

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **June 13, 2005**

LIQUIDMETAL TECHNOLOGIES, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-31332
(Commission File Number)

33-0264467
(I.R.S. Employer
Identification No.)

**25800 Commercentre Dr., Suite 100
Lake Forest, CA 92630**
(Address of Principal Executive Offices; Zip Code)

Registrant's telephone number, including area code: **(949) 206-8000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

LIQUIDMETAL TECHNOLOGIES, INC.

FORM 8-K

Item 1.01. Entry Into a Material Definitive Agreement.

On June 13, 2005, Liquidmetal Technologies, Inc. (the "Company") completed a private placement (the "Private Placement") of 10% Convertible Unsecured Notes Due 2006 in the aggregate principal amount of \$3.25 million (the "Notes"), together with warrants to purchase up to an aggregate of 893,750 shares of the Company's common stock (the "Warrants"). The Private Placement, which was made solely to "accredited investors" under Rule 506 under the Securities Act of 1933, resulted in gross proceeds of \$3.25 million before placement agent fees and expenses associated with the transaction.

The Notes issued by the Company in the Private Placement are unsecured and will become due on the earlier of June 13, 2006 or the consummation of a follow-on equity or debt offering or restructuring transaction pursuant to which the Company receives gross proceeds of at least \$4,000,000. Prior to maturity, the Notes will be interest-only, with interest payments due quarterly, at the rate of 10% per year. The Notes can be prepaid by the Company at any time without penalty. If, within 120 days following the issue date of the Notes, the Company either fails to redeem the notes for the principal amount and accrued interest thereon or fails to close a "Qualified Financing," then the Notes will thereafter be convertible at a conversion price equal to seventy five percent (75%) of the closing price of the Company's common stock on the first trading day immediately preceding the conversion date. A "Qualified Financing" is defined in the Notes as any debt or equity financing of the Company resulting in aggregate gross proceeds to the Company of at least \$5.0 million and in which the holders of at least sixty percent (60%) of the aggregate principal amount of the Company's 6% Senior Secured Notes due July 2007 Notes either (i) agree that the equity or debt securities to be issued in such financing shall be *pari passu* in order of payment to the 2007 Notes held by them or (ii) exchange their 2007 Notes for new securities in the financing transaction.

The Notes rank senior to all other debt of the Company, except for indebtedness in existence on the issue date of the Notes (including the convertible notes issued by the Company in July 2004), purchase money loans for future acquired assets, trade debt incurred in the ordinary course of business, and loans used to refinance the Company's indebtedness with Kookmin Bank. The holders of the Notes will have the right to call for early repayment of the Notes if, on the date that is 180 days of the issue date of the Notes (i) the Company is not then compliant with its SEC reporting obligations, or (ii) the Company's common stock is not then listed or quoted on the OTC Bulletin Board, Nasdaq Stock Market, New York Stock Exchange, or American Stock Exchange.

As a part of the Private Placement, the Company issued Warrants to the purchasers of the Notes giving them the right to purchase up to an aggregate of 812,500 shares of the Company's common stock. In addition, Warrants to purchase 81,250 shares of the Company's common stock were issued to the placement agent in the transaction. The Warrants have an exercise price of \$2.00 per share, provided that upon the consummation of the first ensuing public or private equity or debt offering or restructuring

transaction in which the Company receives gross proceeds of at least \$3,250,000 (including without limitation any restructuring of the Company's previously issued 10% Senior Secured Notes Due July 29, 2005), the exercise price will be automatically adjusted downward (but not upward) as of the closing date of such offering or restructuring transaction so that it is equal to the lowest effective common stock purchase price paid for any securities issued by the Company to the investors in such offering or restructuring transaction. The Warrants will expire on June 13, 2010.

Under a registration rights agreement entered into between the Company and the purchasers of the Notes, the Company is required, within 90 days of the date of the issuance of the Notes, to file a registration statement with the SEC covering the resale of the shares of Company common stock into which the Notes are convertible and for which the Warrants are exercisable. The Company is required to cause this registration statement to become effective within 60 days after the Company receives the first written comments on the registration statement from the SEC, or if the SEC notifies the Company that it will not review the registration statement, within five days after such notification. The Company will be subject to certain monetary penalties, as set forth in the registration rights agreement, if the registration statement is not filed or does not become effective on a timely basis.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registration.

The information included in Item 1.01 of this Form 8-K is hereby incorporated by reference into this Item 2.03.

Item 3.02. Unregistered Sales of Equity Securities.

The information included in Item 1.01 of this Form 8-K is hereby incorporated by reference into this Item 3.02.

Item 9.01. Financial Statements and Exhibits.

See the Exhibit Index set forth below for a list of exhibits included with this Current Report on Form 8-K.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

LIQUIDMETAL TECHNOLOGIES, INC.

By: /s/ John Kang
John Kang
Chairman, President, and Chief Executive Officer

Date: June 16, 2005

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 99.1 | Securities Purchase Agreement, dated June 13, 2005, among Liquidmetal Technologies, Inc. and the parties identified as "Purchasers" therein. |
| 99.2 | Form of 10% Convertible Unsecured Note due June 2006. |
| 99.3 | Form of Common Stock Purchase Warrant, dated June 13, 2005 |
| 99.4 | Registration Rights Agreement, dated June 13, 2005, among Liquidmetal Technologies, Inc. and the parties identified as "Purchasers" therein. |

THESE SECURITIES HAVE NOT BEEN REGISTERED FOR OFFER OR SALE UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD OR OFFERED FOR SALE EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAW OR AN APPLICABLE EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS.

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT (“Agreement”) dated as of June 13, 2005, between Liquidmetal Technologies, Inc., a Delaware corporation (the “**Company**”), and each person or entity listed as a Purchaser on Schedule I attached to this Agreement (collectively and individually, the “**Purchaser**”). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Note (as defined below).

WITNESSETH:

WHEREAS, the Company desires to sell, and the Purchasers desire to purchase, 10% Convertible Unsecured Notes of the Company, which notes shall be in the aggregate principal amount of up to Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000) and shall be in substantially the form of Exhibit A hereto (collectively referred to as the “**Notes**” and individually referred to as a “**Note**”); and

WHEREAS, in connection with the purchase of the Notes, this Agreement also provides for the grant to the Purchasers of warrants to purchase additional shares of common stock, par value \$0.001 per share, of the Company (“**Common Stock**”).

NOW, THEREFORE, in consideration of the foregoing premises and the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Purchase and Sale of Note

Section 1.1 Purchase of Notes. At the Closing (as hereinafter defined) and subject to the terms and conditions hereof and in reliance upon the representations, warranties and agreements contained herein, the Company will issue and sell to the Purchasers, and the Purchasers will buy from the Company, the Notes for an aggregate purchase price of up to Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000) (the “**Purchase Price**”). The amount of Notes to be purchased by each Purchaser is set forth on Schedule I hereto. For purposes hereof, the term “**Conversion Shares**” means any shares of Common Stock into which the Notes are convertible according to their terms.

Section 1.2 The Closing. The purchase and sale of the Note shall take place at a closing (the “**Closing**”) on the date hereof or such other date as the Purchaser and the Company may agree upon (the “**Closing Date**”). At the Closing, the Company shall deliver to the Purchasers the Notes purchased hereunder, registered in the name of the Purchasers or their respective nominees. On the Closing Date the Purchaser shall deliver by wire transfer the Purchase Price hereunder to an account designated in

writing by the Company. In addition, each party shall deliver all documents, instruments and writings required to be delivered by such party pursuant to this Agreement at or prior to the Closing.

Section 1.3 Warrants. In addition to the Note, at the Closing, the Company will execute and deliver to each Purchaser a warrant, substantially in the form attached hereto as Exhibit B, to purchase such number of shares Common Stock as shall be equal to one-half of the principal amount of such Purchaser’s Note divided by two (2) (the “**Warrants**”). The shares of Common Stock that are issuable pursuant to the Warrants are hereafter referred to as the “**Warrant Shares**.”

Section 1.4 Registration Rights Agreement. In addition to the Note and the Warrants, at the Closing, the Company will execute and deliver to each Purchaser a registration rights agreement, substantially in the form attached hereto as Exhibit C (the “**Registration Rights Agreement**”), to register the Conversion Shares and Warrant Shares with the Securities and Exchange Commission in accordance with the terms and conditions in the Registration Rights Agreement.

ARTICLE II

Representations and Warranties

Section 2.1 Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to the Purchaser as of the date hereof and the Closing Date:

(a) *Organization and Qualification; Material Adverse Effect*. The Company is a corporation duly incorporated and existing in good standing under the laws of the State of Delaware and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary other than those in which the failure so to qualify would not have a Material Adverse Effect. “**Material Adverse Effect**” means any adverse effect on the business, operations, properties, prospects or financial condition of the Company and its subsidiaries, if any, and which is (either alone or together with all other adverse effects) material to the Company and its subsidiaries.

(b) *Authorization; Enforcement*. (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Note, the Warrant, the Registration Rights Agreement and any other agreements or documents delivered by the Company at the Closing (“**Transaction Documents**”) and to issue the Note and Warrant in accordance with the terms hereof, (ii) the execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby, including the issuance of

the Note, have been duly authorized by all necessary corporate action, and no further consent or authorization of the Company or its Board of Directors (or any committee or subcommittee thereof) or stockholders is required, (iii) the Transaction Documents have been duly executed and delivered by the Company, (iv) the Transaction Documents constitute valid and binding obligations of the Company enforceable against the Company, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the

enforcement of creditors' rights and remedies or by other equitable principles of general application, and (v) the Warrant Shares issuable upon the exercise of the Warrant and the Conversion Shares have been duly authorized and, upon issuance thereof and payment therefor in accordance with the terms of the Warrant and the Notes, as the case may be, will be validly issued, fully paid and non-assessable, free and clear of any and all liens, claims and encumbrances.

(c) *No Conflicts.* The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby and issuance of the Note, the Conversion Shares, the Warrant and the Warrant Shares will not (i) result in a violation of the Certificate of Incorporation; (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party, or (iii) to the Company's knowledge result in a violation of any law, rule, regulation, order, judgment or decree (including United States federal and state securities laws) applicable to the Company or any of its subsidiaries or by which any property or asset of the Company or any of its subsidiaries is bound or affected, except in the case of clause (ii), such conflicts that would not have a Material Adverse Effect.

(d) *SEC Documents.* Since December 31, 2004, the Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "**1934 Act**") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "**SEC Documents**"). To the Company's knowledge, as of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 2.2 Representations and Warranties of the Purchasers. Each Purchaser (severally and not jointly) hereby makes the following representations and warranties to the Company as of the date hereof and the Closing Date:

(a) *Accredited Investor Status; Sophisticated Purchaser.* The Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "**1933 Act**"). The Purchaser has such knowledge and experience in financial and business matters that the Purchaser is capable of evaluating the merits and risks of the purchase of the Note, the Conversion Shares, the Warrant, and the Warrant Shares. The Purchaser is not registered as a broker or dealer under Section 15(a) of the 1934 Act, affiliated with any broker or dealer registered under Section 15(a) of the 1934 Act, or a member of the National Association of Securities Dealers, Inc.

(b) *Information.* The Purchaser and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company which have been requested and materials relating to the offer and sale of the Note, the Conversion Shares, the Warrant, and the Warrant Shares which have been requested by the Purchaser. The Purchaser and its advisors, if any, have been afforded the opportunity to ask questions of the Company. The Purchaser acknowledges that (i) Purchaser has been provided with and has reviewed copies of the following filings made by the Company with the Securities and Exchange Commission: Form 10-Q filed on May 16, 2005, Form 10-K filed on March 30, 2005 (as amended on May 5, 2005), Form 8-K filed on May 10, 2005, and Form 8-K filed on April 15, 2005; (ii) Purchaser's purchase of the Note, Warrant, and (if applicable) the Conversion Shares and Warrant Shares involves a high degree of risk and that Purchaser may never recover Purchaser's investment in these securities; (iii) the Notes are unsecured, and they are subordinate to the July 2005 Notes (as defined below) in order of payment and otherwise; and (iv) the Company is in material default under the Registration Rights Agreement entered into with the holders of the July 2005 Notes.

(c) *Investment Representation.* The Purchaser is purchasing the Note and the Warrant for the Purchaser's own account and not with a view to distribution in violation of any securities laws. The Purchaser has been advised and understands that neither the Note, the Conversion Shares issuable upon the conversion of the Note, the Warrant, nor the Warrant Shares issuable upon exercise of the Warrant have been registered under the 1933 Act or under the "blue sky" laws of any jurisdiction and may be resold only if registered pursuant to the provisions of the 1933 Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law. The Purchaser has been advised and understands that the Company, in issuing the Note and the Warrant, is relying upon, among other things, the representations and warranties of the Purchaser contained in this Section 2.2 in concluding that such issuance is a "private offering" and is exempt from the registration provisions of the 1933 Act.

(d) *Rule 144.* The Purchaser understands that there is no public trading market for the Note or Warrant, that none is expected to develop, and that the Note and Warrant must be held indefinitely unless and until such Note and the Warrant, or if applicable, the Conversion Shares and Warrant Shares received upon exercise of the Note and Warrant, respectively, are registered under the 1933 Act or an exemption from registration is available. The Purchaser has been advised or is aware of the provisions of Rule 144 promulgated under the 1933 Act.

ARTICLE III

Covenants

Section 3.1 Prohibition on Net Short Positions. From and including the date of this Agreement, the Purchaser agrees that such Purchaser shall not maintain a Net Short Position. "**Net Short Position**" shall mean that the aggregate number of shares of Common Stock held in a short position by such

Purchaser exceeds the sum of (i) the number of shares of Common Stock owned by such Purchaser, plus (ii) the number of Warrant Shares or Conversion Shares issuable to such Purchaser.

Section 3.2 Senior Status of Notes. Beginning on the date of this Agreement and for so long as any Notes remain outstanding, neither the Company nor any subsidiary of the Company shall, without the prior written consent of Purchasers holding a majority of the aggregate outstanding Principal Amount of the Notes, incur or otherwise become liable with respect to any indebtedness that would rank senior or *pari passu* to the Notes in order of payment, other than (i) indebtedness in existence on the date hereof, including without limitation (A) the Company's and its subsidiaries' outstanding debt to Kookmin Bank and (B) the previously issued 10% Senior Secured Notes Due July 29, 2005 and 6% Senior Secured Notes Due July 29, 2007 (the "**July 2005 Notes**"), (ii) secured indebtedness used solely to finance the purchase or lease of assets (provided that such debt may only be secured by the purchased or leased assets and not by any other assets of the Company), (iii) any indebtedness from any loan that replaces or refinances the Company's existing credit facility with Kookmin Bank, or (iv) indebtedness to trade creditors in the ordinary course of business.

Section 3.3 Refinancing Right.

(a) In the event the Company is unable to timely make any payment on amounts outstanding under the Company's existing credit facility with Kookmin Bank (the "**Kookmin Debt**"), the Company hereby grants to the Purchaser, while the Purchaser's Note is still outstanding, the right to provide any additional financing to the Company for the sole purpose of making such timely payments on the Kookmin Debt, subject to the following terms and conditions (the "**Additional Financing**"). From and after the date hereof, no less than ten business days prior to incurring any default under the Kookmin Debt the Company shall notify the Purchaser in writing of its impending default under the Kookmin Debt. In connection therewith, the Purchaser shall have the right, but not the obligation, to deliver a proposed term sheet (the "**Purchaser Term Sheet**") setting forth the terms and conditions upon which the Purchaser would be willing to provide such Additional Financing to the Company. If the provisions of the Purchaser Term Sheet are at least as favorable to the Company as the terms and conditions of the Kookmin Debt and any other bona fide financing proposal received by the Company between the date hereof and the receipt of the Purchaser Term Sheet, the Company shall enter into and consummate the Additional Financing transaction outlined in the Purchaser Term Sheet and shall use such Additional Financing for the sole purpose of making timely payments under the Kookmin Debt, provided that such Additional Financing transaction does not violate any of the terms, conditions, or restrictions of any of the Company's then-existing credit facilities or arrangements. In the event that multiple Purchasers desire to participate in any such transaction, the foregoing obligations will apply only if the Purchasers collectively submit a single Purchaser Term Sheet.

ARTICLE IV

Legend and Stock

Upon payment therefor as provided in this Agreement, the Company will issue the Note in the name the Purchaser or its designees and in such denominations to be specified by the Purchaser prior to (or from time to time subsequent to) Closing. The Note and Warrant and any certificate representing Conversion Shares or Warrant Shares issued upon conversion or exercise thereof, prior to such Conversion Shares or Warrant Shares being registered under the 1933 Act for resale or available for resale under Rule 144 under the 1933 Act, shall be stamped or otherwise imprinted with a legend in substantially the following form:

THESE SECURITIES HAVE NOT BEEN REGISTERED FOR OFFER OR SALE UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAWS. THEY MAY NOT BE SOLD OR OFFERED FOR SALE EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAW OR AN APPLICABLE EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS.

The Company agrees to reissue the Note, Conversion Shares, and Warrant Shares without the legend set forth above, at such time as (i) the holder thereof is permitted to dispose of securities pursuant to Rule 144(k) under the 1933 Act, or (ii) such securities are sold to a purchaser or purchasers who (in the opinion of counsel to the seller or such purchaser(s), in form and substance reasonably satisfactory to the Company and its counsel) are able to dispose of such shares publicly without registration under the 1933 Act, or (iii) such securities have been registered under the 1933 Act.

ARTICLE V

Governing Law; Miscellaneous

Section 5.1 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS.

Section 5.2 Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; provided that a facsimile signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile signature.

Section 5.3 Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

Section 5.4 Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

Section 5.5 Entire Agreement; Amendments; Waivers. This Agreement supersedes all other prior oral or written agreements between the Purchaser, the Company, their affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the

instruments referenced herein (including the other Transaction Documents) contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Purchaser makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and the Purchaser, and no provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

Section 5.6 Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing, must be delivered by (i) courier, mail or hand delivery or (ii) facsimile, and will be deemed to have been delivered upon receipt. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Liquidmetal Technologies, Inc.
25800 Commercentre Dr., Suite 100
Lake Forest, California 92630
Telephone: (949) 206-8002
Fax: (949) 206-8008
Attention: John Kang, President

With a copy to:

Foley & Lardner LLP
100 North Tampa Street, Suite 2700
Tampa, Florida 33602
Telephone: (813) 229-2300
Facsimile: (813) 221-4210
Attention: Curt P. Creely

If to the Transfer Agent:

American Stock Transfer & Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10039
Telephone: (718) 921-8124
Facsimile: (718) 236-2641
Attention: Joe Wolf

If to the Purchasers, to the addresses listed on Schedule I hereto:

Each party shall provide five (5) days prior written notice to the other party of any change in address, telephone number or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery service, shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

Section 5.7 Successors and Assigns. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any permitted assignee. The Purchaser may assign some or all of its rights hereunder to any permitted assignee of the Note or Warrant; provided, however, that any such assignment shall not release the Purchaser from its obligations hereunder unless such obligations are assumed by such assignee and the Company has consented to such assignment and assumption.

Section 5.8 Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

Section 5.9 Days. Unless the context refers to "business days" or "Trading Days", all references herein to "days" shall mean calendar days. "Trading Day" shall mean a day on which there is trading on the market or exchange on which the Common Stock is then principally traded, listed, or quoted.

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed as of the date and year first above written.

COMPANY:

LIQUIDMETAL TECHNOLOGIES, INC.

By: /s/ John Kang

John Kang,
President and Chief Executive Officer

Signatures of Purchasers on following page(s)

COUNTERPART SIGNATURE PAGE
TO SECURITIES PURCHASE AGREEMENT
DATED JUNE 13, 2005,
AMONG LIQUIDMETAL TECHNOLOGIES, INC.
AND THE "PURCHASERS" IDENTIFIED THEREIN

The undersigned hereby executes and delivers the Securities Purchase Agreement to which this Signature Page is attached, which, together with all counterparts of the Securities Purchase Agreement and Signature Pages of the Company and other "Purchasers" under the Securities Purchase Agreement, shall constitute one and the same document in accordance with the terms of the Securities Purchase Agreement.

PURCHASER: Commonwealth Associates LP

By: /s/ Robert A. O' Sullivan

Name: Robert A. O' Sullivan

Title: CEO & President

PURCHASER: Shea Diversified Investments, Inc.

By: /s/ Ronald L. Lakey

Name: Ronald L. Lakey

Title: Assistant Secretary

PURCHASER: Shinnston Enterprises, Ltd.

By: /s/ James K. Murray, Jr.

Name: James K. Murray, Jr.

Title: Limited Partner

PURCHASER: Harvard Developments Inc.

By: /s/ Terry Downie

Name: Terry Downie

Title: VP Finance

PURCHASER: Echo Capital Growth Corporation

By: /s/ Paul J. Hill

Name: Paul J. Hill

Title: President

PURCHASER: Dolphin Direct Equity Partners, LP

By: /s/ Peter E. Salas

Name: Peter E. Salas

Title: President

PURCHASER: Jess S. Morgan & Company, Inc.

By: /s/ Gary Levenstein

Name: Gary Levenstein

Title: President

PURCHASER: Terrence L. Mealey

By: /s/ Terrence L. Mealey

Name: Terrence L. Mealey

Title: Self

EXHIBIT A

Form of Note

EXHIBIT B

Form of Warrant

EXHIBIT C

Registration Rights Agreement

SCHEDULE I

| Purchaser | Address | Principal Amount of Notes |
|--------------------------------------|--|----------------------------------|
| Dolphin Direct Equity Partners, L.P. | c/o Dolphin Asset Management Corp. 129 East 17 th Street New York, NY 10003 | \$ 250,000 |
| Harvard Developments Inc. | 2000-1874 Scarth Street Regina, Saskatchewan, Canada S4P4B3 | \$ 450,000 |
| Echo Capital Growth Corporation | 2000-1874 Scarth Street Regina, Saskatchewan, Canada S4P4B3 | \$ 300,000 |
| Terrence L. Mealy | 1821 Briarwood Lane Muscatine, IA 52761 | \$ 250,000 |
| Jess S. Morgan & Co. Inc. | 16830 Ventura Blvd, Ste 411 Encino, CA 91436 | \$ 1,000,000 |
| Shinnston Enterprises Ltd | 1700 S MacDill Ave, Ste 220 Tampa, FL 33629 | \$ 100,000 |
| Shea Diversified Investments, Inc. | 655 Brea Canyon Road Walnut, CA 91789 | \$ 750,000 |
| Commonwealth Associates, L.P. | 830 Third Avenue, 8th Fl New York, NY 10022 | \$ 150,000 |

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THIS NOTE DOES NOT REQUIRE PHYSICAL SURRENDER OF THE NOTE IN THE EVENT OF A PARTIAL REDEMPTION. AS A RESULT, FOLLOWING ANY REDEMPTION OF ANY PORTION OF THIS NOTE, THE OUTSTANDING PRINCIPAL AMOUNT REPRESENTED BY THIS NOTE MAY BE LESS THAN THE PRINCIPAL AMOUNT AND ACCRUED INTEREST SET FORTH BELOW.

10% CONVERTIBLE UNSECURED NOTE

OF

LIQUIDMETAL TECHNOLOGIES, INC.

Note No.: B-

Original Issuance Date: June 13, 2005

Original Principal Amount:

Lake Forest, California

THIS NOTE (this "Note") is one of a duly authorized issue of Notes issued by **LIQUIDMETAL TECHNOLOGIES, INC.**, a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), designated as the Company's 10% Convertible Unsecured Short Term Note in an aggregate principal amount equal to approximately Three Million Two Hundred Fifty Thousand U.S. Dollars (U.S. \$3,250,000) (the "Notes"). All principal and interest under this Note shall become due and payable on the first to occur of (i) June 13, 2006 or (ii) the consummation of any public or private equity or debt offering or restructuring transaction (through a merger, sale, recapitalization, extraordinary dividend, stock repurchase, spin-off, joint venture or otherwise) pursuant to which the Company receives gross proceeds of at least \$4,000,000 (a "Follow-On Financing") after the date hereof (the "Maturity Date").

FOR VALUE RECEIVED, the Company hereby promises to pay to the order of _____, or its registered assigns or successors-in-interest ("Holder"), the principal sum of _____ (U.S. \$ _____) together with all accrued but unpaid interest thereon, if any, on the Maturity Date, in accordance with the terms hereof. Interest on the unpaid principal balance hereof shall accrue at the rate of 10% per annum from the original date of issuance, June 13, 2005 (the "Issuance Date"), until the same becomes due and payable on the Maturity Date, or such earlier date upon acceleration or by redemption in accordance with the terms hereof or of the other Transaction Documents. Interest on this Note shall accrue daily commencing on the Issuance Date and shall be computed on the basis of a 360-day year, 30-day months and actual days elapsed and shall be payable in accordance with Section 1 hereof. Notwithstanding anything to the contrary contained herein, this Note shall bear interest on the due and unpaid Principal Amount from and after the occurrence and during the continuance of an Event of Default pursuant to Section 3(a), at the rate

(the "Default Rate") equal to the lower of fourteen percent (14%) per annum or the highest rate permitted by law. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs, then to unpaid interest and fees and any remaining amount to principal.

Except as otherwise provided herein, all payments of principal and interest on this Note shall be made in lawful money of the United States of America by wire transfer of immediately available funds to such account as the Holder may from time to time designate by written notice in accordance with the provisions of this Note. This Note may be prepaid in whole or in part at any time without penalty. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a Business Day (as defined below), the same shall instead be due on the next succeeding day which is a Business Day.

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Securities Purchase Agreement dated on or about the Issuance Date pursuant to which the Note was originally issued (the "Purchase Agreement"). For purposes hereof the following terms shall have the meanings ascribed to them below:

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the City of New York are authorized or required by law or executive order to remain closed.

"Debt" shall mean indebtedness of any kind.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Principal Amount" shall refer to the sum of (i) the original principal amount of this Note, (ii) all accrued but unpaid interest hereunder, and (iii) any default payments owing under the Transaction Documents but not previously paid or added to the Principal Amount.

"Underlying Shares" means the shares of Common Stock into which this Note is convertible in accordance with the terms hereof.

The following terms and conditions shall apply to this Note:

Section 1. Payments of Principal and Interest.

(a) Interest Payments. The Company shall pay all accrued but unpaid interest on the Principal Amount of this Note (the "Quarterly Amount"), on the first business day of each consecutive calendar quarter (each an "Interest Payment Date") beginning on July 1, 2005. The Quarterly Amount shall be paid in cash.

(b) Payment of Principal. Subject to the provisions hereof, including, without limitation, the right to obtain prepayment of the Principal Amount provided herein, the Principal Amount of this Note shall be due and payable on the Maturity Date. Payment of the Principal Amount shall be

effected in cash.

(c) Taxes. The Company may withhold and pay over to the relevant authorities any appropriate tax or other legally required withholdings from any interest payment to be made to the Holder to the extent that such withholding is required by the Internal Revenue Code or any other applicable law, rule, or regulation.

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(d) Redemption Right. This Note and its related Warrants issued pursuant to the Purchase Agreement will be redeemable at the option of the Holder if, on the date that is 180 calendar days of the Issuance Date of this Note, the Company is either (i) not then current in the filing of its periodic reports with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or (ii) not listed, traded, or quoted on an Approved Market (the "**Redemption Right**"). The redemption price of this Note and its related Warrants under this Redemption Right will be equal to the principal amount of this Note plus all accrued and unpaid interest thereon. Holder's election to exercise this Redemption Right must be made in writing (a "**Notice of Exercise**") within seven (7) days after the date which is 180 calendar days from the Issuance Date of this Note, and the Company will effect such redemption and pay the redemption price within 30 days of the delivery to the Company of the Notice of Exercise, although the Company shall not be required to pay the redemption price unless and until the Holder tenders to the Company the originally executed version of this Note and the related Warrants. In the event that the Redemption Right is properly exercised for this Note, this Note shall be deemed to have accrued interest at a rate equal to 14% per annum since the Issuance Date (in lieu of and notwithstanding the interest rate otherwise specified herein), provided that any additional interest above the rate otherwise specified herein and payable by reason of the operation of this paragraph shall not be due and payable until the date on which this Note is actually required to be redeemed by the Company. In the event that Holder elects to exercise the Redemption Right, then the payment by the Company of the redemption price in accordance with this paragraph shall constitute the sole and exclusive remedy of Holder with respect to any breach or Event of Default under this Note, the Purchase Agreement, and the Transaction Documents, and by electing to exercise the Redemption Right, Holder irrevocably waives any and all provisions.

Section 2. Seniority. The obligations of the Company hereunder shall rank senior to all other Debt of the Company, whether now or hereinafter existing, except to (A) the Company's and its subsidiaries' outstanding debt to Kookmin Bank, (B) the previously issued 10% Senior Secured Notes Due July 29, 2005 and 6% Senior Secured Notes Due July 29, 2007 of the Company (the "**July 2005 Notes**"), and (C) the other obligations described in Section 3.2 of the Purchase Agreement. Notwithstanding the Maturity Date of this Note, the Company will not make any payments of Principal under this Note unless and until all amounts due and payable under the July 2005 Notes have been paid in full (unless otherwise waived in writing by the holders of the July 2005 Notes).

Section 3. Defaults and Remedies.

(a) Events of Default. An "**Event of Default**" is: (i) a default in payment of the Principal Amount, when due, or failure to pay any accrued but unpaid interest thereon of the Note within five (5) days the date such interest payment is due; (ii) a default in the timely issuance of the Underlying Shares upon and in accordance with the terms hereof (where for purposes of this Note, the term timely shall mean within ten (10) days following the conversion date) (iii) failure by the Company for thirty (30) days after written notice has been received by the Company to comply with any other material provision of the Note, the Purchase Agreement or the Transaction Documents, (iv) a material breach by the Company of its representations or warranties in the Purchase Agreement or Transaction Documents that remains uncured for thirty (30) business days after notice to the Company; (v) any event or condition shall occur which (x) results in the acceleration of the maturity of any material long-term debt (other than the Note) of the Company or

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any of its subsidiaries, or (y) enables (or, with the giving of notice or lapse of time or both, would enable) the holder of such material long-term debt or any or person acting on behalf of such holder's behalf to accelerate the maturity thereof, or (vi) if the Company or any of its subsidiaries is subject to any Bankruptcy Event. "**Bankruptcy Event**" means any of the following events: (a) the Company or any subsidiary commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any subsidiary thereof; (b) there is commenced against the Company or any subsidiary any such case or proceeding that is not dismissed within 30 days after commencement; (c) the Company or any subsidiary is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (d) the Company or any subsidiary suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 30 days; (e) the Company or any subsidiary makes a general assignment for the benefit of creditors; (f) the Company or any subsidiary, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

(b) Remedies. If an Event of Default occurs and is continuing with respect to the Note, the Holder may declare all of the then outstanding Principal Amount of this Note, including any interest due thereon, to be due and payable immediately. The Company shall pay interest on such amount in cash at the Default Rate to the Holder if such amount is not paid within two (2) days of Holder's request. The remedies under this Note shall be cumulative.

Section 4. Covenants.

(a) Set-Aside. The Company covenants and agrees that for so long as any portion of the indebtedness evidenced by this Note, whether principal, accrued and unpaid interest or any other amount at any time due hereunder, remains unpaid, the Company shall set aside a portion of any funds received from additional financings in excess of \$1,000,000 in net proceeds after the date hereof to pay all Quarterly Amounts and the Principal Amount, when due, under this Note.

(b) Additional Financings. The Company will not, and will not permit its subsidiaries to, agree, directly or indirectly, to any restriction with any person or entity that limits the ability of the Holder and the Holder's Representative to consummate an additional financing with the Company or any of its subsidiaries during the 45-day exclusivity period set forth in the Letter of Intent, dated May 19, 2005, between the Company and Commonwealth Associates, L.P. (the "**Letter of Intent**") The Company will offer the Holder the right to participate in any transaction that is consummated based on the Letter of Intent.

Section 5. Conversion.

(a) Conversion by Holder. From and after the Conversion Commencement Date (as defined below), and subject to the terms hereof and restrictions and limitations contained herein, the Holder shall have the right, at Holder's option, at any time and from time to time to convert, in part or in whole, the outstanding Principal Amount under this Note into shares of the Company's common stock, par value \$.001 per share ("**Common Stock**"), by delivering to the Company a fully executed notice of conversion in the form of conversion notice attached hereto as Exhibit A (the "**Conversion Notice**"), which may be transmitted by facsimile (with the original mailed on the same date by certified or registered mail, postage prepaid and return receipt requested). The Conversion Notice shall specify a date for the conversion to be effective, which date shall be no earlier than the date on which the

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Conversion Notice is delivered (the "**Conversion Date**"), and the Conversion Notice shall be irrevocable when delivered. The term "**Conversion Commencement Date**" shall mean the date which is one hundred twenty (120) calendar days after the Original Issuance Date of this Note, but only if both of the following conditions are satisfied as of such date: (i) a Qualified Financing does not close by such date, and (ii) the Company fails by such date to redeem this Note at a redemption price equal to the Principal Amount and all accrued but unpaid interest hereon. If the conditions set forth in the preceding sentence are not satisfied as of such date, then the Conversion Commencement Date shall not occur and this Note shall not become convertible at any time. For purposes of this Note, the following definitions shall apply:

(i) The term "**Qualified Financing**" means any debt or equity financing of the Company resulting in aggregate Gross Proceeds to the Company of at least \$5.0 million and in which the holders of at least sixty percent (60%) of the aggregate principal amount of the 2007 Notes either (i) agree that the New Securities shall be *pari passu* in order of payment to the 2007 Notes held by them or (ii) exchange their 2007 Notes for New Securities in the financing transaction.

(ii) The term "**Gross Proceeds**" shall mean (i) the aggregate cash amounts invested in the Qualified Financing before placement agent fees or commissions, underwriting discounts, and expenses, plus (ii) the value of other securities of the Company exchanged for New Securities in the transaction.

(iii) The term "**New Securities**" shall mean the debt or equity securities issued by the Company in the Qualified Financing.

(iv) The term "**2007 Notes**" shall mean the 6% Senior Secured Notes Due July 2007 of the Company that are outstanding as of the date hereof.

(b) Conversion Procedures. Upon conversion of this Note pursuant to this Section 5, the outstanding Principal Amount hereunder shall be converted into such number of fully paid, validly issued and non-assessable shares of Common Stock, free of any liens, claims and encumbrances, as is determined by dividing the outstanding Principal Amount being converted by the then applicable Conversion Price and any accrued but unpaid interest shall be paid in cash. The "**Conversion Price**" of this Note shall be an amount equal to seventy five percent (75%) of the closing price of the Common Stock on the first Trading Day immediately preceding the Conversion Date. The Company will deliver to the Holder not later than three (3) Trading Days after the Conversion Date, a certificate or certificates which shall be free of restrictive legends and trading restrictions (assuming that the Registration Statement has been declared effective), representing the number of shares of Common Stock being acquired upon the conversion of this Note.

(c) Fundamental Changes. In case any transaction or event (including, without limitation, any merger, consolidation, combination, recapitalization, sale of assets, tender or exchange offer, reclassification, compulsory share exchange or liquidation) shall occur in which all or substantially all outstanding shares of Common Stock are converted into or exchanged or acquired for or constitute the right to receive stock, or other securities, cash, property or assets (each a "**Fundamental Change**"), the Holder of this Note outstanding immediately prior to the occurrence of such Fundamental Change shall have the right upon any subsequent conversion to receive the kind and amount of stock, other securities, cash, property or assets that such holder would have received if such share had been converted immediately prior to such Fundamental Change.

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(d) Reservation and Issuance of Underlying Securities. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued Common Stock solely for the purpose of issuance upon conversion of this Note (including repayments in stock), free from preemptive rights or any other actual contingent purchase rights of persons other than the holders of the Note, not less than such number of shares of Common Stock as shall (subject to any additional requirements of the Company as to reservation of such shares set forth in the Exchange Agreement) be issuable (taking into account the adjustments under this Section 5 but without regard to any ownership limitations contained herein) upon the conversion of this Note hereunder in Common Stock (including repayments in stock). The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid, nonassessable and freely tradeable.

(e) No Fractions. Upon a conversion hereunder the Company shall not be required to issue stock certificates representing fractions of shares of Common Stock, but may if otherwise permitted, make a cash payment in respect of any final fraction of a share based on the closing price of a share of Common Stock at such time. If the Company elects not, or is unable, to make such cash payment, the Holder shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock.

(f) Charges, Taxes and Expenses. Issuance of certificates for shares of Common Stock upon the conversion of this Note (including repayment in stock) shall be made without charge to the holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for shares of Common Stock are to be issued in a name other than the name of the Holder, this Note when surrendered for conversion shall be accompanied by an assignment form; and provided further, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any such transfer.

(g) Cancellation. After all of the Principal Amount (including accrued but unpaid interest and default payments at any time owed on this Note) has been paid in full or converted into Common Stock, this Note shall automatically be deemed canceled and the Holder shall promptly surrender the Note to the Company at the Company's principal executive offices.

Section 6. General.

(a) Payment of Expenses. The Company agrees to pay all reasonable charges and expenses, including attorneys' fees and expenses, which may be incurred by the Holder in successfully enforcing this Note and/or collecting any amount due under this Note.

(b) Savings Clause. In case any provision of this Note is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Note will not in any way be affected or impaired thereby. In no event shall the amount of interest paid hereunder exceed the maximum rate of

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interest on the unpaid principal balance hereof allowable by applicable law. If any sum is collected in excess of the applicable maximum rate, the excess collected shall be applied to reduce the principal debt. If the interest actually collected hereunder is still in excess of the applicable maximum rate, the interest rate shall be reduced so as not to exceed the maximum allowable under law.

(c) Amendment. Neither this Note nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

(d) Assignment, Etc. The Holder may assign or transfer this Note to any transferee. The Holder shall notify the Company of any such assignment or transfer promptly. This Note shall be binding upon the Company and its successors and shall inure to the benefit of the Holder and its successors and permitted assigns.

(e) No Waiver. No failure on the part of the Holder to exercise, and no delay in exercising any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Holder of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy or power hereby granted to the Holder or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the Holder from time to time.

(f) Governing Law; Jurisdiction.

(i) *Governing Law.* THIS NOTE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICTS OF LAWS PROVISIONS THEREOF THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

(ii) *Jurisdiction.* The Company irrevocably submits to the jurisdiction of any State or Federal Court sitting in the State of New York, County of New York, over any suit, action, or proceeding arising out of or relating to this Note. The Company irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum.

The Company agrees that the service of process upon it mailed by certified or registered mail, postage prepaid and return receipt requested (and service so made shall be deemed complete three days after the same has been posted as aforesaid) or by personal service shall be deemed in every respect effective service of process upon it in any such suit or proceeding. Nothing herein shall affect Holder's right to serve process in any other manner permitted by law. The Company agrees that a final non-appealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

(iii) *NO JURY TRIAL.* THE COMPANY HEREBY KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS NOTE.

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(g) Replacement Notes. This Note may be exchanged by Holder at any time and from time to time for a Note or Notes with different denominations representing an equal aggregate outstanding Principal Amount, as reasonably requested by Holder, upon surrendering the same. No service charge will be made for such registration or exchange. In the event that Holder notifies the Company that this Note has been lost, stolen or destroyed, a replacement Note identical in all respects to the original Note (except for registration number and Principal Amount, if different than that shown on the original Note), shall be issued to the Holder, provided that the Holder executes and delivers to the Company an agreement reasonably satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with the Note.

(h) Cancellation. After all of the Principal Amount (including accrued but unpaid interest and default payments at any time owed on this Note) has been paid in full, this Note shall automatically be deemed canceled and the Holder shall promptly surrender the Note to the Company at the Company's principal executive offices.

(i) Notices Procedures. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, shall be in writing and delivered personally, by confirmed facsimile, or by a nationally recognized overnight courier service to the Company at the facsimile telephone number or address of the principal place of business of the Company as set forth in the Exchange Agreement. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, or by a nationally recognized overnight courier service addressed to the Holder at the facsimile telephone number or address of the Holder appearing on the books of the Company, or if no such facsimile telephone number or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed delivered (i) upon receipt, when delivered personally, (ii) when sent by facsimile, upon receipt if received on a Business Day prior to 5:00 p.m. (Eastern Time), or on the first Business Day following such receipt if received on a Business Day after 5:00 p.m. (Eastern Time) or (iii) upon receipt, when deposited with a nationally recognized overnight courier service.

LIQUIDMETAL TECHNOLOGIES, INC.

By: /s/ John Kang
John Kang, President and Chief Executive Officer

Attest:

Sign: /s/ Tony Chung
Print Name: Tony Chung

EXHIBIT A

FORM OF CONVERSION NOTICE

(To be Executed by the Holder
in order to Convert a Note)

The undersigned hereby elects to convert the aggregate outstanding Principal Amount (as defined in the Note) indicated below of this Note into shares of Common Stock, \$0.001 par value per share (the "Common Stock"), of LIQUIDMETAL TECHNOLOGIES, INC. (the "Company") according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

Conversion information:

Date to Effect Conversion

Aggregate Principal Amount of Note Being Converted

Number of shares of Common Stock to be Issued

Applicable Conversion Price

Signature

Name

Address

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS WARRANT SHALL NOT CONSTITUTE AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL. THE SECURITIES ARE "RESTRICTED" AND MAY NOT BE RESOLD OR TRANSFERRED EXCEPT AS PERMITTED UNDER THE ACT PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

COMMON STOCK PURCHASE WARRANT

To Purchase Shares of \$0.001 Par Value Common Stock ("Common Stock") of

LIQUIDMETAL TECHNOLOGIES, INC.

THIS CERTIFIES that, for value received, (the "Purchaser" or "Holder") is entitled, upon the terms and subject to the conditions hereinafter set forth, at any time on or after the date hereof and on or prior to 8:00 p.m. New York City Time on June 13, 2010 (the "Termination Date"), but not thereafter, to subscribe for and purchase from Liquidmetal Technologies, Inc., a Delaware corporation (the "Company"), up to shares of Common Stock (the "Warrant Shares") at an initial Exercise Price equal to \$2.00 per share, provided that upon the consummation of the first public or private equity or debt offering or restructuring transaction following the date hereof (through a merger, sale, recapitalization, extraordinary dividend, stock repurchase, spin-off, joint venture or otherwise) pursuant to which the Company receives gross proceeds of at least \$3,250,000 (including without limitation, any restructuring of the Company's previously issued 10% Senior Secured Notes Due July 29, 2005), the exercise price shall be automatically adjusted downward (but not upward) as of the closing date of such offering or restructuring transaction so that it is equal to the lowest purchase price for any Common Stock, or the lowest conversion price or exercise price of any convertible securities convertible into Common Stock or options or warrants to purchase Common Stock, issued by the Company to the investors in such offering or restructuring transaction. (as adjusted from time to time pursuant to the terms hereof, the "Exercise Price"). The Exercise Price and the number of shares for which the Warrant is exercisable shall be subject to adjustment as provided herein.

This Warrant is being issued in connection with a private placement offering (the "Private Placement") by the Company of \$3,250,000 in 10% Convertible Unsecured Notes (the "Notes") being sold only to accredited investors. This Warrant is identical to all other Warrants issued in the Private Placement, except for the number of Warrant Shares issuable hereunder. This Warrant is specifically being issued in connection with the Securities Purchase Agreement dated June 13, 2005 (the "Purchase Agreement"), entered into between the Company and the

Purchaser. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Purchase Agreement. The term "Follow-On Financing" shall have the meaning set forth in the Notes issued pursuant to the Purchase Agreement.

1. Title of Warrant. Prior to the expiration hereof and subject to compliance with applicable laws, this Warrant and all rights hereunder are transferable, in whole or in part, at the office or agency of the Company by the Holder hereof in person or by duly authorized attorney, upon surrender of this Warrant together with (a) the Assignment Form annexed hereto properly endorsed, and (b) any other documentation reasonably necessary to satisfy the Company that such transfer is in compliance with all applicable securities laws. The term "Holder" shall refer to the Purchaser or any subsequent transferee of this Warrant.
2. Authorization of Shares. The Company covenants that all shares of Common Stock which may be issued upon the exercise of rights represented by this Warrant will, upon exercise of the rights represented by this Warrant and payment of the Exercise Price as set forth herein (unless the Holder exercises this Warrant through a cashless exercise, as provided in Section 3(b) hereof), be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue or otherwise specified herein).
3. Exercise of Warrant.
 - (a) The Holder may exercise this Warrant, in whole or in part, at any time and from time to time, by delivering (which may be by facsimile) to the offices of the Company or any transfer agent for the Common Stock this Warrant, together with a Notice of Exercise in the form annexed hereto specifying the number of Warrant Shares with respect to which this Warrant is being exercised, together with payment to the Company of the Exercise Price therefor (unless the Holder exercises this Warrant through a cashless exercise, as provided in Section 3(b) hereof).
 - (b) This Warrant may also be exercised by the Holder through a cashless exercise, as described in this Section 3(b). This Warrant may be exercised, in whole or in part, by (i) the delivery to the Company of a duly executed Notice of Exercise specifying the number of Warrant Shares to be applied to such exercise, and (ii) the surrender to a common carrier for overnight delivery to the Company, or as soon as practicable following the date the Holder delivers the Notice of Exercise to the Company, of this Warrant (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction). The number of shares of Common Stock to be issued upon exercise of this Warrant pursuant to this Section 3(b) shall equal the value of this Warrant (or the portion thereof being canceled) computed as of the date of delivery of this

Warrant to the Company using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of shares of Common Stock to be issued to the Holder under this Section 3(b);

Y = the number of Warrant Shares identified in the Notice of Exercise as being applied to the subject exercise;
A = the Fair Market Value price per share on such date; and
B = the Exercise Price on such delivery date

The Company acknowledges and agrees that this Warrant was issued for consideration received on June 13, 2005. Consequently, the Company acknowledges and agrees that, if the Holder conducts a cashless exercise pursuant to this Section 3(b), the period during which the Holder held this Warrant may, for purposes of Rule 144 promulgated under the Securities Act of 1933, as amended (the “Act”), be “tacked” to the period during which the Holder holds the Warrant Shares received upon such cashless exercise.

Notwithstanding the foregoing, the Holder may conduct a cashless exercise pursuant to this Section 3(b) only in the event that a registration statement covering the resale of the Warrant Shares is not then effective at the time that the Holder wishes to conduct such cashless exercise.

- (c) In the event that the Warrant is not exercised in full, the number of Warrant Shares shall be reduced by the number of such Warrant Shares for which this Warrant is exercised and/or surrendered, and the Company, if requested by Holder and at its expense, shall within three (3) Trading Days (as defined below) issue and deliver to the Holder a new Warrant of like tenor in the name of the Holder or as the Holder (upon payment by Holder of any applicable transfer taxes) may request, reflecting such adjusted Warrant Shares. Notwithstanding anything to the contrary set forth herein, upon exercise of any portion of this Warrant in accordance with the terms hereof, the Holder shall not be required to physically surrender this Warrant to the Company unless such Holder is purchasing the full amount of Warrant Shares represented by this Warrant. The Holder and the Company shall maintain records showing the number of Warrant Shares so purchased hereunder and the dates of such purchases or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Warrant upon each such exercise. The Holder and any assignee, by acceptance of this Warrant or a new Warrant, acknowledge and agree that, by reason of the provisions of this Section, following exercise of any portion of this Warrant, the number of Warrant Shares which may be purchased upon exercise of this Warrant may be less than the number of Warrant Shares set forth on the face hereof.

Certificates for shares of Common Stock purchased hereunder shall be delivered to the Holder hereof within three (3) Trading Days after the date on which this Warrant shall have been exercised as aforesaid. The Holder may withdraw its Notice of Exercise at any time if the Company fails to timely deliver the relevant certificates to the Holder as provided in this Agreement. A Notice of Exercise shall be deemed sent on the date of delivery if delivered before 8:00 p.m. New York Time on such date, or the day following such date if delivered after 8:00 p.m. New York Time; provided that the Company is only

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obligated to deliver Warrant Shares against delivery of the Exercise Price from the holder hereof (unless the Holder exercises this Warrant through a cashless exercise, as provided in Section 3(b) hereof) and surrender of this Warrant (or appropriate affidavit and/or indemnity in lieu thereof).

In lieu of delivering physical certificates representing the Warrant Shares issuable upon exercise of this Warrant, provided the Company's transfer agent is participating in the Depository Trust Company (“DTC”) Fast Automated Securities Transfer (“FAST”) program, upon request of the Holder, the Company shall use its best efforts to cause its transfer agent to electronically transmit the Warrant Shares issuable upon exercise to the Holder, by crediting the account of the Holder's prime broker with DTC through its Deposit Withdrawal Agent Commission (“DWAC”) system. The time periods for delivery described above shall apply to the electronic transmittals through the DWAC system. The Company agrees to coordinate with DTC to accomplish this objective.

- (d) The term “**Trading Day**” means (x) if the Common Stock is not listed on the New York or American Stock Exchange but sale prices of the Common Stock are reported on Nasdaq National Market or another automated quotation system, a day on which trading is reported on the principal automated quotation system on which sales of the Common Stock are reported, (y) if the Common Stock is listed on the New York Stock Exchange or the American Stock Exchange, a day on which there is trading on such stock exchange, or (z) if the foregoing provisions are inapplicable, a day on which quotations are reported by National Quotation Bureau Incorporated.
4. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of issuance of a fractional share upon any exercise hereunder, the Company will either round up to nearest whole number of shares or pay the cash value of that fractional share, which cash value shall be calculated on the basis of the average closing price of the Common Stock during the five (5) Trading Days immediately preceding the date of exercise.
5. Charges, Taxes and Expenses. Issuance of certificates for shares of Common Stock upon the exercise of this Warrant shall be made without charge to the Holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder of this Warrant or in such name or names as may be directed by the Holder of this Warrant; provided, however, that in the event certificates for shares of Common Stock are to be issued in a name other than the name of the Holder of this Warrant, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder hereof; and provided further, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issuance of any Warrant certificates or any certificates for the Warrant Shares other than the issuance of a Warrant Certificate to the Holder in connection with the Holder's surrender of a Warrant Certificate upon the exercise of all or less than all of the Warrants evidenced thereby.

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6. Closing of Books. The Company will at no time close its shareholder books or records in any manner which interferes with the timely exercise of this Warrant.
7. No Rights as Shareholder until Exercise. Subject to Section 12 of this Warrant and the provisions of any other written agreement between the Company and the Purchaser, the Purchaser shall not be entitled to vote or receive dividends or be deemed the holder of Warrant Shares or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Purchaser, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any

matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised as provided herein. However, at the time of the exercise of this Warrant pursuant to Section 3 hereof, the Warrant Shares so purchased hereunder shall be deemed to be issued to such Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been exercised.

8. Assignment and Transfer of Warrant. This Warrant may be assigned by the surrender of this Warrant and the Assignment Form annexed hereto duly executed at the office of the Company (or such other office or agency of the Company or its transfer agent as the Company may designate by notice in writing to the registered Holder hereof at the address of such Holder appearing on the books of the Company); provided, however, that this Warrant may not be resold or otherwise transferred except (i) in a transaction registered under the Act, or (ii) in a transaction pursuant to an exemption, if available, from registration under the Act and whereby, if reasonably requested by the Company, an opinion of counsel reasonably satisfactory to the Company is obtained by the Holder of this Warrant to the effect that the transaction is so exempt.
9. Loss, Theft, Destruction or Mutilation of Warrant; Exchange. The Company represents, warrants and covenants that (a) upon receipt by the Company of evidence and/or indemnity reasonably satisfactory to it of the loss, theft, destruction or mutilation of any Warrant or stock certificate representing the Warrant Shares, and in case of loss, theft or destruction, of indemnity reasonably satisfactory to it, and (b) upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of this Warrant or stock certificate, without any charge therefor. This Warrant is exchangeable at any time for an equal aggregate number of Warrants of different denominations, as requested by the holder surrendering the same, or in such denominations as may be requested by the Holder following determination of the Exercise Price. No service charge will be made for such registration or transfer, exchange or reissuance.

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10. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday, Sunday or a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a legal holiday.
 11. Effect of Certain Events. If at any time while this Warrant or any portion thereof is outstanding and unexpired there shall be a transaction (by merger or otherwise) in which more than 50% of the voting power of the Company is disposed of (collectively, a “**Sale or Merger Transaction**”), the Holder of this Warrant shall have the right thereafter to purchase, by exercise of this Warrant and payment of the aggregate Exercise Price in effect immediately prior to such action (unless the Holder exercises this Warrant through a cashless exercise, as provided in Section 3(b) hereof), the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such transaction had this Warrant been exercised immediately prior thereto, subject to further adjustment as provided in Section 12.
 12. Adjustments of Exercise Price and Number of Warrant Shares.

The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price (as well as the maximum exercise price) shall be subject to adjustment from time to time as set forth in this Section 12, provided that no adjustment under this Section 12 shall result in any transaction in which the exercise price of this Warrant is adjusted pursuant to the first paragraph of this Warrant.

- (a) Subdivisions, Combinations, Stock Dividends and other Issuances. If the Company shall, at any time while this Warrant is outstanding, (A) pay a stock dividend or otherwise make a distribution or distributions on any equity securities (including instruments or securities convertible into or exchangeable for such equity securities) in shares of Common Stock, (B) subdivide outstanding shares of Common Stock into a larger number of shares, or (C) combine outstanding Common Stock into a smaller number of shares, then the Exercise Price (and maximum exercise price) shall be adjusted such that the Exercise Price, as adjusted, will be equal to the Exercise Price then in effect multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding before such event and the denominator of which shall be the number of shares of Common Stock outstanding after such event. Any adjustment made pursuant to this Section 12(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination. The number of shares which may be purchased hereunder shall be increased proportionately to any reduction in Exercise Price pursuant to this paragraph 12(a), so that after such adjustments the aggregate Exercise Price payable hereunder for the increased number of shares shall be the same as the aggregate Exercise Price in effect just prior to such adjustments.
- (b) Other Distributions. If at any time after the date hereof the Company distributes to holders of its Common Stock, other than as part of its dissolution, liquidation or the

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winding up of its affairs, any shares of its capital stock, any evidence of indebtedness or any of its assets (other than Common Stock), then the number of Warrant Shares for which this Warrant is exercisable shall be increased to equal: (i) the number of Warrant Shares for which this Warrant is exercisable immediately prior to such event, (ii) multiplied by a fraction, (A) the numerator of which shall be the Fair Market Value (as defined below) per share of Common Stock on the record date for the dividend or distribution, and (B) the denominator of which shall be the Fair Market Value price per share of Common Stock on the record date for the dividend or distribution minus the amount allocable to one share of Common Stock of the value (as jointly determined in good faith by the Board of Directors of the Company and the Holder) of any and all such evidences of indebtedness, shares of capital stock, other securities or property, so distributed. For purposes of this Warrant, “**Fair Market Value**” shall equal the average closing trading price of the Common Stock on the Principal Market (as defined in the Purchase Agreement) for the 5 Trading Days preceding the date of determination or, if the Common Stock is not listed or admitted to trading on any Principal Market, and the average price cannot be determined as contemplated above, the Fair Market Value of the Common Stock shall be as reasonably determined in good faith by the Company’s Board of Directors and the Holder. In the event of any adjustment pursuant to this Section, the Exercise Price shall be reduced to equal: (i) the Exercise Price in effect immediately before the occurrence of any such event (ii) multiplied by a fraction, (A) the numerator of which is the

number of Warrant Shares for which this Warrant is exercisable immediately before the adjustment, and (B) the denominator of which is the number of Warrant Shares for which this Warrant is exercisable immediately after the adjustment.

- (c) Merger, etc. If at any time after the date hereof there shall be a merger or consolidation of the Company with or into or a transfer of all or substantially all of the assets of the Company to another entity, then the Holder shall be entitled to receive upon or after such transfer, merger or consolidation becoming effective, and upon payment of the Exercise Price then in effect, the number of shares or other securities or property of the Company or of the successor corporation resulting from such merger or consolidation, which would have been received by the Holder for the shares of stock subject to this Warrant had this Warrant been exercised just prior to such transfer, merger or consolidation becoming effective or to the applicable record date thereof, as the case may be. The Company will not merge or consolidate with or into any other corporation, or sell or otherwise transfer its property, assets and business substantially as an entirety to another corporation, unless the corporation resulting from such merger or consolidation (if not the Company), or such transferee corporation, as the case may be, shall expressly assume in writing the due and punctual performance and observance of each and every covenant and condition of this Warrant to be performed and observed by the Company.
- (d) Reclassification, etc. If at any time after the date hereof there shall be a reorganization or reclassification of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, then the Holder shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares or other securities or property resulting from such reorganization or reclassification, which would have been received by the Holder for the shares of stock subject to this Warrant had this Warrant at such time been exercised.

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- (e) Exercise Price Adjustment. In the event that on or subsequent to the Closing Date, the Company issues or sells any Common Stock, any securities which are convertible into or exchangeable for its Common Stock or any convertible securities, or any warrants or other rights to subscribe for or to purchase or any options for the purchase of its Common Stock or any such convertible securities (other than (i) shares which are issued pursuant to the July 2005 Notes, (ii) shares of Common Stock or options to purchase such shares issued to employees, consultants, officers or directors in accordance with stock plans approved by the Board of Directors, and shares of Common Stock issuable under options or warrants that are outstanding as of the date of the Purchase Agreement, (iii) shares of Common Stock issued pursuant to a stock dividend, split or other similar transaction, and (iv) shares of Common Stock that are issued in lieu of cash in the payment of interest under the July 2005 Notes) at an effective price per share which is less than the Exercise Price, then the Exercise Price in effect immediately prior to such issue or sale shall be reduced effective concurrently with such issue or sale to an amount determined by multiplying the Exercise Price then in effect by a fraction, (x) the numerator of which shall be the sum of (1) the number of shares of Common Stock outstanding immediately prior to such issue or sale, plus (2) the number of shares of Common Stock which the aggregate consideration received by the Company for such additional shares would purchase at the Exercise Price then in effect; and (y) the denominator of which shall be the number of shares of Common Stock of the Company outstanding immediately after such issue or sale.

For the purposes of the foregoing adjustments, in the case of the issuance of any convertible securities, warrants, options or other rights to subscribe for or to purchase or exchange for, shares of Common Stock ("**Convertible Securities**"), the maximum number of shares of Common Stock issuable upon exercise, exchange or conversion of such Convertible Securities shall be deemed to be outstanding, provided that no further adjustment shall be made upon the actual issuance of Common Stock upon exercise, exchange or conversion of such Convertible Securities.

- (f) In the event of any adjustment in the number of Warrant Shares issuable hereunder upon exercise, the Exercise Price shall be inversely proportionately increased or decreased as the case may be, such that aggregate purchase price for Warrant Shares upon full exercise of this Warrant shall remain the same. Similarly, in the event of any adjustment in the Exercise Price, the number of Warrant Shares issuable hereunder upon exercise shall be inversely proportionately increased or decreased as the case may be, such that aggregate purchase price for Warrant Shares upon full exercise of this Warrant shall remain the same.
13. Voluntary Adjustment by the Company. The Company may at its option, at any time during the term of this Warrant, reduce but not increase the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

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14. Notice of Adjustment. Whenever the number of Warrant Shares or number or kind of securities or other property purchasable upon the exercise of this Warrant or the Exercise Price (or maximum exercise price) is adjusted, the Company shall promptly mail to the Holder of this Warrant a notice setting forth the number of Warrant Shares (and other securities or property) purchasable upon the exercise of this Warrant and the Exercise Price of such Warrant Shares after such adjustment and setting forth the computation of such adjustment and a brief statement of the facts requiring such adjustment.
15. Authorized Shares. The Company covenants that during the period the Warrant is outstanding and exercisable, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any and all purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law, regulation, or rule of any applicable market or exchange.
16. Compliance with Securities Laws.
- (a) The Holder hereof acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered (or if no exemption from registration exists), will have restrictions upon resale imposed by state and federal securities laws. Each certificate representing the Warrant Shares issued to the Holder upon exercise (if not registered, for resale or otherwise, or if no exemption from registration exists) will bear substantially the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

- (b) Without limiting the Purchaser's right to transfer, assign or otherwise convey the Warrant or Warrant Shares in compliance with all applicable securities laws, the Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the Warrant Shares to be issued upon exercise hereof are being acquired solely for the Purchaser's own account and not as a nominee for any other party, and that the Purchaser will not offer, sell or otherwise dispose of this Warrant or any Warrant Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of applicable federal and state securities laws.

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17. Miscellaneous.

- (a) Issue Date; Choice of Law; Venue; Jurisdiction. The provisions of this Warrant shall be construed and shall be given effect in all respects as if it had been issued and delivered by the Company on the date hereof. This Warrant shall be binding upon any successors or assigns of the Company. This Warrant will be construed and enforced in accordance with and governed by the laws of the State of New York, except for matters arising under the Act, without reference to principles of conflicts of law. Each of the parties consents to the exclusive jurisdiction of the Federal and State Courts sitting in the County of New York in the State of New York in connection with any dispute arising under this Warrant and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens or venue, to the bringing of any such proceeding in such jurisdiction. EACH PARTY HERETO WAIVES THE RIGHT TO A TRIAL BY JURY.
- (b) Modification and Waiver. This Warrant and any provisions hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought. Any amendment effected in accordance with this paragraph shall be binding upon the Purchaser, each future holder of this Warrant and the Company. No waivers of, or exceptions to, any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.
- (c) Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing by facsimile, mail or personal delivery and shall be effective upon actual receipt of such notice. The addresses for such communications shall be to the addresses as shown on the books of the Company or to the Company at the address set forth in the Purchase Agreement. A party may from time to time change the address to which notices to it are to be delivered or mailed hereunder by notice in accordance with the provisions of this Section 18(c).
- (d) Severability. Whenever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Warrant in such jurisdiction or affect the validity, legality or enforceability of any provision in any other jurisdiction, but this Warrant shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

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- (e) Specific Enforcement. The Company and the Holder acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Warrant were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Warrant and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which either of them may be entitled by law or equity.
- (f) Registration. The Warrant Shares underlying this Warrant will be subject to a Registration Rights Agreement to be entered into between the Company and the Holder, in such form as shall be reasonably satisfactory to the Company and the Holder.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officers thereunto duly authorized.

Dated: June 13, 2005

LIQUIDMETAL TECHNOLOGIES, INC.

By: /s/ John Kang
John Kang
President and Chief Executive Officer

ATTEST:

NOTICE OF EXERCISE

To: Liquidmetal Technologies, Inc.

(1) The undersigned hereby elects to exercise the attached Warrant for and to purchase thereunder, _____ shares of Common Stock, and herewith makes payment therefor of \$ _____, or elects to use the cashless exercise option of the Warrant in the event Warrant Shares are not registered as required in the Registration Rights Agreement.

(2) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

(3) Please issue a new Warrant for the unexercised portion of the attached Warrant in the name of the undersigned or in such other name as is specified below:

(Name)

(Date)

(Signature)

(Address)

Dated:

Signature

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

whose address is

Dated: _____,

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (“**Agreement**”) is entered into as of June 13, 2005, between Liquidmetal Technologies, Inc., a Delaware corporation with offices at 25800 Commercentre Dr., Suite 100, Lake Forest, California 92630 (the “**Company**”) and each of the parties listed under “Purchasers” hereto (collectively and individually, the “**Purchaser**”).

W I T N E S S E T H:

WHEREAS, pursuant to that certain Securities Purchase Agreement, dated on or about the date hereof, by and between the Company and the Purchaser (the “**Purchase Agreement**”), the Company has agreed to sell and issue to the Purchaser, and the Purchaser has agreed to purchase from the Company, 10% Convertible Unsecured Notes in the principal amount of up to three million two hundred fifty thousand United States dollars (“**Dollars**”) (\$3,250,000) (collectively, the “**Note**”) and Warrants (collectively, the “**Warrant**”) to purchase shares of the Company’s Common Stock, par value \$0.001 per share (“**Common Stock**”), subject to the terms and conditions set forth therein; and

WHEREAS, the Note contemplates that the Note will be convertible into shares of Common Stock under the circumstances and pursuant to the terms and conditions set forth in the Note (the “**Conversion Shares**”), and the Warrant contemplates that the Warrant will be exercisable into shares of Common Stock pursuant to the terms and conditions set forth in the Warrant (the “**Warrant Shares**”).

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in the Purchase Agreement and this Agreement, the Company and the Purchaser agree as follows:

1. Certain Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Purchase Agreement, the Note, or the Warrant. As used in this Agreement, the following terms shall have the following respective meanings:

“**Closing**” and “**Closing Date**” shall have the meanings ascribed to such terms in the Purchase Agreement.

“**Commission**” or “**SEC**” shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

“**Holder**” and “**Holders**” shall include the Purchaser and any permitted transferee or transferees of Registrable Securities (as defined below), the Note and/or Warrant which have not been sold to the public to whom the registration rights conferred by this Agreement have been transferred in compliance with this Agreement and the Purchase Agreement; provided that neither such person nor any affiliate of such person is registered as a broker or dealer under Section 15(a) of the Securities Exchange Act of 1934, as amended, or a member of the National Association of Securities Dealers, Inc.

The terms “**register**,” “**registered**” and “**registration**” shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement.

“**Registrable Securities**” shall mean: (i) the Conversion Shares and Warrant Shares or other securities issued or issuable to each Holder or its permitted transferee or designee (a) upon the conversion of the Note or the exercise of the Warrant, or (b) upon any distribution with respect to, any exchange for or any replacement of such Note or Warrant, or (c) upon any conversion, exercise or exchange of any securities issued in connection with any such distribution, exchange or replacement; (ii) securities issued or issuable upon any stock split, stock dividend, recapitalization or similar event with respect to the foregoing; and (iii) any other security issued as a dividend or other distribution with respect to, in exchange for or in replacement of the securities referred to in the preceding clauses; provided that all such shares shall cease to be Registrable Securities at such time as they have been sold under a Registration Statement or pursuant to Rule 144 under the Securities Act or otherwise or at such time as they are eligible to be sold pursuant to Rule 144(k). For purposes of this Agreement, the term “**Warrant Shares**” shall include any shares of the Company’s Common Stock that are issued pursuant to that certain Placement Agent Common Stock Purchase Warrant of even date herewith between the Company and Commonwealth Associates, L.P.

“**Registration Expenses**” shall mean all expenses to be incurred by the Company in connection with each Holder’s registration rights under this Agreement, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company, which shall be paid in any event by the Company).

“**Registration Statement**” shall have the meaning set forth in Section 2(a) herein.

“**Regulation D**” shall mean Regulation D as promulgated pursuant to the Securities Act, and as subsequently amended.

“**Securities Act**” or “**Act**” shall mean the Securities Act of 1933, as amended.

“**Selling Expenses**” shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities and all fees and disbursements of counsel for Holders not included within “Registration Expenses.”

2. Registration Requirements. The Company shall use its best efforts to effect the registration of the Registrable Securities (including, without limitation, the execution of an undertaking to file post-effective amendments, appropriate qualification under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act) as would permit or facilitate the sale or distribution of all the Registrable Securities in the manner (including manner of sale) and in all states reasonably requested by the Holder. Such best efforts by the Company shall include, without limitation, the

(a) The Company shall, as expeditiously as possible after the Closing Date:

(i) But in any event by the later of (i) 90 days after the Closing Date or (ii) 60 days after the closing of a Qualified Financing, as defined in the Note (unless the Qualified Financing does not close by August 31, 2005, in which case it will be 60 days after August 31, 2005) (the “**Required Filing Date**”), prepare and file a registration statement with the Commission pursuant to Rule 415 under the Securities Act on Form S-3 under the Securities Act (or in the event that the Company is ineligible to use such form, such other form as the Company is eligible to use under the Securities Act provided that such other form shall be converted into an S-3 as soon as Form S-3 becomes available to the Company) covering resales by the Holders as selling stockholders (not underwriters) of the Registrable Securities (“**Registration Statement**”), which Registration Statement, to the extent allowable under the Securities Act and the rules promulgated thereunder (including Rule 416), shall state that such Registration Statement also covers such number of additional shares of Common Stock as may become issuable pursuant to the anti-dilution provisions of the Note or Warrant. The number of shares of Common Stock initially included in such Registration Statement shall be no less than the product of 1.2 times the sum of the number of shares of Common Stock that are issuable upon exercise of the Warrant as of the date of this Agreement at the then applicable Exercise Price (as defined in the Warrant) plus the number of shares of Common Stock that would be issuable pursuant to the conversion of the Note (assuming that the Note were to become convertible on the date before which the Registration Statement is filed). Thereafter the Company shall use its best efforts to cause such Registration Statement and other filings to be declared effective as soon as possible, and in any event no later than the following date, as appropriate (the “**Required Effective Date**”): (A) if the SEC notifies the Company that the SEC will not review the Registration Statement, the Required Effective Date shall be five (5) days after the SEC provides such notification, or (B) if the SEC notifies the Company that it will review the Registration Statement, then the Required Effective Date shall be sixty (60) days after the Company receives the first written comments on the Registration Statement from the SEC. Without limiting the foregoing, the Company will promptly respond to all SEC comments, inquiries and requests, and shall request acceleration of effectiveness at the earliest possible date.

(ii) Prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement and notify the Holders of the filing and effectiveness of such Registration Statement and any amendments or supplements.

(iii) Furnish to each Holder that has Registrable Securities included in the Registration Statement such numbers of copies of a current prospectus conforming with the requirements of the Act, copies of the Registration Statement, any amendment or supplement thereto and any documents incorporated by reference therein and such other documents as such Holder may reasonably require in order to facilitate the disposition of Registrable Securities owned by such Holder.

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(iv) Register and qualify the securities covered by such Registration Statement under the securities or “Blue Sky” laws of all domestic jurisdictions; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify promptly each Holder that has Registrable Securities included in the Registration Statement of the happening of any event (but not the substance or details of any such event) of which the Company has knowledge as a result of which the prospectus (including any supplements thereto or thereof) included in such Registration Statement, as then in effect, includes an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing (each an “**Event**”), and use its best efforts to promptly update and/or correct such prospectus. Each Holder will hold in confidence and will not make any disclosure of any such Event and any related information disclosed by the Company.

(vi) Notify each Holder of the issuance by the SEC or any state securities commission or agency of any stop order suspending the effectiveness of the Registration Statement or the threat or initiation of any proceedings for that purpose. The Company shall use its best efforts to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible time.

(vii) List the Registrable Securities covered by such Registration Statement with all securities exchange(s) and/or markets on which the Common Stock is then listed and prepare and file any required filings with the Nasdaq National Market System or any other exchange or market where the Company’s Common Stock is traded.

(viii) Take all steps reasonably necessary to enable Holders to avail themselves of the prospectus delivery mechanism set forth in Rule 153 (or successor thereto) under the Act.

(b) Notwithstanding the obligations under Section 2(a)(v) or any provision of this Agreement, if (i) in the good faith judgment of the Company, following consultation with legal counsel, it would be detrimental to the Company and its stockholders for resales of Registrable Securities to be made pursuant to the Registration Statement due to the existence of a material development or potential material development involving the Company that the Company would be obligated to disclose in the Registration Statement, which disclosure would be premature or otherwise inadvisable at such time or would have a material adverse effect upon the Company and its stockholders, or (ii) in the good faith judgment of the Company, it would adversely affect or require premature disclosure of the filing of a Company-initiated

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registration of any class of its equity securities, then the Company will have the right to suspend the use of the Registration Statement for a period of not more than 30 consecutive calendar days, but only if the Company reasonably concludes, after consultation with outside legal counsel, that the failure to suspend the use of the Registration Statement as such would create a risk of a material liability or violation under applicable securities laws or regulations.

(c) Set forth below in this Section 2(c) are (I) events that may arise that the Purchaser considers will interfere with the full enjoyment of their rights under this Agreement, the Purchase Agreement, and the Notes (the “**Interfering Events**”), and (II) certain remedies applicable in each of these events.

(i) **Payments by the Company.** If (i) at any time after effectiveness of the Registration Statement, sales thereunder during the registration period (as described in Section 5) cannot be made for any reason, other than by reason of the operation of Section 2(b), for a period of more than 10 consecutive business days, (ii) at any time after effectiveness of the Registration Statement, sales thereunder during the Registration Period cannot be made for a period of time that exceeds the limitations set forth in Section 2(b), or (iii) at any time after the Registrable Securities are listed in accordance with Section 2(a)(vii), the Conversion Shares and Warrant Shares are not listed or included for quotation on the Nasdaq National Market or other exchange, market, or the OTC Bulletin Board where shares of the Company’s Common Stock are then traded or quoted for more than 10 consecutive calendar days, then the Company will thereafter make a payment to each Holder as set forth below. The amount of the payment made to each Holder will be equal to 1% of (a) the Warrant exercise price multiplied by the number of then-outstanding and unexercised Warrants held by the Holder plus (b) the then-outstanding principal amount of the Note held by the Holder, for each 30 business days that sales cannot be made under the effective Registration Statement or the Conversion Shares or Warrant Shares are not listed or included for quotation on the Nasdaq National Market or other exchange, market, or the OTC Bulletin Board where shares of the Company’s Common Stock are then traded or quoted (but any day on which both conditions exist shall count as a single day and no day taken into account for purposes of determining whether any payment is due under Section 2 (c) (ii) shall be taken into account for purposes of determining whether any payment is due under this Section 2(c)(i) or the amount of such payment). The number of shares not previously sold as specified in the previous sentence shall be determined as of the end of the respective 30-business day period. In no event shall payment pursuant to this Section for the entire registration period (as described in Section 5) exceed 10% in the aggregate of (a) the Warrant exercise price multiplied by the number of then-outstanding and unexercised Warrants held by the Holder (including such Holder’s predecessors and successors) for the entire registration period (as described in Section 5) plus (b) the initial principal amount of the Note held by the Holder. These payments will be prorated on a daily basis during the 30-business day period and will be paid to each Holder within ten business days following the end of each 30- business day period as to which payment is due hereunder. The Holders may make a claim for additional damages as a remedy

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for the Company’s failure to comply with the timelines set forth in this Section, but acknowledgement of such right in this Agreement shall not constitute an admission by the Company that any such damages exist or may exist. Notwithstanding the foregoing, if the Company has used its best efforts to avoid circumstances as a result of which sales cannot be made under the Registration Statement during the registration period or the Conversion Shares or Warrant Shares are not listed or included for quotation on the Nasdaq National Market or other exchange, market, or the OTC Bulletin Board where the Company’s Common Stock is traded or quoted, then the damages described above shall be the Holders’ sole and exclusive remedy for damages arising out of such circumstances. Nothing contained in the preceding sentence shall be read to limit the ability of the Holders to seek specific performance of this Agreement.

(ii) **Effect of Late Filing or Registration.** If the Registration Statement has not been filed by the Required Filing Date other than by reason of the operation of Section 2(b), then the Company will make a payment to each Holder for such delay (each a “**Late Filing Payment**”). Each Late Filing Payment will be equal to 3% of (a) the Warrant exercise price multiplied by the number of then-outstanding and unexercised Warrants held by the Holder plus (b) the then-outstanding principal amount of the Note held by the Holder, for each period of 30 business days that the filing of the Registration Statement is made past the Required Filing Date (but no day taken into account for purposes of determining whether any payment is due under Section 2(c)(i) shall be taken into account for purposes of determining whether any payment is due under this Section 2(c)(ii) or the amount of such payment). If the Registration Statement has not been declared effective by the Required Effective Date other than by reason of the operation of Section 2(b), then the Company will make a payment to each Holder for such delay (each a “**Late Registration Payment**”). Each Late Registration Payment will be equal to 2% of (a) the Warrant exercise price multiplied by the number of then-outstanding and unexercised Warrants held by the Holder plus (b) the then-outstanding principal amount of the Note held by the Holder, for the first 30 business days after the Required Effective Date, and 1% of such exercise price for each period of 30 business days thereafter (but no day taken into account for purposes of determining whether any payment is due under Section 2(c)(i) shall be taken into account for purposes of determining whether any payment is due under this Section 2(c)(ii) or the amount of such payment). In no event shall payments pursuant to this Section 2(c)(ii) exceed for the entire registration period (as described in Section 5) 18% in the aggregate of (a) the Warrant exercise price multiplied by the number of then-outstanding and unexercised Warrants held by the Holder (including such Holder’s predecessors and successors) for the period beginning of the date hereof and continuing through the expiration of the registration period (as described in Section 5) plus (b) the initial principal amount of the Note held by the Holder. The Late Filing Payments and Late Registration Payments will be prorated on a daily basis during the 30-business day period and will be paid to the Holders in cash within ten (10) business days following the end of each 30-business day period as to which payment is due hereunder, provided that the respective Holder delivered to the

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Company at least two business days prior thereto information with respect to the number of Conversion Shares, Warrants and Warrant Shares not previously sold by such Holder (together with reasonable supporting documentation). The Holders may make a claim for additional damages as a remedy for the Company’s failure to comply with the timelines set forth in this Section, but acknowledgement of such right in this Agreement shall not constitute an admission by the Company that any such damages exist or may exist. Notwithstanding the foregoing, if the Company has used its reasonable best efforts to avoid circumstances as a result of which the Registration Statement has not been filed by the Required Filing Date or declared effective by the Required Effective Date, then the damages described above shall be the Holders’ sole and exclusive remedy for damages arising out of such circumstances. Nothing contained in the preceding sentence shall be read to limit the ability of the Holders to seek specific performance of this Agreement. Notwithstanding the foregoing, if the Registration Statement has not yet been declared effective and the Holders are no longer entitled to receive Late Registration Payments as a result of the above-described percentage limitation on said payments, then each Holder shall have the right, at any time upon at least thirty (30) days written notice, to sell all (but not less than all) of its Warrants and Notes to the Company for a cash purchase price equal to the aggregate amount by which the Fair Market Value of the Common Stock of the Company on the date of the delivery of the written notice exceeds the exercise price of the Warrants and the conversion price of the Notes, calculated separately. For this purpose, “Fair Market

Value” means, with respect to any determination date, the average per share closing price of the Common Stock for the 30 Trading Days immediately preceding the determination date.

(d) During the registration period, the Company will make available, upon reasonable advance notice during normal business hours, for inspection by any Holder whose Registrable Securities are being sold pursuant to a Registration Statement, all pertinent financial and other records, pertinent corporate documents and properties of the Company (collectively, the “Records”) as reasonably necessary to enable each such Holder to exercise its due diligence responsibility in connection with or related to the contemplated offering. The Company will cause its officers, directors and employees to supply all information that any Holder may reasonably request for purposes of performing such due diligence.

(e) Each Holder will hold in confidence, use only in connection with the contemplated offering and not make any disclosure of all Records and other information that the Company determines in good faith to be confidential, and of which determination the Holders are so notified, unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court or government body of competent jurisdiction, (iii) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement (to the knowledge of the relevant Holder), (iv) the Records or other information was developed independently by the Holder without breach of this Agreement, (v) the information was known to the Holder before receipt of such information from the Company, or (vi) the information was disclosed to the

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Holder by a third party not under an obligation of confidentiality. However, a Holder may make disclosure of such Records and other information to any attorney, adviser, or other third party retained by it that needs to know the information as determined in good faith by the Holder (the “Holder Representative”), if the Holder advises the Holder Representative of the confidentiality provisions of this Section 2(e), but the Holder will be liable for any act or omission of any of its Holder Representatives relative to such information as if the act or omission was that of the Holder. The Company is not required to disclose any confidential information in the Records to any Holder unless and until such Holder has entered into a confidentiality agreement (in form and substance satisfactory to the Company) with the Company with respect thereto, substantially to the effect of this Section 2(e). Unless legally prohibited from so doing, each Holder will, upon learning that disclosure of Records containing confidential information is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at the Company’s expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein will be deemed to limit the Holder’s ability to sell Registrable Securities in a manner that is otherwise consistent with applicable laws and regulations.

(f) If a meeting of stockholders is required to authorize additional shares to permit the issuance of Conversion Shares and Warrant Shares, the Company shall file a Registration Statement with respect to any newly authorized and/or reserved Registrable Securities consisting of Conversion Shares and Warrant Shares described in clause (i) of the definition of Registrable Securities within ten (10) business days of any stockholders’ meeting authorizing same and shall use its best efforts to cause such Registration Statement to become effective within ninety (90) days of such stockholders’ meeting. If the Holders become entitled, pursuant to an event described in clause (ii) and (iii) of the definition of Registrable Securities, to receive any securities in respect of Registrable Securities that were already included in a Registration Statement, subsequent to the date such Registration Statement is declared effective, and the Company is unable under the securities laws to add such securities to the then effective Registration Statement, the Company shall promptly file, in accordance with the procedures set forth herein, an additional Registration Statement with respect to such newly Registrable Securities. The Company shall use its best efforts to (i) cause any such additional Registration Statement, when filed, to become effective within 30 days of that date that the need to file the Registration Statement arose. All of the registration rights and remedies under this Agreement shall apply to the registration of such newly reserved shares and such new Registrable Securities.

(g) The Company represents and warrants to the Holder that the rights granted hereunder to the Holders do not conflict with the existing registration rights of other holders of the Company’s securities with respect to registration of the Registrable Securities in any way that would delay or restrict the registration of the Registrable Securities pursuant to the terms and conditions set forth herein.

3. Expenses of Registration. All Registration Expenses in connection with any registration, qualification or compliance with registration pursuant to this Agreement shall be borne by the Company, and all Selling Expenses of a Holder shall be borne by such Holder.

4. Registration on Form S-3. The Company shall use its reasonable best efforts to meet the “registrant eligibility” requirements for a secondary offering set forth in the general

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instructions to Form S-3 or any comparable or successor form or forms, or in the event that the Company is ineligible to use such form, such form as the Company is eligible to use under the Securities Act, provided that if such other form is used, the Company shall convert such other form to a Form S-3 as soon as the Company becomes so eligible.

5. Registration Period. In the case of the registration effected by the Company pursuant to this Agreement, the Company shall keep such registration effective until the later of (a) the date on which all the Holders have completed the sales or distribution described in the Registration Statement relating thereto or, if earlier until such Registrable Securities may be sold by the Holders under Rule 144(k) (provided that the Company’s transfer agent has accepted an instruction from the Company to such effect) or (b) the second (2nd) anniversary of the Closing Date.

6. Indemnification.

(a) Company Indemnity. The Company will indemnify each Holder, each of its officers, directors, agents and partners, and each person controlling each of the foregoing, within the meaning of Section 15 of the Securities Act and the rules and regulations thereunder with respect to which registration, qualification or compliance has been effected pursuant to this Agreement, and each underwriter, if any, and each person who controls, within the meaning of Section 15 of the Securities Act and the rules and regulations thereunder, any underwriter, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any final prospectus (as amended or supplemented if the Company files any amendment or supplement thereto with the SEC), Registration Statement filed pursuant to this Agreement or any post-effective amendment thereof or based on any omission (or alleged omission) to state therein a material fact required to be stated

therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, or any violation by the Company of the Securities Act or any state securities law or in either case, any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse each Holder, each of its officers, directors, agents and partners, and each person controlling each of the foregoing, for any reasonable legal fees of a single counsel and any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action, provided that the Company will not be liable in any such case to a Holder to the extent that any such claim, loss, damage, liability or expense arises out of or is based on (i) any untrue statement or omission based upon written information furnished to the Company by such Holder or underwriter (if any) therefor and stated to be specifically for use therein, (ii) any failure by any Holder to comply with prospectus delivery requirements or the Securities Act or Exchange Act or any other law or legal requirement applicable to them or any covenant or agreement contained in the Purchase Agreement or this Agreement or (iii) an offer of sale of Conversion Shares or Warrant Shares occurring during a period in which sales under the Registration Statement are suspended as permitted by this Agreement. The indemnity agreement contained in this Section 6(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent will not be unreasonably withheld).

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(b) Holder Indemnity. Each Holder will, severally but not jointly, if Registrable Securities held by it are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors, officers, agents and partners, and any other stockholder selling securities pursuant to the Registration Statement and any of its directors, officers, agents, partners, and any person who controls such stockholder within the meaning of the Securities Act or Exchange Act and each underwriter, if any, of the Company's securities covered by such a Registration Statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act and the rules and regulations thereunder, each other Holder (if any), and each of their officers, directors and partners, and each person controlling such other Holder(s) against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any such final prospectus (as amended or supplemented if the Company files any amendment or supplement thereto with the SEC), Registration Statement filed pursuant to this Agreement or any post-effective amendment thereof or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading in light of the circumstances under which they were made or (ii) failure by any Holder to comply with prospectus delivery requirements or the Securities Act, Exchange Act or any other law or legal requirement applicable to them or any covenant or agreement contained in the Purchase Agreement or this Agreement, and will reimburse the Company and such other Holder(s) and their directors, officers and partners, underwriters or control persons for any reasonable legal fees or any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such final prospectus (as amended or supplemented if the Company files any amendment or supplement thereto with the SEC), Registration Statement filed pursuant to this Agreement or any post-effective amendment thereof in reliance upon and in conformity with written information furnished to the Company by such Holder and stated to be specifically for use therein, and provided that the maximum amount for which such Holder shall be liable under this indemnity shall not exceed the net proceeds received by the Holders from the sale of the Registrable Securities pursuant to the registration statement in question. The indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any such claims, losses, damages or liabilities if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld).

(c) Procedure. Each party entitled to indemnification under this Section 6 (the "**Indemnified Party**") shall give notice to the party required to provide indemnification (the "**Indemnifying Party**") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim in any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at its own expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 6 except to the extent that the Indemnifying Party is materially and adversely affected by such failure to provide notice. No Indemnifying Party, in the defense of any such claim or litigation, shall,

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except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such non-privileged information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

7. Contribution. If the indemnification provided for in Section 6 herein is unavailable to the Indemnified Parties in respect of any losses, claims, damages or liabilities referred to herein (other than by reason of the exceptions provided therein), then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities as between the Company on the one hand and any Holder(s) on the other, in such proportion as is appropriate to reflect the relative fault of the Company and of such Holder(s) in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of any Holder(s) on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by such Holder(s).

In no event shall the obligation of any Indemnifying Party to contribute under this Section 7 exceed the amount that such Indemnifying Party would have been obligated to pay by way of indemnification if the indemnification provided for under Section 6(a) or 6(b) hereof had been available under the circumstances.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraphs. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraphs shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section, no Holder shall be required to contribute any amount in excess of the amount equal to the net proceeds received by such Holder

from the sale of Registrable Securities pursuant to the registration statement in question. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. Survival. The indemnity and contribution agreements contained in Sections 6 and 7 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement or the Purchase Agreement, and (ii) the consummation of the sale or successive resales of the Registrable Securities.

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9. Information by Holders. As a condition to the obligations of the Company to complete any registration pursuant to this Agreement with respect to the Registrable Securities of each Holder, such Holder will furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended methods of disposition of the Registrable Securities held by it as is reasonably required by the Company to effect the registration of the Registrable Securities. At least ten business days prior to the first anticipated filing date of a Registration Statement for any registration under this Agreement, the Company will notify each Holder of the information the Company requires from that Holder whether or not such Holder has elected to have any of its Registrable Securities included in the Registration Statement. If the Company has not received the requested information from a Holder by the business day prior to the anticipated filing date, then the Company may file the Registration Statement without including Registrable Securities of that Holder.

10. Further Assurances. Each Holder will cooperate with the Company, as reasonably requested by the Company, in connection with the preparation and filing of any Registration Statement hereunder, unless such Holder has notified the Company in writing of such Holder's irrevocable election to exclude all of such Holder's Registrable Securities from such Registration Statement.

11. Suspension of Sales. Upon receipt of any notice from the Company under Section 2(a)(v) or 2(b), each Holder will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until (i) it receives copies of a supplemented or amended prospectus contemplated by Sections 2(a)(v) or (ii) the Company advises the Holder that a suspension of sales under Section 2(b) has terminated. If so directed by the Company, each Holder will deliver to the Company (at the expense of the Company) or destroy all copies in the Holder's possession (other than a limited number of file copies) of the prospectus covering such Registrable Securities that is current at the time of receipt of such notice.

12. Replacement Certificates. The certificate(s) representing the Registrable Securities held by the Purchaser (or then Holder) may be exchanged by the Purchaser (or such Holder) at any time and from time to time for certificates with different denominations representing an equal aggregate number of shares of Common Stock, as reasonably requested by such Purchaser (or such Holder) upon surrendering the same. No service charge will be made for such registration or transfer or exchange. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of the Note or certificates for the underlying shares of Common Stock of any of the foregoing, and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it, or upon surrender and cancellation of such certificate if mutilated, the Company will make and deliver a new Note or certificate of like tenor and dated as of such cancellation at no charge to the holder.

13. Transfer or Assignment. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The rights granted to the Purchaser by the Company under this Agreement to cause the Company to register Registrable Securities may be transferred or assigned (in whole or in part) to a transferee or assignee of the Note, Warrant or Registrable Securities, and all other rights granted to the Purchaser by the Company hereunder may be transferred or assigned to any transferee or assignee of the Note, Warrant or Registrable Securities; provided in each case that

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(i) the Company is given written notice by the Purchaser at the time of or within a reasonable time after such transfer or assignment, stating the name and address of said transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned; and provided further that the transferee or assignee of such rights agrees in writing to be bound by the registration provisions of this Agreement, (ii) such transfer or assignment is not made under the Registration Statement or Rule 144, (iii) such transfer is made according to the applicable requirements of the Purchase Agreement, and (iv) the transferee has provided to the Company an investor questionnaire (or equivalent document) evidencing that the transferee is a "qualified institutional buyer" or an "accredited investor" defined in Rule 501(a)(1),(2),(3), or (7) of Regulation D.

14. Miscellaneous.

(a) Remedies. The Company and the Purchaser acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which any of them may be entitled by law or equity.

(b) Jurisdiction. Each of the Company and the Purchaser (i) hereby irrevocably submits to the exclusive jurisdiction of the United States District Court, the New York state courts and other courts of the United States sitting in New York, New York for the purposes of any suit, action or proceeding arising out of or relating to this Agreement and (ii) hereby waives, and agrees not to assert in any such suit action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. The Company and the Purchaser consent to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this paragraph shall affect or limit any right to serve process in any other manner permitted by law.

(c) Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing by facsimile, mail or personal delivery and shall be effective upon actual receipt of such notice. The addresses for such communications shall be:

to the Company:

Liquidmetal Technologies, Inc.
25800 Commercentre Dr., Suite 100
Lake Forest, California 92630
Telephone: (949) 206-8002
Fax: (949) 206-8008
Attention: John Kang, President

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with a copy to:

Foley & Lardner LLP
100 North Tampa Street, Suite 2700
Tampa, FL 33602-5804
Telephone: 813-229-2300
Facsimile: 813-221-4210
Attention: Curt P. Creely

If to the Purchasers, to the addresses set forth on Schedule I to the Purchase Agreement:

with a copy to:

Greenberg Traurig LLP
The MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: (212) 801-9200
Facsimile: (212) 801-6400
Attention: Alan I. Annex

Any party hereto may from time to time change its address for notices by giving at least five days' written notice of such changed address to the other parties hereto.

(d) Waivers. No waiver by any party of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter. The representations and warranties and the agreements and covenants of the Company and each Purchaser contained herein shall survive the Closing.

(e) Execution in Counterpart. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart.

(f) Signatures. Facsimile signatures shall be valid and binding on each party submitting the same.

(g) Entire Agreement; Amendment. This Agreement, together with the Purchase Agreement, the Note, the Warrant, and the agreements and documents contemplated hereby and thereby, contains the entire understanding and agreement of the parties, and may not be amended, modified or terminated except by a written agreement signed by the Company and the Holder of the Registrable Securities seeking registration of such securities.

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(h) Governing Law. This Agreement and the validity and performance of the terms hereof shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed and to be performed entirely within such state, except to the extent that the law of the State of Delaware regulates the Company's issuance of securities.

(i) Jury Trial. EACH PARTY HERETO WAIVES THE RIGHT TO A TRIAL BY JURY.

(j) Force Majeure. The Company shall not be deemed in breach of its commitments under this Agreement and no payments by the Company as set forth in Section 2 shall be required if the Company is unable to fulfill its obligations hereunder in a timely fashion if the SEC or the Nasdaq National Market are closed or operating on a limited basis as a result of the occurrence of a Force Majeure. As used herein, "**Force Majeure**" means war or armed hostilities or other national or international calamity, or one or more acts of terrorism, which are having a material adverse effect on the financial markets in the United States. Furthermore, any payments owed as a result of Section 2 shall not accrue during any period during which the Company's performance hereunder has been delayed or the Company's ability to fulfill its obligations hereunder has been impaired by a Force Majeure.

(k) Titles. The titles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(l) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party.

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In Witness Whereof, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

COMPANY:

LIQUIDMETAL TECHNOLOGIES, INC.

By: /s/ John Kang
John Kang, President and Chief Executive Officer

PURCHASERS:

COMMONWEALTH ASSOCIATES

By: /s/ Robert A. O' Sullivan
Name: Robert A. O' Sullivan
Title: CEO & President

COUNTERPART SIGNATURE PAGE
TO REGISTRATION RIGHTS AGREEMENT,
DATED JUNE 13, 2005,
AMONG LIQUIDMETAL TECHNOLOGIES, INC. AND
THE "PURCHASERS" IDENTIFIED THEREIN

The undersigned hereby executes and delivers the Registration Rights Agreement to which this Signature Page is attached, which, together with all counterparts of the Registration Rights Agreement and Signature Pages of the Company and other "Purchasers" under the Registration Rights Agreement, shall constitute one and the same document in accordance with the terms of the Registration Rights Agreement.

PURCHASER: Commonwealth Associates LP

By: /s/ Robert A. O' Sullivan

Name: Robert A. O' Sullivan

Title: CEO & President

PURCHASER: Shea Diversified Investments, Inc.

By: /s/ Ronald L. Lakey

Name: Ronald L. Lakey

Title: Assistant Secretary

PURCHASER: Shinnston Enterprises, Ltd.

By: /s/ James K. Murray, Jr.

Name: James K. Murray, Jr.

Title: Limited Partner

PURCHASER: Harvard Developments Inc.

By: /s/ Terry Downie

Name: Terry Downie

Title: VP Finance

PURCHASER: Echo Capital Growth Corporation

By: /s/ Paul J. Hill

Name: Paul J. Hill

Title: President

PURCHASER: Dolphin Direct Equity Partners, LP

By: /s/ Peter E. Salas

Name: Peter E. Salas

Title: President

PURCHASER: Jess S. Morgan & Company, Inc.

By: /s/ Gary Levenstein

Name: Gary Levenstein

Title: President

PURCHASER: Terrence L. Mealey

By: /s/ Terrence L. Mealey

Name: Terrence L. Mealey

Title: Self