based compensation on reported results. The statement is effective for fiscal years ending after December 15, 2002. Adoption of SFAS 148 did not have a material effect on the Company's financial statements.

Variable Interest Entities - In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), Consolidation of Variable Interest Entities. FIN 46 clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, for certain entities which do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties or in which equity investors do not have the characteristics of a controlling

financial interest ("variable interest entities"). Variable interest entities will be required to be consolidated by their primary beneficiary. The primary beneficiary of a variable interest entity is determined to be the party that absorbs a majority of the entity's expected losses, receives a majority of its expected returns, or both, as a result of holding variable interests, which are ownership, contractual, or other pecuniary interests in an entity. In December 2003, the FASB approved a partial deferral of FIN 46 along with various other amendments. The effective date for this interpretation has been extended until the first fiscal period ending after December 15, 2004. However, prior to the required application of this interpretation, a public company that is a small business issuer shall apply this interpretation to those entities that are considered to be special purpose entities no later than the end of the first fiscal reporting period after December 15, 2003. The Company does not have any variable interest entities, and therefore, the adoption of the provisions of FIN 46 will not have a material effect on the financial condition or results of operations of the Company.

Revenue Arrangements - In November 2002, the Emerging Issues Task Force ("EITF") reached a consensus on Issue 00-21, Accounting for Revenue Arrangements with Multiple-Deliverables (EITF 00-21). EITF 00-21 addresses how to account for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The consensus mandates how to identify whether goods or services or both which are to be delivered separately in a bundled sales arrangement should be accounted for separately because they are "separate units of accounting." The guidance can affect the timing of revenue recognition for such arrangements, even though it does not change rules governing the timing or pattern of revenue recognition of individual items accounted for separately. The final consensus will be applicable to agreements entered into in fiscal years beginning after June 15, 2003 with early adoption permitted. Additionally, companies will be permitted to apply the consensus guidance to all existing arrangements as the cumulative effect of a change in accounting principle in accordance with APB Opinion No. 20, Accounting Changes. The Company does not believe the adoption of EITF 00-21 had a material impact on its financial position or results of operations.

Financial Instruments - In May 2003 the FASB issued Statement of Financial Accounting Standards No. 150 ("SFAS 150"), Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This statement establishes standards for how an issuer classifies and measures in its balance sheet certain financial instruments with characteristics of both liabilities and equity. In accordance with this standard, financial instruments that embody obligations of the issuer are required to be classified as liabilities. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, except for those provisions relating to mandatorily redeemable non-controlling interests, which have been deferred. For existing financial instruments, SFAS No. 150 is effective at the beginning of the fiscal quarter commencing July 1, 2003. The adoption of SFAS No. 150 did not have an effect on the Company's financial position, results of operations or cash flows. If the deferred provisions of SFAS No. 150 are finalized in their current form, management does not expect adoption to have a material impact on the financial position, results of operations or cash flows.

2. Inventories:

Inventories consisted of the following at December 31, 2003:

Finished goods	$ 170,799
Goods in process	33,419
Raw materials	55,754
	$ 259,972

3. Property and equipment:

Property and equipment consisted of the following at December 31, 2003:

Land and improvements	$ 1,107,508
Building	2,589,231
Lab equipment	406,712
Office and computer equipment	72,306
	4,175,757
Less accumulated depreciation	411,749
	$ 3,764,008

4. Intangible and other assets:

Intangible and other assets consisted of the following at December 31, 2003:

Patent and trademark applications	$ 187,401
Deferred loan costs, net of accumulated amortization of $1,751	55,334
	$ 242,735

The Company capitalizes legal costs and filing fees associated with obtaining patents on its new discoveries. Once the patents have been issued, the Company will amortize these costs over the shorter of the legal life of the patent or its estimated economic life. Loan costs are being amortized over the term of the related loan using the straight-line method.

5. Lines of Credit:

In February 2003, the Company entered into a one-year $250,000 revolving line of credit agreement with interest at the New York Prime Rate plus 1% (with an interest rate floor of 6.5%). Due to the floor interest rate, the average interest rate on outstanding balances was 6.5% for 2003. The average outstanding balance on the line of credit since it was obtained during the year ended December 31, 2003 was $212,000. At December 31, 2003, there was $248,502 outstanding under the line of credit. The line of credit is collateralized by the assets of the Company and guaranteed by the president of the Company. The Company is in the process of renewing the line of credit and anticipates that the agreement will be renewed for a one-year period under substantially equivalent terms to those currently in place.

The Company also has a $36,000 line of credit with another bank bearing interest at bank's daily periodic rate (16.75% at December 31, 2003). At December 31, 2003 the outstanding balance under this line was $28,978.

6. Notes payable:

Notes payable consists of the following at December 31, 2003:

Mortgage note -

During June 2003, the Company closed on a $3,250,000 permanent mortgage facility on its land and building. The mortgage is held by a commercial bank and includes approximately 39% that is guaranteed by the U. S. Small Business Administration. The loan is collateralized by the real property and is also personally guaranteed by the Company's president. The interest rate on the bank portion is one percentage over the Wall Street Journal Prime Rate (minimum 7%) and the guaranteed portion bears interest at the rate of 4.42%. The loan requires total monthly payments of approximately $23,700. At December 31, 2003 the outstanding balance under the mortgage totaled $3,263,287, inclusive of loan fees.

Prior to closing on the mortgage obligation, the Company utilized a construction loan to finance construction of its new facility. Interest on the construction loan was at the Wall Street Journal prime rate plus 1% with a floor of 6%. The loan was collateralized by first deed of trust of building and $350,000 restricted cash and was guaranteed by a stockholder. In connection with the construction loan, the Company was required to obtain a $395,593 letter of credit naming the Town of Castle Rock Public Works Department as the beneficiary. The letter of credit expired with no amounts having been drawn when the permanent mortgage was closed. For the years ended December 31, 2003 and 2002, during the construction period, interest expense on this loan of $27,401 and $21,431, respectively was capitalized to construction in progress.

Bridge loans -

During October 2003, the Company completed a $350,000 offering of convertible debt. The unsecured notes bear interest at 8% and were due at the earlier of May 2004 or at the time $1,000,000 is raised in an equity offering. The debt offering consisted of a note for $1.00 and one share of common stock for each $1.00 invested in the notes. To reduce the amount of the dilution as a result of the debt offering, the Company's president contributed 350,000 shares of common stock to the Company that were used in the offering. The proceeds of the offering have been allocated between the estimated value of the notes, the stock and the warrant, based upon their respective estimated fair values. The amount allocated to the non-debt elements will be accreted back to the debt as additional interest expense over the life of the notes. The Placement Agent selling the notes received fees and expenses of 13% of the proceeds raised plus a warrant to acquire 150,000 shares of common stock at $1.50 per share exercisable through June 2006. During December 2003 an equity offering exceeding $1,000,000 was closed and accordingly, the bridge loans matured. Out of the total $350,000, $205,000 was converted into common stock of the Company at $1.00 per share and $145,000 was repaid, with $45,000 of the amount repaid outstanding at December 31, 2003 and paid in January 2004.

Minimum annual principal payments due on long-term notes payable are as follows:

Year ending December 31,	Notes payable	Related Parties
2004	$ 118,026	$ -
2005	77,193	-
2006	81,613	-
2007	86,301	-
2008	91,275	958,651
Thereafter	2,853,880	-
Total	$ 3,308,288	$ 958,651

7. Notes payable - related parties:

During June 2003, the Company's president agreed to consolidate the Company's previously outstanding notes payable to him in the aggregate principal amount of $958,651, into one new note with an interest rate of 6% per annum and the maturity date extended to June 2008. An advance principal payment of $150,000 will be made to him if the Company obtains sufficient financing to meet certain other needs.

During August 2003, the Company finalized an agreement with the holder of a $500,000 convertible note payable which matured in July 2003, to convert $150,000, plus $38,281 in accrued interest into common stock, be repaid $300,000 in principal and have $50,000 remain outstanding under a new 10% note due November 26, 2003. In consideration for the revisions that were made to the note, the Company agreed to reduce the conversion price from the $1.50 per share under the original note to $1.00 per share for the

converted portion. Additionally, the Company granted the holder a warrant to purchase 250,000 shares of common stock at $1.50 per share through July 2005. As a result of the reduction in the conversion rate to $1.00 per share, the Company recorded a debt conversion inducement expense of $81,500, representing the value of the additional shares received as of the date of conversion. The value of the warrant granted to the holder was computed and allocated to the components of the transaction. The value of the portion allocated to the new debt was recorded as additional interest expense over the life of the new note. The $50,000 remaining balance under the note plus accrued interest of $2,100 was repaid on December 3, 2003.

In the third quarter of the current fiscal year Cambridge Holdings, Ltd., a stockholder of the Company, loaned a total of $40,000 under two notes to the Company. The proceeds of the notes were used for working capital, with the notes due on demand bearing interest at 10%. During December 2003 these notes and accrued interest of $1,322 was repaid.

During the years ended December 31, 2003 and 2002, interest expense of approximately $104,100 and $66,700, respectively, was incurred on notes payable to stockholders. At December 31, 2003, accrued interest expense, due to stockholders was approximately $21,500 and is included with accrued expenses on the accompanying balance sheet. Also included in accrued expenses is $13,333 in compensation accrued to an officer \ director.

8. Deferred revenue:

In March 2003, the Company entered into a global development and distribution agreement with Merial Limited ("Merial"). The agreement provides Merial with exclusive rights to market and distribute the Company's new, patent-pending diagnostic blood test. The test is designed to be used approximately 18 days after insemination to determine the early pregnancy status of dairy and beef cattle. Upon execution of the agreement the Company received $200,000, which has been recorded as deferred revenue. During June 2003, AspenBio determined that the results of its large-scale field trial were not proceeding as anticipated. The results continue to be analyzed and modifications to the test are ongoing. AspenBio believes improvements to the test need to be achieved. Accordingly, the test was not launched by October 2003 and receipt of the second development payment of $700,000 from Merial also has been delayed. Such payment could be reduced or eliminated if Merial is not satisfied with the test results or the product. Should Merial elect to terminate the agreement, they may also request a refund of 50% ($100,000) of the development payment received to date. Pursuant to the agreement, if the Company terminates the agreement within three years from the launch date, as defined in the agreement, monies paid by the third party must be refunded on a pro-rata basis.

9. Stockholders' equity:

Common stock transactions:

During the fourth quarter of 2003 the Company completed the sale of 1,083,750 shares of the Company's common stock, generating net proceeds to the Company of $923,000 after deducting offering expenses. In connection with the offering the Company paid fees of 10%-13% to the placement agent and also granted the agent warrants to purchase shares of common stock.

As of September 30, 2003 the Company repurchased and retired 500,000 shares of common stock from a stockholder for total consideration of $100,000.

Stock options:

In 2002, the Board of Directors of the Company adopted the 2002 Stock Incentive Plan for the benefit of certain employees and consultants. The Company has reserved a total of 900,000 shares of its common stock for issuance pursuant to the exercise of options to be granted. The Plan is administered by an Option Committee of the Board of Directors. The exercise prices of the options granted are determined by the Option Committee and are established at the estimated fair value of the Company's common stock at the date of grant. The Option Committee determines the term of each option, the number of shares for which each option is granted and the rate at which each option is exercisable. Options are granted with terms not to exceed 10 years, and all the options granted to date have had ten year

lives. To date all options granted under the Plan, at the dates of the grants, the exercise prices of the options were equal to the estimated fair value of the Company's common stock, therefore, no compensation expense has been recorded for the options granted.

Prior to the establishment of the 2002 Stock Incentive Plan, on August 1, 2001, the Board of Directors granted stock options to two directors to acquire a total of 200,000 shares for $1 per share. The options were fully vested on December 31, 2001 and expire August 1, 2006.

A summary of the status of the Company's stock options under the 2002 Stock Incentive Plan as of December 31, 2003 and 2002, and changes during the years then ended, is presented below:

<TABLE>
<CAPTION>

	2003		2002	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Outstanding, beginning of year	250,000	$ 1.05	200,000	$ 1.00
Granted	310,000	$ 1.49	250,000	$ 1.25
Exercised	--		--	
Forfeited	300,000		200,000	
Outstanding, end of year	260,000	$ 1.45	250,000	$1.05
Options exercisable end of year	16,667	$ 1.25	200,000	$1.00

</TABLE>

Common stock purchase warrants:

On December 28, 2001, the Company entered into an agreement to sell 1,000,000 shares of common stock and 830,000 warrants to purchase common stock at $1.00 per share for total consideration of $600,000 and a consulting contract. The warrants are currently exercisable and expire in January 2007.

In July 2002 the Company issued a total of 375,000 warrants. The warrants entitle the holders to exercise their warrants to purchase shares of common stock at $1.50 per share at any time through July 2005.

In August 2003 the Company issued 250,000 warrants in connection with a conversion of debt. The warrants entitle the holder to exercise their warrants to purchase shares of common stock at $1.50 per share at any time through June 2006.

During September to December 2003 the Company issued a total of 631,662 warrants in connection with bridge loans and common shares sold in the 2003 private placement of common stock. The warrants entitle the holders to exercise their warrants to purchase shares of common stock at $1.50 per share at any time through June 2006.

10. Income taxes:

Income taxes at the federal statutory rate are reconciled to the Company's actual income taxes as follows:

<TABLE>
<CAPTION>

	2003	2002
<S>	<C>	<C>

Federal income tax expense (benefit) at 34%	$ (584,000)	$ (418,000)
State income tax net of federal tax effect	(57,000)	(24,600)
Permanent items	28,000	(15,702)
Valuation allowance	613,000	463,600
	$ -	$ (5,298)

</TABLE>

As of December 31, 2003 the Company has net operating loss carryforwards of approximately $2,974,000 for federal and state tax purposes, which are available to offset future taxable income, if any, expiring through December 2023. A valuation allowance was recorded at December 31, 2003 due to the uncertainty of realization of deferred tax assets in the future.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2003 are as follows:

Deferred tax assets (liabilities):	
Net operating loss carryforwards	$ 1,119,000
Accounts receivable	600
Property and equipment	22,200
Goodwill	(2,000)
Deferred tax asset	1,139,800
Valuation allowance	(1,139,800)
Net deferred tax asset (liability)	$ -

11. Commitments and contingencies:

Development and license agreements:

The Company has entered into three separate agreements under which the Company obtained exclusive proprietary rights to certain patents, licenses and technology to manufacture, market and sell newer developed products. Under the agreements, the Company is obligated to make quarterly royalty payments and milestone payments, as defined, based on a percentage of sales of the products through the fourth year of commercial sales. For two of the agreements, for the years ended December 31, 2003 and 2002, there were no such commercial sales. Under one of the agreements, the Company paid the annual minimum royalty which is to be credited against future earned royalties.

In addition, under one of the agreements, the Company is to fund research over a two-year period. Total research payments of $70,000 were expensed as research and development expense for each of the years ended December 31, 2003 and 2002. Under a separate agreement with another university the Company agreed to fund $46,550 payable over a six-month period for consulting and research assistance on one of the Company's products in development.

The Company with 30 days notice and without future obligations may terminate the agreements.

12. Subsequent events:

Consulting agreement:

During January 2004 the Company entered into an agreement with a consulting organization to provide investor relations services to the Company for a term of twelve months. The consulting organization is being compensated at the rate of $6,000 per month, until certain specified conditions are met and then it is increased to $8,000 per month. The consultant was also granted options, expiring in January 2009, to acquire 800,000 shares of common stock of the Company at a price of $1.07 per share.

Private Placement Sale of common stock:

During February 2004 the Company sold 300,000 shares of common stock at $1.00 per share. During March 2004 an additional 80,000 shares of common stock was sold at $1.25 per share.

Amendment of agreement

During March 2004 a previous consulting agreement was amended whereby the consultant agreed to terminate 50,000 options that the Company agreed to issue and 5,000 common shares previously issued to the consultant were returned to the Company.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There have been no disagreements between the Company and its independent accountants on any matter of accounting principles or practices, financial statement disclosure.

ITEM 8A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management, including the Chief Executive Officer and the Chief Financial Officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-14 under the Securities Exchange Act of 1934 as of a date (the "Evaluation Date") within 90 days prior to the filing date of this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in ensuring that all material information relating to us to be filed in the annual report has been made known to them in a timely manner.

(b) Changes in Internal Controls

There have been no significant changes made in our internal controls or in other factors that could significantly affect internal controls subsequent to the Evaluation Date.

PART III

Information concerning matters in Items 9, 10, 11, 12 and 14 is being incorporated by reference into a definitive proxy statement, which is expected to be filed within 120 days after the close of our fiscal year.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

EXHIBIT NO.	DESCRIPTION
3.1	Articles of Incorporation filed July 24, 2000 (1)
3.1.1	Articles of Amendment to the Articles of Incorporation filed December 26, 2001 (1)
3.2	Bylaws (1)
4.1(a)	Specimen Certificate of Common Stock (1)
10.1	Agreement for Purchase of Assets and Assumption of Liabilities by and among Vitro Diagnostics, Inc., Erik Van Horne, James Musick, AspenBio, and Roger Hurst, dated August 7, 2000 (1)
10.4(a)	Consulting Agreement, dated December 28, 2001, between

AspenBio and Cambridge Holdings, Ltd. 1

(b) Letter, dated March 14, 2002, confirming performance and termination of the Consulting Agreement (1)

10.5 Shareholders Agreement, dated December 28, 2001, among AspenBio, Cambridge Holdings and Roger Hurst (1)

10.6 Voting Agreement dated June 18, 2003 between AspenBio, Inc. and Roger D. Hurst and extension thereto dated October 31, 2003 filed herewith

10.7 2002 Stock Incentive Plan (1)

10.8 Technology Transfer Agreement, dated October 29, 2001 between AspenBio and the University of Wyoming (1)

10.9 License Agreement for Determination of Pregnancy Status of Ungulates, dated September 25, 2001, between AspenBio and the Idaho Research Foundation Inc. (1)

10.10 Promissory Note, dated August 7, 2000, made by AspenBio to Roger D. Hurst (1)

10.11 Promissory Note, dated April 1, 2002 made by AspenBio to Roger D. Hurst (1)

10.13 Stock Option Agreement, dated August 21, 2001, between AspenBio and Gail Schoettler (1)

10.15 Promissory Note, dated May 6, 2002, made by AspenBio to Roger D. Hurst (1)

10.16(a) Contract to Buy and Sell Real Estate, dated January 29, 2002, between Roger D. Hurst and/or assigns and Urban Group, LLC (1)

(b) Agreement to Amend/Extend Contract, dated April 19, 2002 (1)

(c) Agreement to Amend/Extend Contract, dated May 23, 2002 (1)

10.17 Loan Agreement to be made between FirstBank of Tech Center and AspenBio, Inc. regarding a construction loan in the principal amount of $3,250,000 (1)

10.18(a) 6/% Convertible Promissory Note, dated July 5, 2002, by AspenBio, Inc. to Michael S. Smith in the principal amount of $500,000(1)

10.18(b) Pledge Agreement, dated July 5, 2002, by AspenBio, Inc. to Michael S. Smith regarding account for $350,000 at FirstBank of Tech Center (1)

10.18(c) Warrant, dated July 5, 2002, to purchase 275,000 shares of AspenBio, Inc. common stock issued to Michael Smith (1)

10.18(d) Investor Rights Agreement, dated July 5, 2002, between AspenBio, Inc. and Michael S. Smith(1)

10.19(a) Promissory Note, dated July 5, 2002, by AspenBio, Inc. to Cambridge Holdings, Ltd. in the principal amount of $200,000 (1)

EXHIBIT NO.	DESCRIPTION

10.19(b) Warrant, dated July 5, 2002, to purchase 100,000 shares of AspenBio, Inc. common stock issued to Cambridge Holdings, Ltd. (1)

10.19(c) Investor Rights Agreement, dated July 5, 2002, between AspenBio, Inc. and Cambridge Holdings, Ltd. (1)

10.20 Agreement, dated February 26, 2002 and April 9, 2002 between AspenBio, Inc. and Urban Construction, Inc.(1)

10.21 Distribution Agreement between AspenBio, Inc. and Merial Limited, dated March 29, 2003(3)

10.22 Debt Modification Agreement dated June 13, 2003 with FirstBank of Tech Center. Filed herewith.

10.23(a) Loan Agreement between AspenBio, Inc. and Front Range Regional Economic Development Corporation dated June 13, 2003 for $1,300,000 regarding loan for physical plant or capital equipment acquisitions filed herewith.

10.23(b) Promissory Note dated June 13, 2003 by AspenBio, Inc. to Front Range Regional Economic Development Corporation in principal amount of $1,300,000 filed herewith.

10.23(c) Unconditional Guarantee dated June 13, 2003 by AspenBio, Inc. to Front Range Regional Economic Development Corporation in principal amount of $1,300,000 filed herewith.

16 Letter regarding change in certifying accountant (2)

31.1 Rule 13a-14(a)/15d-14(a) - Certification of Chief Executive Officer. Filed herewith.

31.2 Rule 13a-14(a)/15d-14(a) - Certification of Chief Financial Officer. Filed herewith.

32 Section 1350 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the SARBANES-OXLEY ACT of 2002. Filed herewith.

* Portions of Exhibits 10.8 and 10.21 have been omitted from the publicly filed copy and have been filed separately with the Secretary of the Commission pursuant to requests for confidential treatment.

(1) Incorporated by reference from the registrant's Registration Statement on Form S-1 (file no. 333-86190), filed April 12, 2002.

(2) Incorporated by reference from the registrant's report on Form 8-K/A on January 10, 2003.

(3) Incorporated by reference from the registrant's report on Form 8-K on April 7, 2003.

Reports on Form 8-K

On November 14, 2003, the Company filed an 8-K Report reporting under Items 7 and 12 the issuance of a press release announcing the Company's third quarter results.

January 8, 2003, the Company filed an 8-K Report reporting under Items 5 and 7 the completion of a private placement of shares.

SIGNATURES

In accordance with the requirements of Section 13 on 15(k) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf on March 26, 2004 by the undersigned thereto.

ASPENBIO, INC.

/s/ Roger D. Hurst

Roger D. Hurst, President, Chief Executive Officer

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 26, 2004.

/s/ Roger D. Hurst

Roger D. Hurst, Chief Executive Officer and
Director

/s/ Gregory Pusey

Gregory Pusey, Chairman, Secretary and Director

/s/ Gail S. Schoettler

Gail S. Schoettler, Director

/s/ Douglas I. Hepler

Douglas I. Hepler, Director

EXHIBIT 10.6

VOTING AGREEMENT

THIS VOTING AGREEMENT (the "Voting Agreement") is entered into effective as of June 18, 2003, by and between Roger D. Hurst ("Hurst"), and AspenBio, Inc., a Colorado corporation (the "Company").

WHEREAS, Hurst owns 4,246,757 shares of common stock, no par value per share of the Company (the "Common Stock");

WHEREAS, Hurst understands that the Company needs additional financing and has agreed to restrictions on the voting and transfer of 2,250,000 shares of the Common Stock (the "Restricted Shares") in order to facilitate such financing; and

WHEREAS, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Hurst and the Company have agreed to enter into this Voting Agreement.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. Voting of Restricted Shares

a. Hurst agrees to vote the Restricted Shares in the same proportion that all other shares of the outstanding Common Stock (including the other shares of Common Stock owned by Hurst) are voted at any duly called meeting of the shareholders of the Company. By way of example, if 30% of the shares of Common Stock vote in favor of a resolution and 70% of the shares of Common Stock oppose such resolution, Hurst shall vote the Restricted Shares in the same proportion (i.e., 675,000 in favor and 1,575,000 against). Upon request of the Company, Hurst shall grant a proxy for this purpose to Gail Schoettler, or if Gail Schoettler is not then a member of the Company's Board of Directors, is unable or unwilling to serve, then Hurst shall grant such proxy to a person designated by a majority of the Company's Board of Directors (the "Board").

2. Transfer of Restricted Shares

a. Hurst agrees not, directly or indirectly, to sell, offer to sell, contract to sell, assign, pledge, hypothecate, encumber or otherwise transfer, or enter into any contract, option or other arrangement or understanding with respect to the sale, assignment, pledge or other disposition of (collectively, a "Transfer") any rights with respect to the Restricted Shares except as expressly provided herein. The foregoing restriction has been expressly agreed to preclude Hurst from engaging in any hedging or other transaction during the term of this Voting Agreement that is designed to or reasonably expected to lead to or result in a Transfer of the Restricted Shares. Such prohibited hedging or other transaction would include, without limitation, any short sale (whether or not against the box) or any purchase, sale, or grant of any right (including, without limitation, any put or call option) with respect to the Restricted Shares or with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from the Restricted Shares.

b. Hurst also agrees and consents to the entry of stop transfer instructions with the Company's Transfer Agent against the Transfer of the Restricted Shares except in compliance with the terms and conditions of this Voting Agreement. .

c. In the event any Restricted Shares are subject to any involuntary transfer, whether by reason of death, bankruptcy or divorce proceedings or otherwise, the transferee of such Restricted Shares shall take such Restricted Shares subject to this Voting Agreement. Any purported transfer of any Restricted Shares that is not in accordance with this Voting Agreement shall be null and void, and shall not operate to transfer any right, title or interest in such Restricted Shares to the purported transferee. Hurst agrees that the Company shall not cause or permit the transfer of any Restricted Shares to be made on the Company's books unless the transfer is permitted by this Voting Agreement and has been made in

accordance with its terms.

3. Representations, Warranties and Covenants of Hurst. Hurst represents and warrants to, and agrees with, the Company that:

a. Hurst now owns, and will at all times up to the termination of this Voting Agreement, continue to own, the Restricted Shares free and clear of any liens or encumbrances, and, except with respect to that certain Shareholder Agreement by and between Hurst, Cambridge Holdings, Ltd. and the Company dated December 28, 2001, has not, prior to or on the date of this Voting Agreement, executed or delivered any proxy or entered into any other voting agreement or similar arrangement other than one which has expired or terminated prior to the date hereof.

b. Hurst has the full power and capacity to execute, deliver and perform this Voting Agreement, which has been duly executed and delivered by, and evidences the valid and binding obligation of Hurst enforceable in accordance with its terms.

4. Price Gateways. Notwithstanding anything contained herein to the contrary, at such time as the closing price of the Common Stock (OTCBB:APNB) on the OTC Bulletin Board, or such other market as the Common Stock is then publicly traded, equals or exceeds each price target (the "Gateway Price") set forth on Schedule A hereto for a period of 20 consecutive trading days, a corresponding number of the Restricted Shares set forth on Schedule A (the "Released Shares") shall be released from the restrictions of Sections 1 and 2 herein.

5. Term and Termination. This Agreement shall continue unti1 15 years from the date hereof unless earl1er terminated due to any of the following events.

a. On October 31, 2003, if the Company has not received gross proceeds of at least $1 million from the sale of the Company's securities during the period from June 17, 2003 through October 31, 2003 (the "2003 Private Placement");

b. At such time as the holders of a majority of the then issued and outstanding shares of the Common Stock vote or consent to the termination of this Voting Agreement, it being understood that the Restricted Shares or any other shares of Common Stock owned of record or beneficially by Hurst shall not be included in any vote or consent and shall not be inc1uded in a calculation of the majority of the then issued and outstanding shares;

c. At such time as a majority of the members of the Board vote in favor of the termination of this Voting Agreement, it being understood that Hurst shall. not be allowed to participate in such vote; or

d. At such time as Hurst can demonstrate to the reasonable satisfaction of the Board that all persons who purchased shares in the 2003 Private Placement have sold all of the shares that such persons purchased in the 2003 Private Placement.

6. Legend. At the Company's request, Hurst shall cause stock certificates representing the Restricted Shares to be delivered to the Company. The Company may reissue such certificates to reflect the Restricted Shares and, in addition to any other required legends on such certificates, imprint or otherwise place On certificates representing the Restricted Shares the following restrictive legend (the "Legend"): ...

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS OF A VOTING AGREEMENT DATED JUNE 18, 2003 WHICH PLACES CERTAIN RESTRICTIONS ON THE VOTING AND TRANSFER OF THE SHARES REPRESENTED HEREBY. COPY OF SUCH VOTING AGREEMENT IS ON FILE AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS AND WILL BE FURNISHED TO THE RECORD HOLDER OF THIS CERTIFICATE WITHOUT CHARGE UPON WRITTEN REQUEST TO THE COMPANY AT ITS PRINCIPAL PLACE OF BUSINESS. NO TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE WILL BE EFFECTIVE UNLESS THE TERMS AND CONDITIONS OF THE VOTING AGREEMENT HAVE BEEN COMPLIED WITH IN FULL AND NO PERSON MAY REQUEST THE COMPANY TO RECORD THE TRANSFER OF ANY SHARES IF SUCH TRANSFER IS IN VIOLATION OF SUCH VOTING AGREEMENT.

7. Other Rights. Except as provided by this Voting Agreement, Hurst shall have and shall be entitled to exercise the full rights of a holder of capital stock of the Company with respect to the Restricted Shares.

8. Miscellaneous.

a. Specific Performance. Hurst acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Voting Agreement and agrees that the obligations of Hurst hereunder shall be specifically enforceable and Hurst shall not take any action to impede the Company nom seeking to enforce such right of specific performance. Hurst agrees that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of his obligations in this Voting Agreement and hereby agrees to waive in any action for specific performance of any such obligation, the defense that a remedy at law would be adequate.

b. Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Voting Agreement shall be in writing and shall be given and shall be deemed to have been given when personally delivered or three days after being mailed, if mailed by first c1ass mail, return receipt requested, or one day after being sent by reputable overnight delivery service, or when receipt is acknowledged, if sent by confirmed facsimile, telecopy or other electronic transmission device. Notices, demand and communications to Hurst and the Company will, unless another address is specified in writing, be sent to the address indicated below, except that notices of change of address shall only be effective upon receipt:

If to Hurst:

Roger D. Hurst
1585 S. Perry Street
Castle Rock, CO 80104
Fax: (303) 798-8332

If to the Company:

AspenBio, Inc.
1585 S. Perry Street
Castle Rock, CO 80104
Fax: (303) 798-8332

Copies of any notices, demands and communication shall also be sent to:

Gail Schoettler
11855 East Daley Circle
Parker, CO 80134

c. Assignment. This Voting Agreement and all provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Voting Agreement nor any of the rights, interests or obligations hereunder may be assigned by Hurst without the prior written consent of the Company

d. Governing Law. The internal law, without regard for conflicts of law principals, of the State of Colorado will govern all questions concerning the construction, validity and interpretation of this Voting Agreement and the performance of the obligations imposed by this Voting Agreement.

e. Adjustments. The number and kind of Restricted Shares will be appropriately increased, decreased or changed without further action if the Company effects a stock split, stock dividend, or reclassification of the Common Stock. In. the event of a merger or a consolidation with another company where the Company is not the surviving entity, the shares or other consideration of such other company received in exchange for the Restricted Shares shall thereafter constitute the "Restricted Shares" pursuant to this Voting Agreement.

f. Amendment: Waiver. This Voting Agreement may not be amended or waived except, (i) in a writing executed by the party against which such amendment or waiver is sought to be enforced, and (ii) without the expressed written consent of the Company. No course of dealing between or among any persons having any interest in this Voting Agreement will be deemed effective to modify or amend any part of this Voting Agreement or any rights or obligations of any person under or by reason of this Voting Agreement.

g. Review by Hurst. Hurst has had the opportunity to review this Voting Agreement with legal counsel and other advisors as Hurst deemed advisable, prior to Hurst's execution of this Agreement, and Hurst has not relied on any advice of Patton Boggs LLP.

h. Counterparts. This Voting Agreement may be executed in one or more counterparts, anyone of which need not contain the signatures of more than one party, but all such counterparts taken. together shall constitute one and the same instrument.

i. Severability. Whenever possible, each provision of this Voting Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Voting Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such provision or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Voting Agreement.

j. Complete Agreement. This Voting Agreement contains the complete agreement between the parties hereto with respect to the matters addressed herein and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

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

ASPENBIO, INC.

By: _____ /s/ Roger D. Hurst

Name: Gail S. Schoettler Roger D. Hurst
Title: Member of the Board of Directors

SCHEDULE A

Release Price	Released Shares
$ 6.00	450,000
$ 7.00	450,000
$ 8.00	450,000
$ 9.00	450,000
$10.00	450,000

f. Amendment: Waiver. This Voting Agreement may not be amended or waived except, (i) in a writing executed by the party against which such amendment or waiver is sought to be enforced, and (ii) without the expressed written consent of the Company. No course of dealing between or among any persons having any interest in this Voting Agreement will be deemed effective to modify or amend any part of this Voting Agreement or

any rights or obligations of any person under or by reason of this Voting Agreement.

g. Review by Hurst. Hurst has had the opportunity to review this Voting Agreement with legal counsel and other advisors as Hurst deemed advisable, prior to Hurst's execution of this Agreement, and Hurst has not relied on any advice of Patton Boggs LLP.

h. Counterparts. This Voting Agreement may be executed in one or more counterparts, anyone of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument.

i. Severability. Whenever possible, each provision of this Voting Agreement wil1 be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Voting Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such provision or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Voting Agreement.

j. Complete Agreement. This Voting Agreement contains the complete agreement between the parties hereto with respect to the matters addressed herein and supersedes any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

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

ASPENBIO, INC.

By: /s/ Roger D. Hurst

Name: Gail S. Schoettler
Title: Member of the Board of Directors

Roger D. Hurst

EXTENSION TO VOTING AGREEMENT

THIS EXTENSION TO VOTING AGREEMENT is entered into effective as of the 31st day of October, 2003 by and between Roger D. Hurst ("Hurst") and AspenBio, Inc., a Colorado corporation (the "Company").

WHEREAS, the parties entered into a Voting Agreement effective June 18, 2003 (the "Voting Agreeement");

WHEREAS, the parties desire to amend paragraph 5(a) of the Voting Agreement to provide the Company additional time to complete its private offering of securities;

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

Paragraph 5(a) of the Voting Agreement hereby is amended to read as follows:

a. On December 31, 2003, if the Company has not received gross proceeds of at least $1 million from the sale of the Company's securities during the period from June 17, 2003 through December 31, 2003 (the "2003 Private Placement");

All other terms and provisions of the Voting Agreement remain in effect.

IN WITNESS WHEREOF, the parties execute this Extension to Voting Agreement to be effective as of the date first set forth above.

/s/ Roger D. Hurst

Roger D. Hurst

AspenBio, Inc.

By /s/ Greg Pusey

Greg Pusey, Chairman

EXHIBIT 10.22

<TABLE>
<CAPTION>

<S> <C> <C> <C> <C> <C>

LOAN NUMBER	ACCT. NUMBER	NOTE DATE	NOTE AMOUNT	MATURITY DATE
PRIOR OBLIGATION INFORMATION	892-5542	111133238	07/05/02	$3,250,000.00	07/10/03

LOAN NUMBER	ACCT. NUMER	MODIFICATION DATE	NEW NOTE AMOUNT
	892,5542	111133238	06/13/03	3,250,000.00

AMENDED OBLIGATION INFORMATION	NEW MATURITY DATE	NEW INTEREST RATE	INITALS
	07/16/13	5.250%	JTJ
	Creditor Use Only		

DEBT MODIFICATION AGREEMENT

</TABLE>

DATE AND PARTIES. The date of this Debt Modification Agreement (Modification) is June 13, 2003. The parties and their addresses are:

LENDER:
FIRSTBANK OF TECH CENTER
5105 South DTC Parkway
Greenwood Village, Colorado 80111
Telephone: (303) 694-1000

BORROWER:
ASPENBIO, INC.
a Corporation
1585 South Perry Street
Castle Rock, Colorado 80104

ROGER D. HURST
1749 South Peak View Drive
Castle Rock, Colorado 80109

1. DEFINITIONS. In this Modification, these terms have the following meanings:
A. Pronouns. The pronouns "I," "me," and "my" refer to each Borrower signing this Modification, individually and together with their heirs, executors, administrators, successors, and assigns. "You" and "your" refer to the Lender, with its participants or syndicators, successors and assigns, or any person or entity that acquired an interest in the Modification or Prior Obligation.
B. Amended Obligation. Amended Obligation is the resulting agreement that is created when the Modification amends the Prior Obligation. It is described about in the AMENDED OBLIGATION INFORMATION section.
C. Loan. Loan refers to this transaction generally. It includes the obligations and duties arising from the terms of all documents prepared or submitted in association with the Prior Obligation and this modification, such as applications, security agreements, disclosures, notes, agreements, and this Modification.
D. Modification. Modification refers to this Debt Modification Agreement.
E. Prior Obligation. Prior Obligation refers to my existing agreement described about in the PRIOR OBLIGATION INFORMATION section, and any previous extensions, renewals, modifications or substitutions of it.

2. BACKGROUND. You and I have previously entered into a Prior Obligation. As of the date of this Modification, the outstanding unpaid balance of the Prior Obligation is $3,250,000.00. Conditions have changed since the execution of the Prior Obligation instruments. In response, and for value received, you and I

agree to modify the terms of the Prior Obligation, as provided for in this Modification.

3. TERMS. The Prior Obligation is modified as follows:
A. Interest. Our agreement for the payment of interest is modified to read:
(1) INTEREST. Interest will accrue on the unpaid Principal balance of this loan at the rate of 5.250 percent (Interest Rate) until June 14, 2003, after which time it may change as described in the Variable Rate subsection.
(a) Maximum Interest Amount. Any amount assessed or collected as interest under the terms of this loan or obligation will be limited to the Maximum Lawful amount of interest allowed by state of federal law. Amounts collected in excess of the Maximum Lawful Amount will be applied first to the unpaid Principal balance. Any remainder will be refunded to me.
(b) Statutory Authority. Any amount assessed or collected on this loan is authorized by the Colorado usury laws under Colo. Rev. Stat.ss5-12-107.
(c) Accrual. During the scheduled term of this Loan Interest accrues using an Actual/360 days counting method.
(d) Variable Rate. The Interest Rate may change during the term of this transaction.

(1) Index. Beginning with the first Change Date, the Interest Rate will be based on the following index: Wall Street Journal Prime Rate.
The Current Index is the most recent Index figure available on each Change Date. You do not guaranty by selecting this Index. or the margin that the Interest Rate on this loan will be the same rate you charge on any other loans or class of loans you make to me or other borrowers. If this index is no longer available you will substitute a similar index. You will give me notice of your choice.
(2) Change Date. Each date on which the Interest Rate may change is called a Change Date. The Interest Rate may change June 14, 2003 and daily thereafter.
(3) Calculation of Change. On each Change Date, you will calculate the Interest Rate, which will be the Current Index plus 1.000 percent. The result of this calculation will be rounded to the nearest .001 percent. Subject to any limitations, this will be the Interest Rate until the next Change Date. The new Interest Rate will become effective on

SIGNATURES. By signing, Grantor agrees to the terms and covenants contained in the Modification. Grantor also acknowledges receipt of a copy of this Modification.

GRANTOR:

AspenBio, Inc.
By

Roger D. Hurst, President

LENDER:

FirstBank of Tech Center
By

Joel T. Johnson, Senior Vice President

ACKNOWLEDGEMENT.
(Business or Entity)

_____ OF _____, _____ OF _____ ss.
This instrument was acknowledged before me this _____ day of _____
by Roger D. Hurst - President of AspenBio, Inc. a corporation, on behalf of the corporation.

My commission expires: _____
Notary Public

(Lender Acknowledgement)

_____ OF _____, _____ OF _____ ss.
This instrument was acknowledged before me this _____ day of _____
by Joel T. Johnson - Senior Vice President of FirstBank of Tech Center, a corporation, on behelf of the corporation.

My commission expires: _____
Notary Public

[COPY]

each Change Date. Interest Rate and other charges on this loan. To never exceed the highest rate or charge allowed by law for this loan

(4) Effect Of Variable Rate. A change in the Interest Rate will have the following effect of the payments. The amount of scheduled payments and the amount of the final payment will change.

B. Maturity and Payments. The maturity and payment provisions are modified to read:

(1) PAYMENT. I agree to pay this loan in installments of accrued interest beginning July 16, 2003, and then on the 15th day of each month thereafter, I agree to pay the entire unpaid Principal and any accrued but unpaid interest on July 16, 2013.

Payments will be rounded to the nearest $.01. With the final payment I also agree to pay any additional fees or charges owing and the amount of any advances you have made to others on my behalf. Payments scheduled to be paid on the 29th, 30th or 31st day of a month that contains no such day will, instead, be made on the last day of such month.

C. Fees and Charges. As additional consideration for your consent to enter into this Modification Agreement, I agree to pay, or have paid these additional fees and charges.

(1) Nonrefundable fees and Charges. The following fees are earned when collected and will not be refunded if I prepay this loan before the scheduled maturity date.

Title Insurance. A(n) Title Insurance fee of $412.00 payable form separate funds on or before today's date.

SBA Guarantee Fee. A(n) SBA Guarantee Fee fee of $9,974.63 payable from separate funds on or before today's date.

Recording - Mortgage. A(n) Recording - Mortgage fee of $16.00 payable from separate funds on or before today's date.

Loan Origination. A(n) Loan Origination fee of $9,925.00 to be financed in See #7

Flood Determination. A(n) Flood Determination fee of $7.00 payable from separate funds on or before today's date.

D. Prepayment Change. Conditions for the prepayment of this loan are modified to read:

(1) I may prepay this Loan under the following terms and conditions. If the principal balance of this note is paid down note than 33% below the scheduled principal reduction balance at any time prior to maturity, a prepayment penalty will be assessed at such time in an amount equal to 1% of the aggregate sum of the prepayments. however, no prepayment penalty will be assessed for any payment that is made within the twelve(12) month period prior to maturity of this note. Any partial prepayment will not excuse any later scheduled payments until I pay in full.

E. Insurance. I understand and agree that any insurance premiums paid to insurance companies as part of this Amended Obligation will involve money retained or paid to you as commissions or other remuneration.

(1) Flood Insurance. Flood insurance is not required. I may obtain flood insurance from anyone I want that is reasonably acceptable to you.

4. CONTINUATION OF TERMS. Except as specifically amended by this Modification, all of the terms of the Prior Obligation shall remain in full force and effect.

5. WAIVER. I waive all claims, defenses, setoffs, or counterclaims relating to the Prior Obligation, or any document securing the Prior Obligation, that I may have. Any party to the Prior Obligation that does not sign this Modification, shall remain liable under the terms under the Prior Obligation unless released in writing by you.

6. REASON FOR MODIFICATION. Modify and Extend to Interest only variable rate loan until SBA paydown is received. It will then modify to a variable rate balloon loan.

7. ADDITIONAL TERMS. See attached Exhibit A incorporated herein by reference.

8. SIGNATURES. By signing, I agree to the terms contained in the Modification. I also acknowledge receipt of a copy of this Modification.

BORROWER:

AspenBio, Inc.

By_____
Roger D. Hurst, President

_____
Roger D. Hurst
Individually

The following Exhibit A refers to and becomes a part of the Promissory Note modification dated June 13, 2003 from AspenBio, Inc. and Roger D. Hurst to FirstBank of Tech Center.

EXHIBIT A

The following terms relate to the rate and repayment terms as of July 16, 2003.

The interest rate and repayment terms will automatically adjust on July 16, 2003, the day SBA funds in the amount of $1,265,000.00, will be received. The outstanding principal balance will be paid down with the SBA funds, with the FirstBank of Tech Center 0.50% fee financed in, making the outstanding balance, on July 16, 2003, 1,994,925. The loan will be amortized over 300 months, maturing in 120 months. ($3,250,000 loan balance minus $1,265,000 SBA funds plus $9,925 FirstBank of Tech Center fee equals $1,994,925).

Interest Rate: A variable rate of 3.25% per annum over the Index Rate indicated below. Any change in he interest rate resulting from a change in the Index Rate will be effective on July 16, 2008. The minimum interest rate on this note, after the initial interest rate adjustment date, shall not be less than 7.00% per annum.

The Index Rate used for the Note shall be: 5 Year Treasury Index: the weekly average yield on United States Treasury securities adjusted to a constant maturity of 5 years, as most recently made available by the Federal Reserve Board as of the interest rate change date.

Payment Schedule as of July 16, 2003: Amortization to begin with 1st payment due August 16, 2003. Payments amortized over 300 months with the balloon payment due July 16, 2013.

As of the date of this note, June 13, 2003, one interest only payment is due on July 16, 2003. The rate is variable, Wall Street Journal Prime Rate, plus 1%.

Amortization terms, as referenced above, begin July 16, 2003.

EXHIBIT 10.23(a)

LOAN AGREEMENT

THIS AGREEMENT, dated this 13th day of June, 2003 between AspenBio, Inc., a Colorado corporation "Borrower" whose address is 1585 S. Perry Street, Castle Rock, CO 80104, and Front Range Regional Economic Development Corporation, a Colorado non-profit corporation, the "Lender," having its principal office at 730 17th Street, Suite lA, Denver, Colorado 80202.

WHEREAS, the Borrower has applied to the Lender for a loan for the purpose of acquiring physical plant and/or capital equipment (the "Acquisition Assets"), and

WHEREAS, the Lender is willing to sell a Debenture (the "Debenture"), the proceeds of which Debenture will be used to make such a loan to the Borrower on the items and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

THE LOAN

1.01 The Loan. Note and Rate. Subject to the terms and conditions of this Agreement and the SBA Authorization and Debenture Guaranty Agreement No. CDC 461,892-40-00-DEN (the "Debenture Guaranty Agreement"), the Lender hereby agrees to loan to the Borrower, and the Borrower hereby agrees to borrow from the Lender and repay the Lender, or its assigns, the amount of $1 ,300,000.00 (the "Loan"). The obligation of the Borrower to repay the Loan shall be evidenced by a promissory note (the "Note") of the Borrower in the form of Exhibit A attached hereto dated as of the date on which the Loan is made (the "Closing Date") payable to the order of the Lender as determined at the time when the Debenture of the Lender in the amount of $1,300,000.00 is sold pursuant to the Debenture Guaranty Agreement.

1.02 The Term and Repayment. The term of the Loan shall be 20 years, and the Note shall be repayable in 240 equal consecutive monthly installments. The first monthly installment shall be due and payable on August 1, 2003. All payments shall be applied first to (a) the servicing fee set forth in the Servicing Agent Agreement, (b) then to interest on the principal sum, (c) then to reduction of the principal sum, and (d) then to the late fee set forth in the Note. All payments shall be made promptly to the Lender at its address specified at the beginning of this Agreement, or at such other address as it may designate in writing.

1.03 Purpose of Loan. The purpose of the Loan is to enable the Borrower to own and operate the Acquisition Assets, and thus aid the economic development of the area in which the Acquisition Assets are located. The Borrower agrees that it will apply the funds received by it under this Agreement in accordance with the use of Loan proceeds specified in the Debenture Guaranty Agreement, and the Borrower further agrees that no application of any funds received from the

Lender hereunder shall be made in violation of the Small Business Investment Act of 1958, as amended, or the regulations promulgated thereunder.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Borrower represents and covenants the following:

2.01 Capacity of Borrower. The Borrower, AspenBio,Inc., a Colorado corporation, is duly organized, validly existing and in good standing under the laws of the State of Colorado and has the power to enter into this Agreement and to borrow hereunder. The ????? and performance of the Borrower of this Agreement, and the execution and delivery of the Note, and any Security

Agreements and Instruments will not violate any law, rule, regulation, order, writ, judgement, decree, determination or award presently in effect having applicability to the Borrower or result in a breach of or constitute a default under any indenture or bank loan or credit agreement or any other arrangement or instrument to which the Borrower is a party or by which the Borrower or its property may be bound or affected.

2.02 Legally Binding Instruments. When this Agreement is executed by the Borrower and the Lender, and when the Note is executed and delivered by the Borrower for value, each such instrument shall constitute the legal, valid and binding obligation of the Borrower in accordance with its terms. Any Security Agreements and Instruments, Financing Statements, Mortgages and other liens on chattel or real estate shall constitute legal, valid and binding liens free and clear of all prior liens and encumbrances except as provided for.

2.03 No Legal Suits. There are no legal actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower before any court or administrative agency, which, if determined adversely to the Borrower, would have a material adverse effect on the financial condition or business of the Borrower.

2.04 No Legal Authorization Needed. No authorization, consent or approval, or any formal exemption of any Governmental body, regulatory authorities (Federal, State or Local) or mortgagee, creditor or third party is or was necessary to the valid execution and delivery by the Borrower of this Agreement, the Note, or any Security Agreement, Financing Statement, Mortgage, or Deed of Trust, except as provided for under Sections 3.09 and 3.10 herein.

2.05 Not in Default. The Borrower is not in default of any obligation, covenant, or condition contained in any bond, debenture, note, or other evidence of indebtedness or any mortgage or collateral instrument securing the same.

2.06 Taxes are Paid. The Borrower has filed all tax returns which are required and has paid or made provision for the payment of all taxes which have or may become due pursuant to said

returns or pursuant to any assessments levied against the Borrower or the Borrower's personal or real property by any taxing agency, federal, state or local. No tax liability has been asserted by the Internal Revenue Service or other taxing agency, federal, state or local for taxes materially in excess of those already provided for and the Borrower knows of no basis for any such deficiency assessment.

2.07 No Adverse Change. The Borrower certifies that there has been no adverse change since the date of loan application in the financial condition, organization, operation, business prospects, fixed properties, or personnel of. the Borrower.

ARTICLE III

CONDITIONS OF LENDING

The obligation of the Lender to make the Loan shall be subject to the fulfillment at the time of closing of each of the following conditions:

3.01 Execution of Authorization. The Borrower shall have executed and delivered to the Lender the Debenture Guaranty Agreement.

3.02 Execution and Delivery of Note and Loan Agreement. The Borrower shall have executed and delivered to the Lender this Loan Agreement and-me Note in a form satisfactory to the Lender and its Counsel.

3.03 Execution and Delivery of Security Agreement and Deed of Trust. The Borrower shall have executed and delivered to the Lender a Deed of Trust on the real estate described in Exhibit B attached hereto. The Borrower shall also have executed and delivered to the Lender (if required under the Debenture Guaranty Agreement) a Security Agreement and Financing Statements in forms satisfactory

to the Lender, giving the Lender security in all of the chattel and personal property acquired with the Loan proceeds (as listed in Exhibit C if attached). Said Security Agreement, Financing Statements and Deed of Trust shall be free and clear of all prior liens and encumbrances except as provided for in accordance with the Debenture Guaranty Agreement. Said Security Agreement, Financing Statements and Deed of Trust are to secure payment of the principal of the Note, the interest thereon, and any other sums payable by the Borrower hereunder.

3.04 Execution and Certification of Resolution of Board of Directors. If the Borrower is a corporation, the Borrower shall have executed and delivered to the Lender, a duly certified copy of a Resolution of the Board of Directors authorizing the execution and delivery by the Borrower of this Agreement, the Note and the Deed of Trust.

3.05 Corporate Papers. If the Borrower is a corporation, the Borrower shall have delivered to the Lender copies of the Borrower's Certificate of Incorporation, Articles of Incorporation, By-Laws, and Certificate of Good Standing.

3.06. Execution of CSA Agreement. The Borrower shall have executed and delivered to the Lender, the Central Servicing Agent Agreement (SBA Form 1506) in a form satisfactory to the Lender's Counsel.

3.07 Personal Guarantees. The Lender shall have received duly executed personal guaranty agreement (SBA Form 148) as required by the Debenture Guaranty Agreement and in form satisfactory to the Lender's Counsel.

3.08 Title Insurance. The Borrower shall have secured mortgage title insurance in the form and issued by companies satisfactory to the Lender, in the amount of the Loan, insuring the Lender and the lien of the Mortgage or Deed of Trust subject only to exceptions approved in the Debenture Guaranty Agreement. The title policy shall show no delinquent taxes or assessments affecting the real property or any part thereof on the date of closing except as approved by the Lender.

3.09 Governmental Approval. The Borrower shall have secured all necessary approvals or consents, if required, of Governmental bodies having jurisdiction with respect to any construction contemplated in accordance with the use of proceeds of the Debenture Guaranty Agreement.

3.10 Approval of Others. The Borrower shall have secured all necessary approvals or consents required with respect to this transaction by any mortgagee, creditor or other party having any financial interest in the Borrower.

3.11 Opinion of Counsel. The Lender shall have received the Opinion of Counsel to the Borrower that the Representations and Warranties are true and accurate on and as of the closing date and the conditions of the Loan have been duly satisfied as of the Closing Date.

ARTICLE IV

AFFIRMATIVE COVENANTS OF THE BORROWER

The Borrower agrees to comply with the following covenants from the date hereof until the. Lender has been fully repaid with interest, unless the Lender or its Assigns shall otherwise consent in writing:

4.01 Payment of the Loan. The Borrower agrees to pay punctually the principal and interest on the Note according to its terms and conditions and to pay punctually any other amounts that may become due and payable to the Lender under or pursuant to the terms of this Agreement or the Note.

4.02 Payment of Other Indebtedness. The Borrower agrees to pay punctually the principal and interest due on any other indebtedness now or hereafter at any time owing by the Borrower to the Lender or any other lender.

4.03 Payment of CDC Fees. In addition to the fee paid to the Underwriter and the closing fee to be paid to the CDC's attorney, all as provided in the Debenture Guaranty Agreement, and in consideration of the Lender's expenses associated with processing and servicing this Loan, the Borrower agrees to pay to the Lender a processing fee of 1 1/2% of the net Debenture proceeds, payable at the time of Loan funding, and an annual service fee (payable monthly) equal to .472 of 1 % of the unpaid Loan balance, such balance to be determined at 5-year anniversary intervals at the beginning of such intervals.

4.04 Maintain and Insure Property. The Borrower agrees at all times to maintain the property provided as security for this Loan in such condition and repair that the Lender's security will be adequately protected. The Borrower also agrees to maintain during the term of the Loan adequate hazard insurance policies covering fire and extended coverage.-and such other hazards as may be deemed appropriate in amounts and form sufficient to prevent the Borrower from becoming a co-insurer and issued by companies satisfactory to the Lender with acceptable loss payee clauses in favor of the Lender. The Borrower further agrees, if at any time during the life of the Loan the Borrower 's property is declared to be within a flood hazard area, to purchase Federal Flood Insurance if available. Such insurance shall be in an amount equal to the lesser of: I) the amount of the loan; ii) the insurable value of the property; or iii) the maximum limit of coverage available. If the property is not located in a flood hazard area at the time of the Loan closing, the Borrower will provide satisfactory evidence thereof. The Borrower further agrees to maintain adequate liability and workman's compensation insurance in amounts and form satisfactory to the Lender.

4.05 Pay All Taxes. The Borrower agrees to duly pay and discharge all taxes, assessments and governmental charges upon it or against its properties prior to the date on which the penalties attach thereto, except that the Borrower shall not be required to pay any such tax, assessment or governmental charge which is being contested by it in good faith and by appropriate proceedings. Unless waived in writing by the Lender, the Borrower shall pay each month to the Lender, concurrently with and in addition to the monthly payments required under the Note, 1/12 of the reasonably estimated annual general and special taxes and any other assessments or taxes levied on the real property covered by the Deed of Trust. Such estimate may be adjusted by the Lender from time to time based on past billings and assessments. 'The tax funds shall be retained by the Lender as additional security for the Loan and for the payment of such items when charged or billed without further inquiry. The Borrower shall provide the Lender with a proper statement of taxes before the due date. In case the fund is not sufficient to pay the taxes at the end of each year for which they are assessed, the Borrower shall promptly pay the deficiency to the Lender. The Lender shall not be required to pay the Borrower any interest or earnings on such funds.

4.06 Provide Additional Equity. The Borrower agrees to provide additional equity funds to cover additional project costs included as a result of overruns or unanticipated expenses or changes in work orders in the project as specified in the Debenture Guaranty Agreement.

4.07 Maintain Existence. If the Borrower a corporation, the Borrower agrees to maintain its corporate existence, rights, privileges, and franchises within the State of Colorado and qualify and

remain qualified as a foreign corporation in each jurisdiction in which its present or future operations or its ownership of property require such qualification.

4.08 Provide Financial Information. The Borrower agrees to maintain adequate records and books of account, in which complete entries will be made reflecting all of its business and financial transactions, such entries to be made in accordance with generally accepted principles of good accounting practice consistently applied in the case of financial transactions. In addition, the Borrower agrees to furnish to the Lender quarterly financial statements certified by the Borrower to be true and accurate copies and delivered within sixty (60) days following the close of the quarter year, and the Borrower agrees to furnish to the Lender annual financial statements,

prepared by an independent accountant and certified by the Borrower to be true and accurate copies within ninety (90) days of the close of the fiscal year.

4.09 Provide SBA Information. The Borrower further agrees to provide information, and execute and deliver any and all additional documents and instruments as may be reasonably requested by the Lender, its Assigns or Counsel, or the CSA including but not limited to:

i) Executing the SBA Form 159 "Compensation Agreement"

ii) Displaying the SBA Form 722 "Equal Opportunity Poster."

iii) Executing the SBA Form 600 Series "Civil Rights Compliance Forms."

iv) Providing information as required of the Lender by the SBA for its annual reporting requirements.

4.10 Provide Notice of Hearings. The Borrower further agrees to provide written notice to the Lender of any public hearing or meeting before any administrative or other public agency which may, in any manner, affect the chattel, personal property or real estate securing the Loan.

4.11 Right to Inspection. The Borrower agrees to grant the Lender, until the Note has been fully repaid with interest, the right at all reasonable hours to inspect the chattel, personal property and real estate used to secure the Loan; and the Borrower further agrees to provide the Lender free access to the Borrower's premises for the purpose of such inspection to determine the condition of the chattel, personal property and real estate.

4.12 Null and Void Covenants. The Borrower agrees, that in the event that any provision of this Loan Agreement or any other instrument executed at closing or the application thereof to any person or circumstances shall be declared null and void, invalid, or held for any reason to be unenforceable by a Court of competent jurisdiction, the remainder of such agreement shall nevertheless remain in full force and effect, and to this end, the provisions of all covenants, conditions, and agreements described herein are deemed separate.

4.13 Expenses and Closing Costs. The Borrower agrees to pay all fees, expenses and charges in respect to the Loan, or its making or transfer to the Lender in any way connected therewith including, but not limited to, the fees and out-of-pocket expenses of local counsel employed by the Lender, title insurance and survey costs, recording and filing fees, mortgage taxes, documentary stamp, and any other taxes, fees and expenses payable in connection with this transaction and with the enforcement of this Loan Agreement and the Note.

4.14 Notice of Default. The Borrower agrees to give written notice to the Lender of any event, within 15 days of the event, which constitutes an Event of Default under this Loan Agreement as described in Article VI herein or that would, with notice or lapse of time or both, constitute an Event of Default under this Loan Agreement.

4.15 Indemnification. The Borrower agrees to indemnify and save the Lender or its Assigns harmless against any and all liability with respect to, or resulting from, any delay in discharging any obligation of the Borrower.

4.16 Expenses of Collection or Enforcement. The Borrower agrees, if at any time the Borrower defaults on any provision of this Loan Agreement, the Borrower shall pay the Lender or its Assigns, in addition to any other amounts that may be due from the Borrower, an amount equal to the costs and expenses of collection, enforcement or collection or waiver of the default included by the Lender or its Assigns in such collection, enforcement, collection or waiver of default.

ARTICLE V.

NEGATIVE COVENANTS OF THE BORROWER

The Borrower covenants and agrees that, from the date hereof until payment

in full of the Note, unless the Lender or its Assigns shall otherwise consent in writing, it will not enter into any agreement or other commitment, the performance of which would constitute a breach of any of the covenants contained in this Loan Agreement including, but not limited to the following covenants:

5.01 Encumber the Acquisition Assets. The Borrower will neither create nor suffer to exist any mortgage, pledge, lien, charge, or encumbrance, including liens arising from judgments on the Acquisition Assets except as provided for by the Debenture Guaranty Agreement.

5.02 Sell the Acquisition Assets. The Borrower will not sell, convey, or suffer to be conveyed, lease, assign, transfer or otherwise dispose of the Acquisition Assets unless approved in writing by the Small Business Administration (the SBA).

5.03 Change Ownership. Borrower will not, without prior written consent of Lender and SBA, change the ownership structure or interests in the business during the term of the Note, provided that, commencing six months after the Closing, Borrower or Operating Company may have

one or more changes in ownership without approval of SBA so long as the cumulative change over the term of the Note is less than five percent (5%).

5.04 Change of Business. The Borrower will not, without the written permission of the SBA, change the nature of the Borrower's business as carried on at the date hereof.

5.05 Change the Project. The Borrower will neither permit nor suffer to exist without prior written SBA consent any material change in the project's plans and/or specifications submitted to the SBA in order to induce the SBA to guaranty the Debenture to be issued by the Lender as per the Debenture Guaranty Agreement. Material change will include any significant variance in the accepted plans and specifications, increases in contract prices, and/or additional financial obligations with respect to the construction and Acquisition Assets.

5.06 Borrower Ownership of Lender. During the term of the Loan, neither the Borrower nor its affiliates nor its principals nor its close associates will acquire, either directly or indirectly, an ownership position or interest in the Lender in excess of 10% of the votes or shares of the Lender.

ARTICLE VI

EVENTS OF DEFAULT

The entire unpaid principal of the Note, and the interest then accrued thereon, shall become and be immediately due and payable upon the written demand of the Lender or its Assigns, without any other notice or demand of any kind or any presentment or protest, if anyone of the following events (an "Event of Default") shall occur and be continuing at the time of such demand, whether voluntarily or involuntarily, or without limitation, occurring or brought about by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rules or regulation of any administrative or governmental body, provided, however, that such sum shall not be then payable if Borrower's payments have been waived, or the time for making the Borrower's payments has been extended by the SBA:

6.01 Non-Payment of Loan. If the Borrower shall fail to make payment when due of any installment of principal on the Note, or interest accrued thereon and if the default shall remain unremedied for fifteen (15) days.

6.02 Non-Payment of Other Indebtedness. If default shall be made in the payment when due of any installment of principal or of interest on any of the Borrower's other indebtedness and if such default shall remain unremedied for fifteen (15) days.

6.03 Incorrect Representation or Warranty. Any representation or warranty contained in, or made in connection with the execution and delivery of, this Loan Agreement, or in any certificate furnished pursuant hereto, shall prove to have been incorrect when made in any material respect.

6.04 Default in Covenants. The Borrower shall default in the performance of any other term, covenant or agreement contained in this Loan Agreement, and such default shall continue unremedied for thirty (30) days after either: i) it becomes known to the Borrower; or ii) written notice thereof shall have been given to the Borrower by the Lender.

6.05 Voluntary Insolvency. If the Borrower shall become insolvent or shall cease to pay . its debts as they mature or shall voluntarily file a petition seeking reorganization of, or the appointment of a receiver, trustee, or liquidation for the Borrower, or a substantial portion of the Borrower's assets or to effect a plan or other arrangement with creditors, or shall be adjudicated bankrupt, or shall make a voluntary assignment for the benefit of creditors.

6.06 Involuntary Insolvency. If any involuntary petition shall be filed against the Borrower under any bankruptcy, insolvency or similar law or seeking the reorganization of or the appointment of any receiver, trustee or liquidator for the Borrower, or of a substantial part of the property of the Borrower, or a writ or warrant of attachment or similar process shall be issued against a substantial part of the property of the Borrower, and such petition shall not be dismissed, or such writ or warrant of attachment or similar process shall not be released or bonded, within thirty (30) days after filing or levy.

6.07 Judgments. If any final judgment for the payment of money that is not fully covered by liability insurance and is in excess of $10,000.00 shall be rendered against the Borrower, and within thirty (30) days, shall not be discharged, or an appeal therefrom taken and execution thereon effectively stayed pending such appeal, and, if such judgment be affirmed on such appeal, the same shall not be discharged within thirty (30) days.

ARTICLE VII

MISCELLANEOUS

7.01 Waiver of Notice. No failure or delay on the part of the Lender in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. No modification or waiver of any provision of this Loan Agreement or of the Note, nor any consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances. .

7.02 Amendments. The Borrower and the Lender or its Assigns, with the concurrence of the SBA, hereby expressly reserve all rights to amend any provisions of this Agreement, to consent

to or waive any departure from the provisions of this Loan Agreement, to amend or consent to or waive departure from the provisions of the Note, and to release or otherwise deal with any collateral security for payment of the Note; provided, however, that all such amendments be in writing and executed by the Lender or its Assigns, the Borrower and the SBA.

7.03 Notices. All notices, consents, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to a party hereto if mailed by certified mail, prepaid, to the Lender at the address set forth at the beginning of this Agreement, and to the Borrower at the address set forth at the beginning of this Agreement, or at such other addresses as any party may have designated in writing to any other party herein.

7.04 Payments. The Borrower will make payments to the Lender in accordance with the terms and conditions and instructions contained in the Central Servicing Agent Agreement (SBA Form 1506). .

7.05 Survival of Representations and Warranties: All agreements, representations and warranties made by the Borrower herein or any other document or certificate delivered to the Lender in connection with the transactions contemplated by this Loan Agreement shall survive the delivery of this Agreement and the Note hereunder, and shall continue in full force and effect so long as the Note remains unpaid.

7.06 Successors and Assigns. This Loan Agreement shall be binding upon the Borrower, its Successors and Assigns, except that the Borrower may not assign or transfer its rights without prior written consent of the SBA. This Agreement shall inure to the benefit of the Lender, its Successors and Assigns, and, except as otherwise expressly provided in particular provisions hereof, all subsequent holders of the Note.

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

7.08 Governing: Law. This Loan Agreement, the Note and the Deed of Trust shall be deemed contracts made under the laws of the State of Colorado and for all purposes shall be construed in accordance with the laws of said State.

7.09 Article and Section Headings. Article and Section headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

IN WITNESS WHEREOF, the parties hereto have each caused this Loan Agreement to be duly executed as of the day and year first above written.

LENDER: FRONT RANGE REGIONAL ECONOMIC DEVELOPMENT CORPORATION, a Colorado non-profit corporation

By: /s/ Tod W. Cecil

President

ATTEST:

/s/ Mike O'Donnell
- ---
Mike O'Donnell, Executive Director

BORROWER:

DEVELOPMENT CORPORATION, a Colorado non-profit corporation

AspenBio, Inc., a Colorado corporation

By: /s/ Roger Hurst

Roger Hurst, President

EXHIBIT 10.23(b)

U. S. Small Business Administration

NOTE
(CDC/504 LOANS)

SBA Loan #	CDC 461,892-40-00-DEN
SBA Loan Name	AspenBio, Inc.
Date	June 13, 2003
Loan Amount	$1,300,000
Borrower	AspenBio, Inc., a Colorado corporation
Operating Company	
CDC	Front Range Regional Economic Development Corporation

Funding Date: July 16, 2003 *Interest Rate:

First Payment Due: August 2, 2003 * P&I Amount: $

Note Maturity Date: July l., 2023 * Monthly Payment: $
(*blank at signing)

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of CDC the amount of One Million Three Hundred Thousand and No/lOOths ($1.300.000.00) Dollars, interest on the unpaid principal balance, the fees specified in the Servicing Agent Agreement, and all other amounts required by this Note.

2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.
"Debenture" means the debenture issued by CDC to fund the Loan.
"Guarantor" means each person or entity that signs a guarantee of payment of this Note.
"Loan" means the loan evidenced by this Note.
"Loan Documents" means the documents related to this loan signed by Borrower, Guarantor, or anyone who pledges collateral.
"SBA" means the Small Business Administration, an Agency of the United States of America.
"Servicing Agent Agreement" means the agreement between the Borrower and the CDC that, among other things. appoints a servicing agent ("Servicing Agent") for this Note.

3. INTEREST RATE AND PAYMENTS:

The terms of the debenture sale will establish the interest rate, P & I amount, and Monthly Payment for this Note. Borrower acknowledges that these terms are unknown when Borrower signs this Note.

A. Once established, the interest rate is fixed. Interest begins to accrue on the Funding Date.
B. Monthly Payments are due on the first business day of each month, beginning on the First payment Date and continuing until the Note Maturity Date, when all unpaid amounts will be due. Borrower must pay at the place and by the method the Servicing Agent or CDC designates. The Monthly Payment includes the monthly principal and interest installment (P & I Amount), and the monthly fees in the Servicing Agent Agreement. The Servicing Agent will apply regular Monthly Payments in the following order: I) monthly fees, 2) accrued interest, and 3) principal.

4. LATE-PAYMENT FEE:

CDC charges a late fee if the Servicing Agent receives a Monthly Payment after the fifteenth day of the month when it is due. The late fee is five percent of the payment amount, or $100.00, whichever is greater. The late fee is in addition to the regular Monthly Payment.

5. RIGHT TO PREPAY:

Borrower may prepay this Note in full on a specific date each month set by the Servicing Agent. Borrower may not make partial prepayments. Borrower must give CDC at least 45 days' prior written notice. When it receives the notice, CDC will give Borrower prepayment instructions. At least 10 days before the payment date, Borrower must wire a non-refundable deposit of $1,000 to the Servicing Agent. The Servicing Agent will apply the deposit to the prepayment if Borrower prepays. In any prepayment, Borrower must pay the sum of all of the following amounts due and owing through the date of the next semi-annual Debenture payment:

A. Principal balance;
B. Interest;
C. SBA guarantee fees;
D. Servicing agent fees;
E. CDC servicing fees;
F. Late Fees;
G. Expenses incurred by CDC for which Borrower is responsible; and
H. Any prepayment premium.

6. PREPAYMENT PREMIUM:

If Borrower prepays during the first half of the Note term, Borrower must pay a prepayment premium. The formula for the prepayment premium is specified in the Debenture and may be obtained from CDC.

7. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

A. Fails to do anything required by this Note and other Loan Documents;
B. Defaults on any other loan made or guaranteed by SBA.
C. Does not preserve or account to CDC's satisfaction for any of the Collateral or its proceeds;
D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to CDC or SBA;
E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to CDC or SBA;
F. Defaults on any loan or agreement with another creditor, if CDC believes the default may materially affect Borrower's ability to pay this Note;
G. Fails to pay any taxes when due;
H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
I. Has a receiver or liquidator appointed for any part of their business or property;
J. Makes an assignment for the benefit of creditors;
K. Has any adverse change in financial condition or business operation that CDC believes may materially affect Borrower's ability to pay this Note;
L. Reorganizes. merges, consolidates, or otherwise changes ownership or business structure without CDC's prior written consent, except for ownership changes of up to 5 percent beginning six months after the Loan doses; or
M. Becomes the subject of a civil or criminal action that CDC believes may materially affect Borrower's ability to pay this Note.

8. CDC'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, CDC may:

A. Require immediate payment of all amounts owing under this Note.
B. Collect all amounts owing from any Borrower or Guarantor;

C. File suit and obtain judgment;
D. Take possession of any Collateral; and,
E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

9. CDC'S GENERAL POWERS:

Without notice and without Borrower's consent. CDC may:

A. Bid or buy at any sale of Collateral by Lender or another lienholder, at any price it chooses;
B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If CDC incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
C. Release anyone obligated to pay this Note;
D. Compromise, release, renew, extend or substitute any of the Collateral; and
E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

10. FEDERAL LAW:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. CDC or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

11. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and CDC includes its successors and assigns.

12. GENERAL PROVISIONS:

A. All individuals and entities signing this Note are jointly and severally liable.
B. Borrower authorizes CDC, the Servicing Agent, or SBA to complete any blank terms in this Note and any other Loan Documents. The completed terms will bind Borrower as if they were completed prior to this Note being signed.
C. Borrower waives all suretyship defenses.
D. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable CDC to acquire, perfect, or maintain CDC's liens on Collateral.
E. CDC may exercise any of its rights separately or together, as many times and in any order it chooses. CDC may delay or forgo enforcing any of its rights without giving any up.
F. Borrower may not use any oral statement to contradict or alter the written terms of, or raise a defense to, this Note.
G. If any part of this Note is unenforceable, all other parts remain in effect.
H. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, incJuding presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that CDC did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

13. STATE-SPECIFIC PROVISIONS:

THIS PAGE IS NOT APPLICABLE TO THIS NOTE.

14. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower:

BORROWER:

AspenBio, Inc., a Colorado corporation

/s/ Roger Hurst

Roger Hurst, President

ASSIGNMENT: CDC assigns this Note to SBA.

By: /s/ Tod W. Cecil Date: June 13, 2003

Typed Name: Tod W. Cecil, President, authorized officer of CDC.

EXHIBIT 10.23(c)

U. S. Small Business Administration

UNCONDITIONAL GUARANTEE

SBA Loan #	CDC 461 ,892-40-00-DEN
SBA Loan Name	AspenBio, Inc.
Guarantor	Roger D. Hurst
Borrower	AspenBio, Inc., a Colorado corporation
Lender	FRONT RANGE REGIONAL ECONOMIC DEVELOPMENT CORPORATION
Date	June 13, 2003
Note Amount	$1,300,000.00

1. GUARANTEE:

Guarantor unconditionally guarantees payment to Lender of all amounts owing under the Note. This Guarantee remains in effect until the Note is paid in full. Guarantor must pay all amounts due under the Note when Lender makes written demand upon Guarantor. Lender is not required to seek payment from any other source before demanding payment from Guarantor.

2. NOTE:

The "Note" is the promissory note dated June 13,2003 in the principal amount of One Million Three Hundred Thousand and No/ OOths ($1.300.000.00) Dollars, from Borrower to Lender. It includes any assumption, renewal, substitution, or replacement of the Note, and multiple notes under a line of credit.

3. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note. "Loan" means the loan evidenced by this Note. "Loan Documents" means the documents related to this Loan signed by Borrower, Guarantor, or anyone who pledges Collateral. "SBA" means the Small Business Administration, an Agency of the United States of America.

4. LENDER'S GENERAL POWERS:

Lender may take any of the following actions at any time, without notice, without Guarantor's consent, and without making demand upon Guarantor:

A. Modify the terms of the Note or any other Loan Document except to increase the amounts due under the Note;
B. Refrain from taking any action on the Note, the Collateral, or any guarantee;
C. Release any Borrower or any guarantor of the Note;
D. Compromise or settle with the Borrower or any guarantor of the Note;
E. Substitute or release any of the Collateral, whether or not Lender receives anything in return;
F. Foreclose upon or otherwise obtain, and dispose of, any Collateral at public or private sale, with or without advertisement;
G. Bid or buy at any sale of Collateral by Lender or any other lienholder, at any price Lender chooses; and

H. Exercise any rights it has, including those in the Note and other Loan Documents.

These actions will not release or reduce the obligations of Guarantor or create any rights or claims against Lender.

5. FEDERAL LAW:
When SBA is the holder, the Note and this Guarantee will be construed and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers. recording documents. giving notice. foreclosing liens. and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Guarantee, Guarantor may not claim or assert any local or state law against SBA to deny any obligation. defeat any claim of SBA, or preempt federal law.

6. RIGHTS, NOTICES, AND DEFENSES THAT GUARANTOR WAIVES:
To the extent permitted by law,

A. Guarantor waives all rights to:

1) Require presentment, protest, or demand upon Borrower;
2) Redeem any Collateral before or after Lender disposes of it;
3) Have any disposition of Collateral advertised; and
4) Require a valuation of Collateral before or after Lender disposes of it.

B. Guarantor waives any notice of:

1) Any default under the Note;
2) Presentment, dishonor, protest, or demand;
3) Execution of the Note;
4) Any action or inaction on the Note or Collateral. such as disbursements. payment, nonpayment, acceleration, intent to accelerate. assignment, collection activity. and incurring enforcement expenses;
5) Any change in the financial condition or business operations of Borrower or any guarantor;
6) Any changes in the terms of the Note or other Loan Documents, except increases in the amounts due under the Note; and
7) The time or place of any sale or other disposition of Collateral.

C. Guarantor waives defenses based upon any claim that:

1) Lender failed to obtain any guarantee;
2) Lender failed to obtain, perfect, or maintain a security interest in any property offered or taken as Collateral;
3) Lender or others improperly valued or inspected the Collateral;
4) The Collateral changed in value, or was neglected. lost, destroyed, or underinsured;
5) Lender impaired the Collateral;

6) Lender did not dispose of any of the Collateral;
7) Lender did not conduct a commercially reasonable sale;
8) Lender did not obtain the fair market value of the Collateral;
9) Lender did not make or perfect a claim upon the death or disability of Borrower or any guarantor of the Note;
10) The financial condition of Borrower or any guarantor was overstated or has adversely changed;
11) Lender made errors or omissions in Loan Documents or administration of the Loan;
12) Lender did not seek payment from the Borrower, any other guarantors, or any Collateral before demanding payment from Guarantor;
13) Lender impaired Guarantor's suretyship rights;
14) Lender modified the Note terms, other than to increase amounts due under the Note. If Lender modifies the Note to increase the amounts due under the Note without Guarantor's consent, Guarantor

will not be liable for the increased amounts and related interest and expenses, but remains liable for all other amounts;

15) Borrower has avoided liability on the Note; or

16) Lender has taken an action allowed under the Note, this Guarantee, or other loan Documents.

7. DUTIES AS TO COLLATERAL:

Guarantor will preserve the Collateral pledged by Guarantor to secure this Guarantee. Lender has no duty to preserve or dispose of any Collateral.

8. SUCCESSORS AND ASSIGNS:

Under this Guarantee, Guarantor includes heirs and successors, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

A. ENFORCEMENT EXPENSES. Guarantor promises to pay all expenses Lender incurs to enforce this Guarantee, ncluding, but not limited to, attorney's fees and costs.

B. SBA NOT A CO-GUARANTOR. Guarantor's liability will continue even if SBA pays Lender. SBA is not a coguarantor with Guarantor. Guarantor has no right of contribution from SBA.

C. SUBROGATION RIGHTS. Guarantor has no subrogation rights as to the Note or the Collateral until the Note is paid in . full.

D. JOINT AND SEVERAL LIABILITY. All individuals and entities signing as Guarantor are jointly and severally liable.

E. DOCUMENT SIGNING. Guarantor must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral;

F. FINANCIAL STATEMENTS. Guarantor must give Lender financial statements as Lender requires.

G. LENDER'S RIGHTS CUMULATIVE, NOT WAIVED. Lender may exercise any of its rights separately or together, as many times as it chooses. Lender may delay or forgo enforcing any of its rights without losing or impairing any of them.

H. ORAL ST A TEMENTS NOT BINDING. Guarantor may not use an oral statement to contradict or alter the written terms of the Note or this Guarantee, or to raise a defense to this Guarantee.

I. SEVERABILITY. If any part of this Guarantee is found to be unenforceable, all other parts will remain in effect.

J. CONSIDERATION. The consideration for this Guarantee is the Loan or any accommodation by Lender as to the Loan.

10. STATE-SPECIFIC PROVISIONS:

THIS PAGE DOES NOT APPLY TO THIS GUARANTEE.

11. GUARANTOR ACKNOWLEDGMENT OF TERMS.

Guarantor acknowledges that Guarantor has read and understands the significance of all terms of the Note and this Guarantee, including all

waivers.

12. GUARANTOR NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated as Guarantor under this Guarantee.

/S/ ROGER D. HURST

ROGER D. HURST

ASSIGNMENT OF LENDER'S INTEREST IN GUARANTY

This Guaranty is hereby assigned to the Small Business Administration without recourse this 13th day of June, 2003.

FRONT RANGE REGIONAL ECONOMIC DEVELOPMENT CORPORATION,
a Colorado non-profit corporation,

ATTEST: By: /S/ TODD W. CAL

/s/ President

Executive Director

THIS DEED OF TRUST

(Participation)

THIS DEED OF TRUST, made this 13th day of June, 2003, by and between AspenBio, Inc., a Colorado corporation hereinafter referred to as "Grantor," whose address is 1585 S. Perry Street, Castle Rock, CO 80104 and the Public Trustee of Douglas County, Colorado hereinafter referred to as "Trustee," whose address is 301 Wilcox Street, Castle Rock, CO 80104 for the benefit of Front Range Regional Economic Development Corporation hereinafter referred to as "Beneficiary," who maintains an office and place of business at 730 17th Street, Suite 1A, Denver, Colorado 80202 in participation with the Small Business Administration, an agency of the United States,

WITNESSETH, that for and in consideration of $1.00 and other good and valuable consideration, receipt of which is hereby acknowledged, the Grantor does hereby bargain, sell, grant, assign, and convey unto the Trustee, his successors and assigns, all of the following described property situated and

being in the Douglas County, State of Colorado

Lot 1, Block 1, Brookside Business Center Filing No.5, County of Douglas, State of Colorado

Also known and numbered as: 1585 S. Perry Street, Castle Rock, CO 80104

Together with and including all buildings, all fixtures, including but not limited to all plumbing, heating, lighting, ventilating, refrigerating, incinerating, air conditioning apparatus, and elevators (the Trustor hereby declaring that it is intended that the items herein enumerated shall be deemed to have been permanently installed as part of the realty), and all improvements now or hereafter existing thereon; the hereditaments and appurtenances and all other rights thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, the rents, issues, and profits and water rights (whether riparian, appropriative or otherwise, and whether or not appurtenant) of the above described property, To have and to hold the same unto the Trustee, and the successors in interest of the Trustee, forever, in fee simple or such other estate, if any, as is stated herein trust, to secure the payment of a promissory note of this date, in the principal sum of One Million Three Hundred Thousand and No/ 100ths Dollars ($1,300,000.00), which note matures on July 1, 2023

signed by Roger Hurst as President of AspenBio, Inc., a Colorado corporation

in behalf of Front Range Regional Economic Development Corporation

1. This conveyance is made upon and subject to the further trust that the said Grantor shall remain in quiet and peaceable possession of the above granted and described premises and take the profits thereof to his own use until default be made in any payment of an installment due on said note or in the performance of any of the covenants or conditions contained therein or in this Deed

of Trust; and, also to secure the reimbursement of the Beneficiary or any other holder of said note, the Trustee or any substitute trustee of any and all costs and expenses incurred, including reasonable attorney's fees, on account of any litigation which may arise with respect to this Trust or with respect to the indebtedness evidenced by said note, the protection and maintenance of the property hereinabove described or in obtaining possession of said property after any sale which may be made as hereinafter provided.

2. Upon the full payment of the indebtedness evidenced by said note and the interest thereon, the payment of all other sums herein- provided for, the repayment of all monies advanced or expended pursuant to said note or this instruments and upon the payment of all other proper costs, charges, commissions, and expenses, the above described propel1y shall be released and reconveyed to and at the cost of the Grantor.

3. Upon default in any of the covenants or conditions of this instrument or of the note or loan agreement secured hereby, the Beneficiary or his assigns may without notice and without regard to the adequacy of security for the indebtedness secured, either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by the court, enter upon and take possession of said property or any part thereof, and do any acts which Beneficiary deems proper to protect the security hereof, and either with or without taking possession of said property, collect and receive the rents, royalties, issues, and profits thereof, including rents accrued and unpaid, and apply the same, less costs of operation and collection, upon the indebtedness secured by this Deed of Trust, said rents, royalties, issues, and profits: being hereby assigned to the Beneficiary as further security for the payment of such indebtedness. Exercise of rights under this paragraph shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice but shall be cumulative to any right and remedy to declare a default and to cause notice of default to be recorded as hereinafter provided, and cumulative to any other light and/or remedy hereunder, or provided by law, and may be exercised concurrently or independently. Expenses incurred by Beneficiary hereunder including reasonable attorney's fees shall be secured

hereby.

4. The Grantor covenants and agrees that if he shall fail to pay said indebtedness, or any part thereof, when due, or shall fail to perform any covenant or agreement of this instrument or of the promissory note secured hereby, the entire indebtedness hereby secured shall immediately become due, payable, and collectible without notice, at the option of the Beneficiary or assigns, regardless of maturity, and the Beneficiary or assigns may enter upon said property and collect the rents and profits thereof. Upon such default in payment or performance, and before or after such entry, the Trustee, acting in the execution of this Trust, shall have the power to sell said property, and it shall be the Trustee's duty to sell said property (and in case of any default of any purchaser, to resell) at pub1ic auction, to the highest bidder, first giving four weeks notice of the time, terms, and place of such sale, by advertisement not less than once during each of said four weeks in a newspaper published or distributed in the county or political subdivision in which said property is situated, all other notice being hereby waived by the Grantor (and the Beneficiary or any person on behalf of the Beneficiary may bid and purchase at such sale). Such sale will be held at a suitable

place to be selected by the Beneficiary within said county or political subdivision. The Trustee is hereby authorized to execute and deliver to the purchaser at such sale a sufficient conveyance of said property, which conveyance shall contain recitals as to the happening of default upon which the execution of the power of sale herein granted depends; and the said Grantor hereby constitutes and appoints the Trustee as his agent and attorney in fact to make such recitals and to execute said conveyance and hereby covenants and agrees that the recitals so made shall be binding and conclusive upon the Grantor, and said conveyance shall be effectual to bar all equity or right of redemption, homestead, dower, right of appraisement, and all other rights and exemptions of the Grantor, all of which arc hereby expressly waived and conveyed to the Trustee. In the event of a sale as hereinabove provided, the Grantor, or any person in possession under the Grantor, shall then become and be tenants holding over and shall forthwith deliver possession to the purchaser at such sale or be summarily dispossessed, in accordance with the provisions of law applicable to tenants holding over. The power and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, and are granted as cumulative to all other remedies for the collection of said indebtedness. The Beneficiary or Assigns may take any other appropriate action pursuant to state or Federal statute either in state or federal court or otherwise for the disposition of the property.

5. In the event of a sale as provided in paragraph 4, the Trustee shall be paid a fee by the Beneficiary in an amount not in excess of Fee as provided in 1973 C.R.S. 38-37-104(1)(b) provided, however, that the amount of such fee shall be reasonable and shall be approved by the Beneficiary as to reasonableness. Said fee shall be in addition to the costs and expenses incurred by the Trustee in conducting such sale. The amount of such costs and expenses shall be deducted and paid from the sale's proceeds. It is further agreed that if said property shall be advertised for sale as herein provided and not sold, the Trustee shall be entitled to a reasonable fee, in an amount acceptable to the Beneficiary for the services rendered. The Trustee shall also be reimbursed by the Beneficiary for all costs and expenses incurred in connection with the advertising of said property for sale if the sale is not consummated.

6. The proceeds of any sale of said property in accordance with paragraph 4 shall be applied first to payments of fees, costs, and expenses of said sale, the expenses incurred by the Beneficiary for the purpose of protecting or maintaining said property and reasonable attorneys' fees; secondly, to payment of the indebtedness secured hereby; and thirdly, to pay any surplus or excess to the person or persons legally entitled thereto. .

7. In the event said property is sold pursuant to the authorization contained in this instrument or at a judicial foreclosure sale and the proceeds are not sufficient to pay the total indebtedness secured by this instrument and evidenced by said promissory note, the Beneficiary will be entitled to a deficiency judgement for the amount of the deficiency without regard to

appraisement, the Grantor having waived and assigned all rights of appraisement to the Trustee.

8. The Grantor covenants and agrees as follows:

a. He will promptly pay the indebtedness evidenced by said promissory note at the times and in the manner therein provided.

b. He will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines or impositions, for which provision has not been made hereinbefore, and will promptly deliver the official receipts therefor to the Beneficiary.

c. He will pay such expenses and fees as may be incurred in the protection and maintenance of said property, including the fees of any attorney employed by the Beneficiary for the collection of any or all of the indebtedness hereby secured, of such expenses and fees as may be incurred in any foreclosure sale by the Trustee, or court proceedings or in any other litigation or proceeding affecting said property, and attorney's fees reasonably incurred in any other way.

d. The rights created by this conveyance shall remain in full force and effect during any postponement or extension of the time of the payment of the indebtedness evidenced by said note or any pm1 thereof secured hereby.

e. He will continuously maintain hazard insurance of such type or types and in such amounts as the Beneficiary may from time to time require, on the improvements now or hereafter on said property, and will pay promptly when due any premiums therefor. All insurance shall be carried in companies acceptable to Beneficiary and the policies and renewals thereof shall be held by Beneficiary and have attached thereto loss payable clauses in favor of and in form acceptable to the Beneficiary. In the event of loss, Grantor will give immediate notice in writing to Beneficiary and Beneficiary may make proof of loss if not made promptly by Grantor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary instead of to Grantor and Beneficiary jointly, and the insurance proceeds, or any part thereof, may be applied by Beneficiary at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of a Trustee's sale or other transfer of title to said property in extinguishment of the indebtedness secured hereby, all right, title, and interest of the Grantor in and to any insurance policies than in force shall pass at the option of the Beneficiary to the purchaser or Beneficiary.

f. He will keep the said premises in as good order and condition as they are now and will not commit or permit any waste thereof, reasonable wear and tear excepted, and in the event of the failure of the Grantor to keep the buildings on said premises and those to be erected on said premises, or improvements thereon, in good repair, the Beneficiary may make such repairs as in the Beneficiary's discretion it may deem necessary for the proper preservation thereof, and any sums paid for such repairs shall bear interest from the date of payment at the rate specified in the note, shall be due and payable on demand and shall be fully secured by this Deed of Trust.

g. He will not without the prior written consent of the Beneficiary voluntarily create or permit to be created against the property subject to this Deed of Trust any liens inferior or superior to the lien of this Deed of Trust and further that he will keep and maintain

the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all

buildings now being erected or to be erected on said premises.

h. He will not rent or assign any part of the rent of said property or demolish, remove, or substantially alter any building without the written consent of the Beneficiary.

9. In the event the Grantor fails to pay any Federal, state, or local tax assessment, income tax or other lax lien charge, fee, or other expense charged to the property hereinabove described, the Beneficiary is hereby authorized to pay the same and any sum so paid by the Beneficiary shall be added to and become a part of the principal amount of the indebtedness evidenced by said promissory note. If the Grantor shall pay and discharge the indebtedness evidenced by said promissory note, and shall pay such sums and shall discharge all taxes and liens and the costs fees, and expenses of making, enforcing and executing this Deed of Trust; then this Deed of Trust shall be canceled and surrendered.

10. The Grantor covenants that he is lawfully seized and possessed of and has the right to sell and convey said property; that the same is free from all encumbrances except as hereinabove recited; and that he hereby binds himself and his successors in interest to warrant and defend the title aforesaid thereto and every part thereof against the lawful claims of all persons whomsoever.

11. For better security of the indebtedness hereby secured the Grantor, upon the request of the Beneficiary, its successors or assigns, shall execute and deliver a supplemental mortgage or mortgages covering any additions, improvements, or betterments made to the propel1y hereinabove described and all property acquired after the date hereof (all in form satisfactory to Grantee). Furthermore, should Grantor fail to cure any default in the payment of a prior or inferior encumbrance on the propel1y described by this instrument, Grantor hereby agrees to permit Beneficiary to cure such default, but Beneficiary is not obligated to do so; and such advances shall become part of the indebtedness secured by this instrument, subject to the same terms and conditions.

12. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to Beneficiary, who may apply the same to payment of the installments last due under said note, and the Beneficiary is hereby authorized, in the name of the Grantor, to execute and deliver valid acquittances thereof and to appeal from any such award.

13. The irrevocable right to appoint a substitute trustee or trustees is hereby expressly granted to the Beneficiary, his successors or assigns, to be exercised at any time hereafter without notice and without specifying any reason therefor, by filing for record in the office where this installment is recorded an instrument of appointment. The Grantor and the Trustee herein named or that may hereinafter be substituted hereunder expressly waive notice of the exercise of this right as well as any requirement or application to any court for the removal, appointment or substitution of any trustee hereunder.

14. Notice of the exercise of any option granted herein to the Beneficiary or to the holder of the note secured hereby is not required to be given the Grantor, the Grantor having hereby waived such notice.

15. If more than one person joins in the execution of this instrument as Grantor or if anyone so joined be of the feminine sex, the pronouns and relative words used herein shall be read as if written in the plural or feminine, respectively, and the term "Beneficiary" shall include any payee of the indebtedness hereby secured or any assignee or transferee thereof whether by operation of law or otherwise. The covenants herein contained shall bind and the rights herein granted or conveyed shall inure to the respective heirs, executors, administrators, successors, and assigns of the parties hereto.

16. In compliance with section 101.1(d) of the Rules and Regulations of the Small Business Administration [13 C.F.R. 101.1(d)], this instrument is to be construed and enforced in accordance with applicable Federal law.

17. A judicial decree, order, or judgment holding any provision or portion of this instrument invalid or unenforceable shall not in any way impair or

preclude the enforcement of the remaining provisions or portions of this instrument.

18. The Loan secured by this lien was made under a United Slates Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

a. When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law.

b. CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA docs not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or guarantor may claim or assert against SBA any local or stale law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.

Any clause in this document requiring arbitration is not enforceable when the SBA is holder of the Note secured by this instrument.

19. If all or any part of the property or an interest therein is sold or transferred by the Grantor without the Beneficiary's prior written consent, the Beneficiary may, at the Beneficiary's option, declare all sums secured by this Deed of Trust to be immediately due and payable.

20. In consideration of the promissory note described above, which is secured by this Deed of Trust, the Grantor does hereby, in case of default of the payment of said indebtedness or any

part thereof, or failure to comply with any of the terms of the note or Deed of Trust, assign, transfer and set over unto the Beneficiary, or the holder of said note, all rents, profits and income derived from the premises above described and from the buildings and improvements thereon, together with all rights of possession, with full and complete authority and right in the Beneficiary or any subsequent holder, to demand, collect, receive and receipt for such rents, profits and income, to take possession of the premises without requiring the app6intment of a receiver therefor, to rent and manage the same frol11til11e to time and to apply the proceeds derived therefrom, after payment of all costs of collections and all fees and other costs, upon the said indebtedness as therein provided until all delinquencies, advances and the indebtedness secured by the Deed of Trust are paid in full or until title is obtained through foreclosure or otherwise.

IN WITNESS WHEREOF, the Grantor has executed this instrument and the Trustee and Beneficiary have accepted the delivery of this instrument as of the day and year aforesaid.

AspenBio, Inc., a Colorado corporation

By: /s/ Roger Hurst

Roger Hurst, President

Executed and delivered in the presence of the
following witnesses.:

_____

_____

(Add Appropriate Acknowledgment)

SBA Form 930 (3-87) Ref SOP 50 10 Previous Editions Obsolete (7)

State of Colorado)
) SS.
County of Douglas)

The foregoing instrument was acknowledged before me this 13th day of June , 2003 by Roger Hurst as President of AspenBio, Inc., a Colorado corporation.

Witness by hand and official seal.

/s/ Patrick M. Plank

Notary Public

My Commission Expires: 7-29-05

NOTARY SEAL: PATRICK M. PLANK
NOTARY PUBLIC
STATE OF COLORADO

SBA Form 930 (3-87) Ref SOP 50 10 Previous Editions Obsolete (8)