

VioQuest Pharmaceuticals, Inc.
Form 424B3
August 09, 2007

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-138782

Prospectus Supplement No. 2
(to Prospectus dated April 13, 2007)

This Prospectus Supplement No. 2 supplements and amends the prospectus dated April 13, 2007, or the Original Prospectus, and the other Prospectus Supplement thereto, dated May 15, 2007, which we refer to collectively as the Prospectus. The Prospectus relates to the sale from time to time of up to 47,798,626 shares of common stock of VioQuest Pharmaceuticals, Inc., by certain selling stockholders, including 12,746,612 shares issuable upon the exercise of outstanding warrants. We will not receive any of the proceeds from the sale of shares by the selling stockholders. We will receive proceeds from any cash exercise of warrants by the selling stockholders.

On August 8, 2007, we filed with the Securities and Exchange Commission our Quarterly Report on Form 10-QSB for the three months ended June 30, 2007, a copy of which is attached without exhibits. The information set forth on the attachment supplements and amends the information contained in the Prospectus.

This Prospectus Supplement No. 2 should be read in conjunction with, and delivered with, the Prospectus and is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement No. 2 supersedes the information contained in the Prospectus.

Our common stock is quoted on the Over-the-Counter Bulletin Board under the symbol "VQPH." On August 7, 2007, the last sale price for our common stock as reported on the OTC Bulletin Board was \$0.40.

Investing in our common stock involves risk. See "Risk Factors" beginning on page 4 of the Original Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Prospectus Supplement No. 2 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 2 is August 8, 2007.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2007

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 0-16686

VIOQUEST PHARMACEUTICALS, INC.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

58-1486040
(I.R.S. Employer Identification No.)

180 Mount Airy Road, Suite 102, Basking Ridge, New Jersey 07920
(Address of Principal Executive Offices)

(908) 766-4400
(Issuer's telephone number, including area code)

(Former name, former address and former fiscal year, if changed from last report)

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

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).
Yes No

As of August 8, 2007 there were 54,621,119 shares of the issuer's common stock, \$0.001 par value, outstanding.

Traditional Small Business Disclosure Format (check one): Yes No

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Forward-Looking Statements

This Quarterly Report on Form 10-QSB contains statements that are not historical, but are forward-looking in nature, including statements regarding the expectations, beliefs, intentions or strategies regarding the future. In particular, the "Management's Discussion and Analysis or Plan of Operations" section in Part I, Item 2 of this quarterly report includes forward-looking statements that reflect our current views with respect to future events and financial performance. We use words such as we "expect," "plan," "anticipate," "believe," "intend" and similar expressions to identify forward-looking statements. A number of important factors could, individually or in the aggregate, cause actual results to differ materially from those expressed or implied in any forward-looking statements. Such factors include, but are not limited to, the following:

- the possibility that the results of clinical trials will not be successful;
- the possibility that our development efforts relating to our product candidates, including Lenoceta™, VQD-002 and Xyfid™, will not be successful;
- the inability to obtain regulatory approval of our product candidates;
- our reliance on third-parties to develop our product candidates;
- our lack of experience in developing and commercializing pharmaceutical products;
- the possibility that our licenses to develop and commercialize our product candidates may be terminated;
- our ability to obtain additional financing;
- our ability to protect our proprietary technology.

Other risks are described under the section entitled "Risk Factors" following Item 1 in Part I of our Annual Report on Form 10-KSB for the year ended December 31, 2006.

PART I – FINANCIAL INFORMATION**Item 1. Unaudited Condensed Consolidated Financial Statements.**

VIOQUEST PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2007 (UNAUDITED) AND DECEMBER 31, 2006

	June 30, 2007 (Unaudited)	December 31, 2006 (Note 1A)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,830,855	\$ 2,931,265
Prepaid clinical research costs	227,263	273,172
Deferred financing costs	601,875	-
Other current assets	104,006	168,841
Current assets associated with discontinued operations	1,879,133	2,396,435
Total Current Assets	5,643,132	5,769,713
PROPERTY AND EQUIPMENT, NET	35,976	43,378
SECURITY DEPOSITS	15,232	15,232
TOTAL ASSETS	\$ 5,694,340	\$ 5,828,323
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 2,222,982	\$ 1,031,458
Accrued compensation and related taxes	135,224	245,475
Other accrued expenses	451,836	180,440
Note payable - Paramount BioSciences, LLC	164,623	264,623
Convertible notes, net of unamortized debt discount of \$1,180,668	1,786,832	-
Current liabilities associated with discontinued operations	871,754	1,265,568
TOTAL LIABILITIES	5,633,251	2,987,564
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock; \$0.001 par value: 10,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2007 and December 31, 2006	-	-
Common stock; \$0.001 par value: 100,000,000 shares authorized at June 30, 2007 and December 31, 2006, 54,621,119 shares issued and outstanding at June 30, 2007 and December 31, 2006	54,621	54,621
Additional paid-in capital	33,537,551	31,326,694
Accumulated deficit	(33,531,083)	(28,540,556)
Total Stockholders' Equity	61,089	2,840,759
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,694,340	\$ 5,828,323

See accompanying notes to condensed consolidated financial statements.

VIOQUEST PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(UNAUDITED)

	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006
REVENUE	-	-	-	-
OPERATING EXPENSES				
Research and development	\$ 950,844	\$ 327,055	\$ 2,319,655	\$ 616,701
Selling, general and administrative	1,192,399	1,082,480	2,106,050	1,851,835
Total Operating Expenses	2,143,243	1,409,535	4,425,705	2,468,536
LOSS FROM OPERATIONS	(2,143,243)	(1,409,535)	(4,425,705)	(2,468,536)
INTEREST INCOME, NET	6,391	2,084	32,075	49,115
LOSS FROM CONTINUING OPERATIONS	(2,136,852)	(1,407,451)	(4,393,630)	(2,419,421)