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

FORM 10-Q
(Mark One)

[X]Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended September 30, 2016

[ ] Transition Report under Section 13 or 15(d) of the Exchange Act

For the transition period from _____ to _____

Commission file number: 333-147193

FluoroPharma Medical, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**20-8325616**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8 Hillside Avenue, Suite 108 **Montclair, NJ**	**07042**
(Address of principal executive offices)	(Zip Code)

(973) 744-1565
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files. Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]

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

As of November 14, 2016, there were 34,074,284 shares of $0.001 par value common stock issued and outstanding.

FORM 10-Q

FluoroPharma Medical, Inc.

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FLUOROPHARMA MEDICAL, INC. and Subisidiary
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 27,502	$ 290,847
Prepaid expenses and other	61,912	218,155
Total Current Assets	89,414	509,002
Property and equipment, net	8,551	11,049
Intangible assets, net	289,301	318,547
Total Assets	$ 387,266	$ 838,598
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Convertible notes payable - short term, net (see Note 4)	$ 5,535,235	$ 4,349,449
Note payable - short term	100,000	-
Accounts payable	1,322,715	1,219,867
Derivative liabilities	826,390	1,526,060
Deferred revenue	183,333	-
Accrued expenses and other	2,351,515	1,603,605
Total Current Liabilities	10,319,188	8,698,981
Commitments & Contingencies		
Stockholders' Deficit:		
Preferred stock Series A; $0.001 par value, 3,500,000 shares designated 77,450 and 150,611 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively (preference in liquidation of $65,925 at September 30, 2016)	79	152
Preferred stock Series B; $0.001 par value, 12,000,000 shares designated 5,382,071 shares issued and outstanding at September 30, 2016 and December 31, 2015 (preference in liquidation of $5,737,362 at September 30, 2016)	5,382	5,382
Common stock - Class A - $0.001 par value, 200,000,000 shares authorized, 33,859,324 and 32,908,503 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	33,860	32,910
Additional paid-in capital	24,954,234	24,705,547
Accumulated deficit	(34,925,477)	(32,604,374)
Total Stockholders' Deficit	(9,931,922)	(7,860,383)
Total Liabilities and Stockholders' Deficit	$ 387,266	$ 838,598

The accompanying notes are an integral part of these consolidated financial statements

FLUOROPHARMA MEDICAL, INC. and Subsidiary
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Operating Expenses:				
General and administrative	$ 341,457	$ 492,974	1,273,468	$ 1,773,996
Research and development	(21,836)	291,618	407,491	576,824
Total Operating Expenses	319,621	784,592	1,680,959	2,350,820
Loss from Operations	(319,621)	(784,592)	(1,680,959)	(2,350,820)
Other Income (Expense):				
Gain (loss) on debt extinguishment	-	-	(995,735)	-
Gain on settlement of accounts payable	84,482	-	105,888	-
Loss on sale of trading securities	-	-	-	(11,946)
Unrealized gain on trading securities	-	-	-	7,986
Gain (loss) on revaluation and modification of derivative liabilities	832,138	1,130,351	1,713,693	856,327
Interest and other expense	(212,892)	(240,851)	(1,065,514)	(398,775)
Total Other Income (Expense), net	703,728	889,500	(241,668)	453,592
Net Income (Loss)	$ 384,107	$ 104,908	$ (1,922,627)	$ (1,897,228)
Preferred Stock Dividends	(132,709)	(142,840)	(398,476)	(430,357)
Net Income (Loss) Attributable to Common Stockholders	$ 251,398	$ (37,932)	(2,321,103)	$ (2,327,585)
Net Income (Loss) per Common Share - Basic	$ 0.01	$ -	$ (0.07)	$ (0.08)
Net Loss per Common Share - Diluted	$ -	$ -	$ (0.07)	$ (0.08)
Weighted Average Shares Used in per Share Calculation - Basic:	33,710,993	29,847,803	33,399,421	29,502,276
Weighted Average Shares Used in per Share Calculation - Diluted:	76,241,569	29,847,803	33,399,421	29,502,276

The accompanying notes are an integral part of these consolidated financial statements

FLUOROPHARMA MEDICAL, INC. and Subsidiary
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:	(Unaudited)	(Unaudited)
Net loss	$ (1,922,627)	$ (1,897,228)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	33,037	35,260
Amortization of issuance costs and discounts on convertible notes	552,712	220,656
Accretion of interest on convertible notes	181,706	-
Share-based compensation related to stock options	31,343	169,641
Fair value of warrants	22,576	
Gain on accounts payable settlement	(105,888)	-
Loss on debt extinguishment	995,735	-
Net loss on sale of trading securities	-	11,946
Change in unrealized loss on trading securities	-	(7,986)
Gain on revaluation and modification of derivative liabilities	(1,713,693)	(856,327)
(Increase) decrease in:		
Prepaid expenses and other	51,602	(101,167)
Deferred issuance costs on convertible notes	116,278	-
Increase (decrease) in:		
Accounts payable	230,142	607,705
Deferred revenue	183,333	-
Accrued expenses and other	579,862	108,050
Net Cash Used by Operating Activities	(763,882)	(1,709,450)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	35,970
Purchase of equipment	(1,293)	-
Net Cash (Used) Provided by Investing Activities	(1,293)	35,970
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from other short - term financing	100,000	365,000
Proceeds from issuance of convertible notes payable – short term	410,000	2,980,005
Notes payable issuance costs	(8,170)	(207,548)
Repayment of notes payable	-	(415,000)
Net Cash Provided by Financing Activities	501,830	2,722,457
Net change in Cash and Cash Equivalents	(263,345)	1,048,977
Cash and Cash Equivalents, Beginning of Period	290,847	252,145
Cash and Cash Equivalents, End of Period	$ 27,502	$ 1,301,122
Supplemental Cash Flow Disclosures:		
Interest expense paid in cash	$ -	$ -
Tax paid	$ 1,662	$ 1,912
Supplemental Non-Cash Disclosure:		
Series B Preferred Stock dividends	$ 389,810	$ 376,977
Series A Preferred Stock dividends	$ 7,584	$ 44,492
Accounts payable settled in Common Stock	$ 21,406	$ 8,889
Series A Preferred Stock dividend issued upon conversion to Common Stock	$ 1,082	$ -
Conversion of Series A Preferred Stock to Common Stock	80	528
Conversion of Convertible Notes	$ 175,922	$ -
Fair value of warrants issued with Convertible Notes	$ -	$ 358,255
Fair value of warrants issued to Convertible Notes placement agents	$ -	$ 39,108
Fair value of embedded derivative liability in 2016 Convertible Notes	$ 83,343	$ -
Fair value of embedded derivative liability in 2015 Convertible Notes	$ -	$ 490,340
Fair value of embedded derivative liability in 2014 Convertible Notes	$ 945,951	$ -

The accompanying notes are an integral part of these consolidated financial statements

FLUOROPHARMA MEDICAL, INC. and Subsidiary
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION, BASIS OF PRESENTATION AND GOING CONCERN

FluoroPharma Medical, Inc., a Nevada corporation (the "Company"), is a molecular imaging company headquartered in Montclair, N.J. The Company was founded as FluoroPharma Inc. in 2003 to engage in the discovery, development and commercialization of proprietary products for the positron emission tomography ("PET") market. The Company's initial focus has been on the development of novel cardiovascular imaging agents that can more efficiently and effectively detect and assess acute and chronic forms of coronary artery disease ("CAD"). Molecular imaging pharmaceuticals are radiopharmaceuticals that enable early detection of disease through the visualization of subtle changes in biochemical and biological processes.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, FluoroPharma, Inc., a Delaware corporation. All intercompany transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of FluoroPharma Medical, Inc. and subsidiary have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). Accordingly, the unaudited condensed consolidated financial statements do not include all information and footnotes required by U.S. GAAP for complete annual financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring adjustments, considered necessary for a fair presentation. Interim operating results are not necessarily indicative of results that may be expected for the year ending December 31, 2016 or for any other interim period. The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Company and the notes thereto as of and for the year ended December 31, 2015, as included in the Company's Form 10-K filed with the SEC on March 30, 2016.

Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has experienced net losses and negative cash flows from operations since its inception. The Company has sustained cumulative losses attributable to common stockholders of $34,925,477 as of September 30, 2016. The Company has historically financed its operations through issuances of equity and the proceeds of debt instruments. In the past, the Company has also provided for its cash needs by issuing common stock, options and warrants for certain operating costs, including consulting and professional fees. During the nine months ended September 30, 2016, the Company raised net cash proceeds of $501,830 through the issuance of notes payable. During the year ended December 31, 2015, the Company raised net cash proceeds of $2,686,315 through the issuance of notes payable. In addition, during the year ended December 31, 2015, the Company received gross proceeds of $35,970 from the sale of freely tradable securities received as consideration for the issuance of promissory notes.

The Company continues to actively pursue various funding options, including equity offerings, to obtain additional funds to continue the development of its products and bring them to commercial markets. Management continues to assess fund raising opportunities to ensure minimal dilution to its existing shareholder base and to obtain the best price for its securities. Management is optimistic based upon its ability to raise funds in prior years, through private placement offerings, that it will be able to raise additional funds in the future. If the Company is unable to raise additional capital as may be needed to meet its projections for operating expenses, it could have a material adverse effect on liquidity or require the Company to cease or significantly delay some of its clinical trials. These financial statements do not include any adjustments relating to the recoverability of recorded asset amounts that might be necessary as a result of the above uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Intangible Assets

The Company's intangible assets consist of technology licenses and are carried at the legal cost to obtain them. Intangible assets are amortized using the straight-line method over the estimated useful life. Useful lives on technology licenses are 5 to 15 years.

Impairments

The Company assesses the impairment of its intangible assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable in accordance with ASC Topic 360-10-35, "Impairment or Disposal of Long-Lived Assets." The determination of related estimated useful lives and whether or not these assets are impaired involves significant judgments, related primarily to the future profitability and/or future value of the assets. The Company records an impairment charge if it believes an investment has experienced a decline in value that is other than temporary.

Management has determined that no impairments were required as of September 30, 2016 and December 31, 2015, respectively.

Fair Value Measurements

The Company has various financial instruments that must be measured at fair value on a recurring basis, including certain marketable securities and derivatives. Certain assets and liabilities are measured at fair value on a non-recurring basis. These assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances. During the nine months ended September 30, 2016, the Company valued the Amended 2014 Notes (see Note 4) at fair value in connection with a modification in terms that was accounted for as a Debt Extinguishment. The Amended 2014 Notes were recorded at fair value on the date of the modification and are not subsequently adjusted to fair value.

The Company groups its assets and liabilities measured at fair value, in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Financial instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

The three levels of the fair value hierarchy are as follows:

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial instrument.

The Company recognizes transfers between levels at the end of the reporting period as if the transfers occurred on the last day of the reporting period.

Assets and liabilities measured at fair value on a recurring basis at September 30, 2016 are summarized below:

	September 30, 2016			
	Level 1	Level 2	Level 3	Fair Value
Current Liabilities:				
Derivative liabilities	$ -	$ -	$ 826,390	$ 826,390

Assets and liabilities measured at fair value on a recurring basis at December 31, 2015 are summarized below:

	December 31, 2015			
	Level 1	Level 2	Level 3	Fair Value
Current Liabilities:				
Derivative liability	$ -	$ -	$ 1,526,060	$ 1,526,060

The following table sets forth the changes in the estimated fair value for our Level 3 classified derivative liability:

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Fair value at beginning of period	$ 1,526,060	$ 1,354,319
Issuance of warrants – 2015 Notes	-	397,363
Embedded conversion feature – 2015 Notes	-	490,340
Embedded conversion feature – Amended 2014 Notes	945,951	-
Embedded conversion feature – 2016 Notes	83,343	-
Embedded conversion feature – Amended 2014 Notes converted	(15,271)	-
Change in fair value	(1,713,693)	(856,327)
Fair value at end of period	$ 826,390	$ 1,385,695

Revenue Recognition

From time to time the Company enters into licensing agreements, the terms of which may include grants of licenses, or options to obtain licenses, to our intellectual property and research and development activities. Payments under these arrangements typically include one or more of the following: non-refundable, up-front license fees; funding of research and/or development efforts; amounts due upon the achievement of specified objectives; and/or royalties on future product sales.

The Company recognizes milestone payments as revenue in their entirety upon the achievement of a substantive milestone if the consideration earned from the achievement of the milestone (i) is consistent with performance required to achieve the milestone or the increase in value to the delivered item, (ii) relates solely to past performance and (iii) is reasonable relative to all of the other deliverables and payments within the arrangement. Amounts received contractually designated to fund further research are recorded as a reduction to research and development expenses when the Company has satisfied all performance obligations to the licensee and expenses for specified development activities have been incurred.

Recently Issued Accounting Standards

In August 2014, the FASB issued ASU 2014-15 “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern.” The core principle of the guidance is that an entity’s management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. When management identifies conditions or events that raise substantial doubt about an entity’s ability to continue as a going concern, management should consider whether its plans that are intended to mitigate those relevant conditions or events that will alleviate the substantial doubt are adequately disclosed in the footnotes to the financial statements. This guidance will be effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter.

In November 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-17, “Balance Sheet Classification of Deferred Taxes” (“ASU 2015-17”) which requires that deferred tax liabilities and assets be classified as noncurrent on the balance sheet. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by this guidance. ASU 2015-17 is effective for annual and interim periods beginning after December 15, 2016 but early application is permitted and the guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The adoption of this ASU is not expected to have a material impact on the Company’s consolidated financial statements.

In April 2015, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2015-03, 'Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs”. ASU 2015-03 is intended to simplify the presentation of debt issuance costs. These amendments require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. This new guidance is effective for fiscal years beginning after December 15, 2015. The Company adopted ASU 2015-03 on January 1, 2016 and applied the standard retrospectively.

In January 2015, FASB issued ASU 2015-01 “Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items”. This ASU removes the concept of an extraordinary item. Subtopic 225-20, Income Statement - Extraordinary and Unusual Items, required that an entity separately classify, present, and disclose extraordinary events and transactions. Presently, an event or transaction is presumed to be an ordinary and usual activity of the reporting entity unless evidence clearly supports its classification as an extraordinary item. If an event or transaction meets the criteria for extraordinary classification, an entity is required to segregate the extraordinary item from the results of ordinary operations and show the item separately in the income statement, net of tax, after income from continuing operations. The entity also is required to disclose applicable income taxes and either present or disclose earnings-per-share data applicable to the extraordinary item. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company adopted this standard on January 1, 2016. The adoption of this ASU did not have a material impact on the Company’s condensed consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases”, which requires a lessee to recognize lease liabilities for the lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and right-of-use assets, representing the lessee’s right to use, or control the use of, specified assets for the lease term. Additionally, the new guidance has simplified accounting for sale and leaseback transactions. Lessor accounting is largely unchanged. The ASU is effective for fiscal years beginning after December 15, 2018. Early application is permitted. The Company is currently evaluating the impact of adopting this ASU on the financial statements.

In March 2016, the FASB issued ASU No. 2016-09, “Compensation – Stock Compensation”. The areas for simplification in this update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, the amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The Company is currently evaluating the impact of adopting this ASU on the financial statements.

On August 26, 2016, the FASB issued ASU No. 2016-15 “Statement of Cash Flows (Topic 230 *)”,* a consensus of the FASB’s Emerging Issues Task Force. The new guidance is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. For public business entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, provided that all of the amendments are adopted in the same period. The guidance requires application using a retrospective transition method. The Company is currently evaluating the impact of adopting this ASU on the financial statements.

3. OTHER BALANCE SHEET INFORMATION

Components of selected captions in the accompanying balance sheets as of September 30, 2016 and December 31, 2015 consist of:

	September 30, 2016	December 31, 2015
Prepaid expenses & other:		
Prepaid insurance	$ 19,491	$ 39,756
Annual license fees	20,833	104,167
Other	21,588	74,232
Prepaid expenses & other	$ 61,912	$ 218,155
Accrued expenses & other:		
Accrued dividends Series A and B Preferred Stock	$ 1,433,345	$ 1,041,894
Accrued interest on notes payable	422,777	327,203
Deferred salary	184,167	88,958
Research and development	57,400	39,268
Funded research	173,220	-
Other	80,606	106,282
Accrued expenses & other	$ 2,351,515	$ 1,603,605

4. NOTES PAYABLE

2014 Convertible Notes Payable

During 2014 and 2015, the Company issued promissory notes (the "2014 Notes") pursuant to a Note Purchase Agreement entered into with certain accredited investors for an aggregate principal amount of $2,198,416. The 2014 Notes mature one year from the date of issuance and bear interest at the rate of 8% per annum. All principal and accrued interest under the 2014 Notes will automatically convert into the Company's next equity or equity-linked financing (a "Subsequent Financing") in accordance with the following formula: (outstanding balance of the Notes as of the closing of the Subsequent Financing) x (1.15) / (the per security price of the securities sold in the Subsequent Financing). The investors shall be considered to be purchasers in the Subsequent Financing by way of their converted 2014 Notes. In addition, upon the closing of a Subsequent Financing, each of the investors shall be issued, in addition to any warrants issued in connection with a Subsequent Financing, an additional warrant to purchase a number of shares of common stock equal to fifty percent (50%) of the number of shares of common stock purchased by such investor in the Subsequent Financing assuming a per share purchase price of the securities to be issued in the Subsequent Financing.

In May 2015, in connection with the issuance of the Convertible Notes (as defined and discussed below), the holders of the 2014 Notes, in the outstanding principal amount of $2,198,416, amended their 2014 Notes to (i) extend the maturity date an additional six months, (ii) change the terms of the conversion premium from 1.15 to 1.25 to be consistent with conversion terms of the Convertible Notes, and (iii) provide that the issuance of promissory notes by the Company in a transaction with a substantially similar structure to the transactions contemplated by the 2014 Notes shall not be deemed a Subsequent Financing.

On January 20, 2016, the Company further amended the 2014 Notes (the "Amended 2014 Notes"), in order to (i) extend the maturity date for an additional six months, (ii) retroactively increase the interest rate to 12%, (iii) provide the ability to voluntary convert the notes, including principal and interest multiplied by 1.25, at a conversion price of $0.35 per share (which results in an effective conversion price of $0.28 per share), (iv) provide resale registration rights, and (v) provide "full-ratchet" anti-dilutive protection. As a result of this amendment, the conversion price of each of the Company's existing Series A Preferred Stock, Series B Preferred Stock, the Convertible Notes and certain related warrants, has been adjusted to $0.28 per share.

The Company applied guidance in FASB ASC 470-50, "Debt Modifications and Extinguishments," (ASC 470-50) and determined that the amendment qualified as a debt extinguishment (the "Debt Extinguishment"). This determination was made after calculating that the newly amended terms increased the fair value of the embedded conversion feature in excess of 10 percent.

In order to account for the Debt Extinguishment, the Company recorded the Amended 2014 Notes and the embedded conversion feature at their then fair values of $2,495,582 and $945,951, respectively. The embedded conversion feature was recorded as a derivative liability after determining the requirements for equity classification, in accordance with ASC Topic 815-40, were not met. The difference between the carrying value of the 2014 Notes, including all principal, accrued interest and deferred financing costs and the fair value of the Amended 2014 Notes and embedded conversion feature was recorded as a loss on debt extinguishment of $1,022,520 in the statement of operations. The difference between the principal amount of the Amended 2014 Notes and the fair value of the Amended 2014 Notes of $238,515 will be amortized to interest expense over the term of the notes. During the nine months ended September 30, 2016, the Company amortized interest of $181,706 on the Amended 2014 Notes.

On July 22, 2016, the Company entered into a further amendment to the 2014 Notes to extend the maturity date of the Notes for an additional ninety days.

During the nine months ended September 30, 2016, the Company issued 653,988 shares of common stock pursuant to the conversion of Amended 2014 Notes. The carrying value of the converted Amended 2014 Notes plus accreted interest was approximately $178,731 and the fair value of the derivative related to the embedded conversion feature was $15,271. The Company recorded a gain on extinguishment related to these conversions totaling $26,785.

The calculation of the net loss on extinguishment is as follows:

	September 30, 2016
Fair value – Amended 2014 Notes	$ 2,495,582
Fair value – embedded conversion feature	945,951
Total Amended 2014 Notes	3,441,533
Principal – 2014 Notes	2,198,416
Accrued interest – 2014 Notes	232,235
Deferred financing costs – 2014 Notes	(11,638)
Total 2014 Notes	2,419,013
Loss on Extinguishment from 2014 Note Amendment	1,022,520
Carrying value – Amended 2014 Notes converted	175,922
Value of interest accretion – Amended 2014 Notes converted	2,809
Fair value of embedded conversion feature – Amended 2014 Notes converted	15,271
Fair value – common stock issued upon conversion	(167,217)
Gain on Extinguishment from Amended 2014 Note Conversions	26,785
Loss on Extinguishment, net	$ 995,735

The derivative liability related to the embedded conversion feature is being re-measured at each balance sheet date based on estimated fair value, and any resultant changes in fair value is being recorded in the Company's consolidated statement of operations.

Upon conversion, the notes and embedded derivatives are removed at their carrying value, after a final mark-to-market of the embedded derivative's fair value. Common stock issued upon conversion is measured at its current fair value, with any difference recorded as a gain or loss on extinguishment.

2015 Convertible Notes Payable

On May 28, 2015, the Company accepted subscriptions pursuant to a new Note and Warrant Purchase Agreement, as amended on August 6, 2015, for the issuance and sale in a private placement of up to $3,000,000 of convertible promissory notes (the "Convertible Notes"). The Convertible Notes mature one year from the date of issuance and bear interest at the rate of 8% per annum. All principal and accrued interest under the Convertible Notes will, at the sole option of the investor (i) convert into the Company's next equity or equity-linked financing in which the Company raises gross proceeds of at least $3,600,000 (the "Subsequent Financing"), into such securities, including warrants of the Company as are issued in the Subsequent Financing, the amount of which shall be determined in accordance with the following formula: (the outstanding balance of the Convertible Notes plus accrued interest as of the closing of the Subsequent Financing) x (1.25) / (the per security price of the securities sold in the Subsequent Financing), or (ii) convert into a new financing in which the Company shall issue to the investor one share of common stock and one-half of one warrant at a purchase price no greater than $0.35 per share. The per security price of the securities sold in the Subsequent Financing shall not exceed $0.35. In addition, the holders of the Convertible Notes shall have the option, at any time, to convert all principal and accrued interest into common stock at price per share of $0.35. In the event that the Company shall, at any time, issue or sell additional shares of common stock or common stock equivalents, as defined, at a price per share less than $0.35, then the conversion price of the Convertible Notes shall be reduced to a price equal to the consideration paid for these additional shares of common stock. As a result of the 2016 amendment to the 2014 Notes, the conversion price of the Convertible Notes was adjusted to $0.28 per share.

Pursuant to the Note and Warrant Purchase Agreement, the Company issued warrants at an initial exercise price per share of $0.50 to purchase a number of shares of common stock equal to fifty percent of the number of shares of common stock such investor would receive upon full conversion of the Convertible Notes at a conversion price of $0.35 per share. As a result of the 2016 amendment to the 2014 Notes, the exercise price of the warrants was adjusted to $0.28 per share.

From May through September 2015, the Company issued Convertible Notes in the aggregate principal amount of $2,780,005 and warrants to purchase 3,971,436 shares of common stock at $0.50 per share. In connection with the issuance of the Convertible Notes, the Company paid to placement agents a cash fee of $142,400 and issued 406,859 five-year warrants to purchase shares of common stock at an exercise price of $0.50 per share. On the issuance date, the fair value of the placement agent warrants was $39,108 which was recorded as a deferred offering cost and as a derivative warrant liability.

Based upon the Company's analysis of the criteria contained in ASC Topic 815-40, "Derivatives and Hedging—Contracts in Entity's Own Equity" ("ASC Topic 815-40"), the Company has determined that since the exercise price of the warrants may be reduced if the Company issues shares at a price below the then-current exercise price, the warrants issued in connection with the Convertible Notes must be classified as derivative instruments. In accordance with ASC Topic 815-40, these warrants are also being re-measured at each balance sheet date based on estimated fair value, and any resultant changes in fair value is being recorded in the Company's consolidated statement of operations.

In order to account for the issuance of the Convertible Notes and warrants, the Company allocated the total gross proceeds of $2,780,005 between the Convertible Notes and the warrants. The warrants were allocated their full fair value as of the respective grant dates totaling $358,255 and the residual net proceeds of $2,421,750 were allocated to the Convertible Notes. The conversion feature of the Convertible Notes was then analyzed. The Company determined that the embedded conversion feature did not meet the requirements for equity classification in accordance with ASC Topic 815-40. Therefore, the conversion feature fair value of $490,340 was bifurcated from the host contract, the Convertible Notes, and recorded as a derivative liability, thereby creating a further discount on the Convertible Notes. The conversion feature is also being re-measured at each balance sheet date based on estimated fair value, and any resultant changes in fair value is being recorded in the Company's consolidated statement of operations.

On May 26, 2016, the 2015 Notes were amended to (i) extend the maturity date an additional six months and (ii) increase the interest rate, from 8% to 12%, applied retroactively from the initial issuance date of the Notes. The Company applied guidance in ASC 470-50 and determined that the amendment did not qualify as a debt extinguishment. This determination was made after calculating that the present value of the cash flows under the modified debt instrument is less than a 10 percent change from the present value of the remaining cash flows under the original debt.

Lewis Opportunity Fund, an affiliate of W. Austin Lewis, IV, a member of the Company's Board of Directors, participated as an investor in the Convertible Notes in 2015 in an aggregate principal amount of $2,000,000 and was issued warrants to purchase an aggregate of 2,857,143 shares of common stock.

2016 Convertible Notes Payable

On March 23, 2016, the Company accepted subscriptions pursuant to a new Note Purchase Agreement for the issuance and sale in a private placement of an aggregate principal amount of up to $1,000,000 of convertible promissory notes (the "2016 Convertible Notes"), convertible into shares of common stock. The initial closing of the private placement was consummated on March 23, 2016 for an aggregate amount of $150,000, which was invested by Dr. Thomas H. Tulip, the Company's chief executive officer. The Company may conduct any number of additional closings so long as the final closing occurs on or before the 240th day following the initial closing date.

From April 26, 2016 through August 17, 2016, the Company issued additional 2016 Convertible Notes in the aggregate principal amount of $260,000.

The 2016 Convertible Notes mature one year from the date of issuance and bear interest at the rate of 12% per annum payable upon the earlier of (i) exchange or voluntary conversion of the 2016 Convertible Notes in accordance with the terms thereof and (ii) the maturity date. All principal and accrued interest under the 2016 Convertible Notes (the "Outstanding Balance") will automatically convert into the Company's next equity or equity-linked financing (the "Subsequent Financing"), without any action on the part of the investor, into such securities, including warrants of the Company that are issued in the Subsequent Financing, the amount of which shall be determined in accordance with the following formula: (the Outstanding Balance as of the closing of the Subsequent Financing) x (1.25) / (the per security price of the securities sold in the Subsequent Financing). For the purpose of calculating the formula above, the per security price of the securities sold in the Subsequent Financing shall not exceed $0.35. The issuance of promissory notes by the Company in a transaction with a substantially similar structure to the 2016 Convertible Notes (as determined in good faith by the Company's board of directors) shall not be deemed a Subsequent Financing.

Each investor also has the right, at its option at any time, to convert the Outstanding Balance into shares of common stock as is obtained by dividing (i) the Outstanding Balance to be converted multiplied by 1.25, by (ii) a conversion price, $0.35 per share; provided, however, if an event of default has occurred and is continuing, the conversion price shall be adjusted to $0.15 per share. The 2016 Convertible Notes are subject to customary adjustments for issuances of shares of common stock as a dividend or distribution on shares of the common stock, or mergers or reorganizations, as well as "full-ratchet" anti-dilution adjustments for future issuances of other Company securities (subject to certain standard carve-outs).

Upon the closing of a Subsequent Financing, each of the investors shall be issued, in addition to any warrants issued in connection with a Subsequent Financing, an additional warrant (the "Additional Warrant"), to purchase a number of shares of common stock equal to fifty percent (50%) of the number of shares of common stock purchased by such investor in the Subsequent Financing assuming a per share purchase price of the securities to be issued in the Subsequent Financing. The terms of the Additional Warrants shall be substantially identical to the terms of the warrants issued in the Subsequent Financing, except the exercise price per share of the Additional Warrants shall be equal to the per share purchase price of the securities issued in the Subsequent Financing. In the event no warrants are issued in the Subsequent Financing, each of the investors shall nonetheless be entitled to an Additional Warrant, which Additional Warrant shall be non-callable, exercised on a cash only basis and have a term of five (5) years following the closing date of the Subsequent Financing.

The conversion feature of the 2016 Convertible Notes was analyzed. The Company determined that the embedded conversion feature did not meet the requirements for equity classification in accordance with ASC Topic 815-40. Therefore, the conversion feature with a fair value of $83,343 was bifurcated from the host contract, the 2016 Convertible Notes, and recorded as a derivative liability, thereby creating a discount on the 2016 Convertible Notes. The conversion feature is also being re-measured at each balance sheet date based on estimated fair value, and any resultant changes in fair value is being recorded in the Company's consolidated statement of operations.

On July 22, 2016, the 2016 Convertible Notes were amended to change the final closing date from 120 days to 240 days after the initial closing of March 23, 2016.

In connection with the issuance of the short-term financing notes and the convertible notes in 2014, 2015 and 2016, the Company incurred $344,296 in issuance costs. These costs are recorded as deferred issuance costs, which are offset against the proceeds from the convertible notes on the Company's balance sheet and amortized to interest expense over the term of such convertible notes. For the nine months ended September 30, 2016 and 2015, the Company has amortized $104,641 and $95,208, respectively, of issuance costs to expense. For the nine months ended September 30, 2016 and 2015, the Company recorded non-cash interest expense related to the amortization of the discount on the convertible notes of $448,071 and $125,448, respectively.

A reconciliation of the Company's Convertible Notes Payable – Short Term, as of September 30, 2016, is as follows:

	2014 Amended Notes	2015 Convertible Notes	2016 Convertible Notes	Total
Principal	$ 2,198,416	$ 2,780,005	$ 410,000	$ 5,388,421
Adjustments to fair value, net of accretion	478,872	-	-	478,872
Conversions	(175,922)	-	-	(175,922)
Debt discount	-	(79,397)	(48,587)	(127,984)
Deferred financing costs	-	(23,786)	(4,366)	(28,152)
	$ 2,501,366	$ 2,676,822	$ 357,047	$ 5,535,235

Interest expense, including accretion of the 2014 Amended Notes to fair value, amortization of deferred issuance costs and debt discounts related to the warrants and beneficial conversion feature, totaled $1,065,514 and $398,775 for the nine months ended September 30, 2016 and 2015, respectively.

In connection with the private placement of the Convertible Notes, the Company entered into a registration rights agreement with the investors, in which the Company agreed to file a registration statement with the SEC to register for resale the shares underlying the Convertible Notes and the warrants within 90 calendar days of the final closing date of the Convertible Notes and to have the registration statement declared effective within 120 calendar days after the filing date.

For embedded conversion features that are accounted for as a derivative liability, the Company used a Binomial Options Pricing model. The primary assumptions used to determine the fair values of these embedded conversion features were: risk free interest rate with a range 0.35% - 1.14%, volatility of 68.09%, and actual term of the related convertible notes.

Other Notes Payable

On September 27, 2016, the Company borrowed $100,000 in the form of a short term promissory note (the "Note"). The Note matures on October 31, 2016 and bears interest at the rate of 5% per annum if the Note is repaid on or prior to the maturity date and 15% if the Note is not repaid by the maturity date.

5. LICENSE AGREEMENT

On June 3, 2016, the Company entered into two exclusive license agreements (the "Licenses") with Sinotau USA, Inc., a wholly-owned subsidiary of Hainan Sinotau Pharmaceutical Co., Ltd. ("Sinotau"), a pharmaceutical organization. Sinotau is responsible for developing and commercializing the Company's proprietary cardiac PET imaging assets, CardioPET and BFPET, in China and Canada. Sinotau also retains a first right of refusal to license the technology for development in Australia and Singapore. In accordance with the Licenses, the Company is entitled to upfront payments of $550,000, milestone payments totaling $1,450,000 upon the completion of certain development activities and royalties on future sales made by Sinotau.

As of September 30, 2016, the transfer of technology specified in the Sinotau agreement has not been completed and therefore a portion of the upfront payment totaling $183,333 has been recorded as deferred revenue. The remaining portion of the upfront payment, totaling $366,667, is to be used in order to further fund the Company's research and development activities and is included in accrued expenses and other liabilities until such research and development costs are incurred. As of September 30, 2016, the Company has incurred $193,447 of research and development costs and recorded these amounts as a reduction in research and development expenses. The unused portion of funded research totaling $173,220 remains in accrued expenses and other liabilities as of September 30, 2016.

License payments, excluding payments to fund further research, are subject to the Company's license agreement with MGH (see Note 9). Upon receiving the upfront payment from Sinotau, the Company recorded a royalty expense of $37,500, payable to MGH, within research and development expenses.

6. CAPITAL STOCK

SERIES A PREFERRED STOCK

The Company is authorized to issue 100,000,000 shares of preferred stock, $0.001 par value per share, of which 3,500,000 shares have been designated Series A Preferred Stock.

During the nine months ended September 30, 2016, 80,321 shares of Series A Preferred Stock were converted into 231,844 shares of common stock. In addition, the Company issued 3,830 shares of its common stock in satisfaction of a $1,082 dividend accrued on the shares of Series A Preferred Stock that were converted.

For the nine months ended September 30, 2016, the Company accrued a preferred stock dividend of $7,584. The Company issued 7,160 shares of Series A Preferred Stock in satisfaction of such dividends as related to the Series A Preferred Stock outstanding at June 30, 2016.

During the nine months ended September 30, 2015, 528,345 shares of Series A Preferred Stock were converted into 1,145,796 shares of common stock. In addition, the Company issued 22,718 shares of its common stock in satisfaction of a $8,889 dividend accrued on the shares Series A Preferred Stock that were converted.

For the nine months ended September 30, 2015, the Company accrued a preferred stock dividend of $44,491. The Company issued 41,790 shares of Series A Preferred Stock in satisfaction of such dividends as related to the Series A Preferred Stock outstanding at June 30, 2015.

SERIES B PREFERRED STOCK

The Company is authorized to issue 100,000,000 shares of preferred stock, $0.001 par value per share, of which 12,000,000 shares have been designated Series B Preferred Stock.

For the nine months ended September 30, 2016 and 2015, the Company accrued a Series B Preferred Stock dividend of $389,810 and $376,977, respectively.

During the nine months ended September 30, 2016 and 2015, there were no voluntary conversions.

COMMON STOCK

The Company has authorized 200,000,000 shares of its common stock, $0.001 par value per share. At September 30, 2016 and December 31, 2015, the Company had issued and outstanding 33,859,324 and 32,908,503 shares of its common stock, respectively.

In January 2016, the Company issued an aggregate of 61,159 shares of common stock with fair value of $21,406 in settlement of certain outstanding liabilities to third parties.

In December 2015, the Company issued an aggregate of 867,143 shares of common stock, with a total fair value of $337,250, for consulting services and in settlement of certain outstanding liabilities to third parties. As of December 31, 2015, $30,000 of this settlement related to services that were performed in 2016 and is included in prepaid expense in the consolidated balance sheet. In addition, certain settlement agreements included a provision to issue, upon a subsequent financing as defined therein, an amount of warrants equal to fifty percent of the number of shares of common stock issued by the Company in the subsequent financing.

7. STOCK PURCHASE WARRANTS

During the nine months ended September 30, 2016, the Company issued 200,000 common stock warrants at an exercise price of $0.28 per share with a five-year term to a consultant. The fair value of these warrants of $22,576 was recorded as expense in the nine months ended September 30, 2016.

During the nine months ended September 30, 2016, 183,403 stock purchase warrants expired with a weighted average exercise price of $0.89.

As a result of the amendment to the 2014 Notes entered into with existing convertible note holders on January 20, 2016, the conversion price of certain related warrants has been adjusted to $0.28 per share.

The following represents additional information related to common stock warrants outstanding and exercisable at September 30, 2016:

Exercise Price	Number of Shares Under Warrants	Weighted Average Remaining Contract Life in Years	Weighted Average Exercise Price
$ 0.28	13,054,703	2.67	$ 0.28
Total warrants accounted for as derivative liability	13,054,703	2.67	$ 0.28
$ 0.28	200,000	4.55	$ 0.28
$ 0.50	607,229	4.04	$ 0.50
$ 0.83	1,968,500	2.21	$ 0.83
$ 0.85	281,912	0.81	$ 0.85
$ 0.95	20,000	0.003	$ 0.95
$ 1.00	165,417	2.38	$ 1.00
Total warrants accounted for as equity	3,243,058	2.57	$ 0.81
Total for all warrants outstanding	16,297,761	2.65	$ 0.37

For warrants granted that are accounted for as a derivative liability, the Company used a Binomial Options Pricing model. The primary assumptions used to determine the fair values of these warrants were: risk free interest rate of 1.14%, volatility of 68.09%, and actual term and exercise price of the warrants granted.

8. COMMON STOCK OPTIONS

On February 11, 2011, the Company adopted its 2011 Equity Incentive Plan (the "Plan") under which 6,475,750 shares of common stock were reserved for issuance under options or other equity interests as set forth in the Plan. Under the Plan, options are available for issuance to employees, officers, directors, consultants and advisors. The Plan provides that the board of directors will determine the exercise price and vesting terms of each option on the date of grant. Options granted under the Plan generally expire ten years from the date of grant.

Under the Plan, the Company has issued 161,250 shares of fully paid and non-assessable restricted common stock to a director of the Company. These shares of restricted stock are subject to the terms of the Plan and are unvested and outstanding as of September 30, 2016. The shares shall vest upon the earlier of (i) the occurrence of a Change of Control, as defined in the Plan, (ii) the successful completion of a Phase II clinical trial for any of the Company's products, or (iii) the determination by the board of directors to provide for immediate vesting. The weighted average grant-date fair value is $1.07 per share.

The following is a summary of all common stock option activity for the nine months ended September 30, 2016:

	Options Outstanding	Weighted Average Exercise Price
Outstanding at December 31, 2015	4,996,095	$ 0.65
Options granted	125,411	$ 0.35
Options forfeited	(2,052,667)	$ 0.66
Outstanding at September 30, 2016	3,068,839	$ 0.63

	Options Exercisable	Weighted Average Exercise Price per Share
Exercisable at December 31, 2015	4,312,762	$ 0.68
Exercisable at September 30, 2016	2,423,839	$ 0.68

The weighted average fair value of options granted during the nine months ended September 30, 2016 was $0.14.

At September 30, 2016, the weighted average remaining contractual term for exercisable and outstanding options is 3.98 and 4.93 years, respectively. At September 30, 2016, the aggregate intrinsic value of all of the Company's exercisable and outstanding options is $6,750 and $6,750, respectively.

Employee stock-based compensation expense for the nine months ended September 30, 2016 and 2015 is $31,343 and $169,641, respectively.

To compute compensation expense, the Company estimated the fair value of each option award on the date of grant using the Black-Scholes option pricing model for employees, and calculated the fair value of each option award at the end of the period for non-employees. The Company based the expected volatility assumption on a volatility index of peer companies as the Company did not have sufficient historical market information to estimate the volatility of its own stock. The expected term of options granted represents the period of time that options are expected to be outstanding. The Company estimated the expected term of stock options by using the simplified method. The expected forfeiture rates are based on the historical employee forfeiture experiences. To determine the risk-free interest rate, the Company utilized the U.S. Treasury yield curve in effect at the time of grant with a term consistent with the expected term of the Company's awards. The Company has not declared a dividend on its common stock since its inception and has no intentions of declaring a dividend in the foreseeable future and therefore used a dividend yield of zero.

The fair value of each share-based payment is estimated on the measurement date using the Black-Scholes model with the following assumptions as of September 30, 2016 and 2015, respectively: risk-free rate with a range from 1.60% - 1.83% and 1.82% - 2.06%, respectively, volatility of 68.08% and 49.42%, respectively, and expected term of 5 years and 5 years, respectively. There was no dividend yield included in the calculations.

As of September 30, 2016, there was $35,146 of unrecognized compensation cost related to non-vested options. The unrecognized compensation expense is estimated to be recognized over a period of 1.99 years at September 30, 2016.

9. COMMITMENTS AND CONTINGENCIES

License Agreements

On June 26, 2014, the Company and The General Hospital Corporation, d/b/a Massachusetts General Hospital ("MGH") entered into two license agreements (the "Agreements"), which Agreements replace the single license agreement between the Company and MGH dated April 27, 2009, as amended by letter dated June 21, 2011 and agreement dated October 31, 2011 (the "Original Agreement"). The Agreements provide exclusive licenses for the Company's two lead product candidates, BFPET and CardioPET, two of the three cardiac imaging technologies covered by the Original Agreement. The Company and MGH are in discussions regarding the exclusive license to VasoPET, the third product candidate covered by the Original Agreement, the Company's rights to which ceased upon the termination of the Original Agreement contemporaneously with the execution of the new Agreements. The Agreements were entered into primarily for the purpose of separating the Company's rights and obligations with respect to its different product development programs. Each of the Agreements requires the Company to pay MGH an initial license fee of $175,000 and annual license maintenance fees of $125,000 each. The Agreements require the Company to meet certain obligations, including, but not limited to, meeting certain development milestones relating to clinical trials and filings with the United States Food and Drug Administration. MGH has the right to cancel or make non-exclusive certain licenses on certain patents should the Company fail to meet stipulated obligations and milestones. Additionally, upon commercialization, the Company is required to make specified milestone payments and royalties on commercial sales. The Company is amortizing the cost of these intangible assets over the remaining useful life of the Agreements of 10 years.

On July 31, 2015, the Company paid annual maintenance fees of $125,000 for each of its license agreements. These costs are recorded as prepaid expenses, included in prepaid expenses and other current assets on the Company's balance sheet and expensed over the term of one year. For the nine months ended September 30, 2016, the Company has recorded maintenance fee expense of $187,500.

On August 10, 2016, the Company entered into agreements with MGH to amend the Agreements to provide for the payment of the annual license fees to be separated into two payments of $62,500 each. The first payment to be due 90 days from the amendment effective date, June 1, 2016 and the second payment to be due 6 months from that date. In addition, the Agreements were amended to include the potential to license technical information in addition to intellectual property.

The Company is current with all stipulated obligations and milestones under the Agreements and the Agreements remain in full force and effect. The Company believes that it maintains a good relationship with MGH and will be able to obtain waivers or extension of its obligations under the Agreement, should the need arise. If MGH were to refuse to provide the Company with a waiver or extension of any of its obligations or were to cancel or make the license non-exclusive, this would have a material adverse impact on the Company as it may be unable to commercialize products without exclusivity and would lose its competitive edge for portions of the patent portfolio.

Clinical Research Services Agreements

On September 7, 2012, the Company entered into a Clinical Research Services Agreement with SGS Life Science Services ("SGS"), a company with its registered offices in Belgium, for clinical research services relating to the Company's CardioPET Phase II study to assess myocardial perfusion and fatty acid uptake in coronary artery disease (CAD) patients.

In addition, the Company engaged FGK Representative Service GmbH to serve as the Company's sponsor in compliance with the laws governing clinical trials conducted in the European Union. In December 2014, the Company announced that the enrollment for a Phase II clinical trial of CardioPET was closed. On September 21, 2016, the Company and SGS have entered into settlement negotiations and reached a resolution of the dispute regarding rights and obligations under the Clinical Trial Agreement. The settlement provides for the payment of the aggregate sum of $82,500 to SGS through December 31, 2016. Upon settlement the Company recorded a gain on settlement of accounts payable totaling $ 84,842 in other income in the statement of operations.

Executive Employment Contracts

The Company maintains employment contracts with key Company executives that provide for the continuation of salary and the grant of certain options to the executives if terminated for reasons other than cause, as defined within the agreements. One contract also provides for a $1 million bonus should the Company execute transactions as specified in the contract, including the sale of substantially all of the Company's assets or a stock, or merger transaction, any of which resulting in compensation to the Company's stockholders aggregating in excess of $50 million for such transaction.

Operating Lease Commitment

Effective July 31, 2016, the Company terminated its existing lease agreement. Then on August 1, 2016, the Company entered into a new one year lease agreement. The annual minimum lease payments for this space are $25,966, payable in equal installments of $2,164 per month.

Rent expense, net of sublease income, was $29,235 and $57,634 for the nine months ended September 30, 2016 and 2015, respectively.

Legal Contingencies

The Company is not aware of any material, active, pending or threatened proceeding, nor is the Company, or any subsidiary, involved as a plaintiff or defendant in any other material proceeding or pending litigation.

10. SUBSEQUENT EVENTS

From October through November 2016, 70,289 shares of Series A Preferred Stock were converted into 208,358 shares of common stock. In addition, the Company issued 6,602 shares of common stock in satisfaction of a $1,849 dividend accrued on the shares of Series A Preferred Stock that were converted.

On October 31, 2016, the Company issued additional 2016 Convertible Note in the principal amount of $100,000.

On October 22, 2016, the Company entered into a further amendment to the 2014 Notes (see Note 4) to extend the maturity date of the 2014 Notes for an additional ninety days.

On November 1, 2016 the Company received an upfront milestone payment totaling $225,000 pursuant to two exclusive license agreements (the "Licenses") with Sinotau USA, Inc., a wholly-owned subsidiary of Hainan Sinotau Pharmaceutical Co., Ltd. ("Sinotau"), a pharmaceutical organization, entered into on June 3, 2016.

On November 2, 2016 the Company repaid a short term promissory note and accumulated interest in the aggregate amount of $100,472.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This report contains forward-looking statements. These forward-looking statements include, without limitation, statements containing the words "believes", "anticipates", "expects", "intends", "projects", "will" and other words of similar import or the negative of those terms or expressions. Forward-looking statements in this report include, but are not limited to, expectations of future levels of research and development spending, general and administrative spending, levels of capital expenditures and operating results, sufficiency of our capital resources, our intention to pursue and consummate strategic opportunities available to us.. Forward-looking statements are subject to certain known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to those described in "Risk Factors" of the reports we file with the SEC.

The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere herein.

Overview

We are a biopharmaceutical company specializing in discovering, developing and commercializing molecular imaging pharmaceuticals with initial applications in the area of cardiology. Molecular imaging pharmaceuticals are radiopharmaceuticals that enable early detection of disease through the visualization of subtle changes in biochemical and biological processes. We currently have two clinical-stage molecular imaging pharmaceutical product candidates: CardioPET and BFPET. Additionally we have identified potential candidates that may be useful in the detection and/or treatment of vulnerable plaque.

Our Product Candidates

BFPET (18-F FTPP)

Our BFPET program employs a ([18F]-labeled cationic lipophilic tetraphenylphosphonium ion (18-F TPP) as an imaging agent designed for use in stress-testing for patients with presumptive or proven CAD. 18-F FTPP measures the extent and severity of cardiovascular disease through the detection of ischemic (i.e. reversible and viable) and infarcted (i.e., irreversibly damaged) myocardial (i.e., heart) tissue. Its mechanism of action allows it to enter the myocardial cells of the heart muscle in direct proportion to blood flow and membrane potential--the most important indicators of adequate cardiac blood supply. Since ischemic and infarcted myocardial cells take up significantly less 18-F FTPP than normal healthy myocardial cells do, 18-F FTPP can distinguish ischemic and infarcted cells from those that are healthy. If approved, 18-F FTPP will represent one of the first molecular imaging blood flow agents commercialized for use in the cardiovascular segment of the PET imaging market. 18-F FTPP may also provide information on cardiac mitochondrial membrane potential, enabling global and regional assessment of the electro-physiologic integrity of the myocardium.

Currently, cardiac perfusion imaging is performed routinely with SPECT tracers such as Sestamibi, Tetrofosmin, Thallium-201 or the PET tracers Rubidium-82 and N-13 ammonia. However, the industry standard SPECT imaging has a diagnostic accuracy of approximately 75%, with research indicating that 10% of patients cleared as "normal" were subsequently found to be "abnormal" using PET imaging. The current PET tracer Rubidium-82 has experienced an FDA recall and high cost issues, while N-13 ammonia is produced in a cyclotron and must be used locally within a matter of minutes due to a very short physical half-life. The introduction of a Fluorine-labeled myocardial agent, with its longer half-life enabling the existing supply-chain potential, would be a catalyzing event toward advancing the role of PET imaging in cardiovascular disease and improving diagnostic imaging.

18-F FTPP successfully completed a Phase I clinical trial in 12 healthy volunteers with no adverse events and no clinically significant changes noted in follow-up clinical and laboratory testing. The results of the trial demonstrated the required dosimetry, safety profile and high resolution myocardial imaging pharmacokinetics to justify a controlled Phase II clinical trial. We have announced that we will begin Phase II trials at Massachusetts General Hospital to assess its efficacy in CAD subjects; and expect enrollment to commence in 2016.

CardioPET (18-F FCPHA)

Our CardioPET program employs Trans-9-[18F]-Fluoro-3, 4-Methyleneheptadecanoic Acid (18-F FCPHA) as a molecular imaging agent designed to assess myocardial blood flow and metabolism in patients with CAD, including patients unable to perform exercise cardiac stress-testing. 18-F FCPHA allows for the potential detection of ischemic (i.e. reversible and viable) and infarcted (i.e. irreversibly damaged) myocardial tissue in patients with presumptive or proven acute and chronic CAD and related cardiac diseases.

In addition, 18-F FCPHA could be useful for assessing myocardial viability for the prediction of improvement prior to and/or following revascularization in patients with acute CAD, including myocardial infarction (heart attack). 18-F FCPHA allows for the identification of compromised but viable heart tissue, which is important since revascularization in those patients with substantial viable myocardium results in improved left ventricular function and survival. Importantly, 18-F FCPHA, if approved, may have several significant advantages for assessing cardiac viability using PET, and would likely represent the first imaging agent available in the U.S. for use in patients with chronic CAD and underlying metabolic disorders. 18-F FCPHA is designed to provide the fatty-acid metabolic component for assessing myocardial metabolism and viability, which play a central role in the progression of diabetes and heart failure.

The safety and tolerability of 18-F FCPHA have been demonstrated in a Phase I trial conducted at the Massachusetts General Hospital. Enrollment in a Phase IIa trial has been completed at four sites in Belgium to assess its safety and efficacy in CAD patients. This Phase IIa study was an open label trial designed to assess the safety and diagnostic performance of 18-F FCPHA compared with standard-of-care myocardial perfusion imaging, and angiography as a gold standard of epicardial coronary artery disease. Specifically, the Phase IIa trial consisted of approximately 30 individuals with known or suspected stable chronic CAD who underwent imaging at rest and after pharmacologic and exercise stress-testing for the evaluation of suspected or proven CAD. Interim safety and imaging results were presented in February 2014, and the final safety and efficacy analysis is ongoing. The enrollment for the Phase IIa clinical trial of CardioPET was closed in December 2014.

Recent Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15 “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern.” The core principle of the guidance is that an entity’s management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. When management identifies conditions or events that raise substantial doubt about an entity’s ability to continue as a going concern, management should consider whether its plans that are intended to mitigate those relevant conditions or events that will alleviate the substantial doubt are adequately disclosed in the footnotes to the financial statements. This guidance will be effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter.

In November 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-17, “Balance Sheet Classification of Deferred Taxes” (“ASU 2015-17”) which requires that deferred tax liabilities and assets be classified as noncurrent on the balance sheet. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by this guidance. ASU 2015-17 is effective for annual and interim periods beginning after December 15, 2016 but early application is permitted and the guidance may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented.

In April 2015, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2015-03, 'Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs”. ASU 2015-03 is intended to simplify the presentation of debt issuance costs. These amendments require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. This new guidance is effective for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. The Company adopted ASU 2015-03 on January 1, 2016 and applied the standard retrospectively.

In January 2015, FASB issued ASU 2015-01 “Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items”. This ASU removes the concept of an extraordinary item. Subtopic 225-20, Income Statement - Extraordinary and Unusual Items, required that an entity separately classify, present, and disclose extraordinary events and transactions. Presently, an event or transaction is presumed to be an ordinary and usual activity of the reporting entity unless evidence clearly supports its classification as an extraordinary item. If an event or transaction meets the criteria for extraordinary classification, an entity is required to segregate the extraordinary item from the results of ordinary operations and show the item separately in the income statement, net of tax, after income from continuing operations. The entity also is required to disclose applicable income taxes and either present or disclose earnings-per-share data applicable to the extraordinary item. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company adopted this standard on January 1, 2016. The adoption of this ASU did not have a material impact on the Company’s condensed consolidated financial statements

In February 2016, the FASB issued ASU 2016-02, “Leases”, which requires a lessee to recognize lease liabilities for the lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and right-of-use assets, representing the lessee’s right to use, or control the use of, specified assets for the lease term. Additionally, the new guidance has simplified accounting for sale and leaseback transactions. Lessor accounting is largely unchanged. The ASU is effective for fiscal years beginning after December 15, 2018. Early application is permitted. The Company is currently evaluating the impact of adopting this ASU on the financial statements.

In March 2016, the FASB issued ASU No. 2016-09, “Compensation – Stock Compensation”. The areas for simplification in this update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, the amendments in this update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The Company is currently evaluating the impact of adopting this ASU on the financial statements.

On August 26, 2016, the FASB issued ASU No. 2016-15 “Statement of Cash Flows (Topic 230 *)”,* a consensus of the FASB’s Emerging Issues Task Force. The new guidance is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. For public business entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, provided that all of the amendments are adopted in the same period. The guidance requires application using a retrospective transition method. The Company is currently evaluating the impact of adopting this ASU on the financial statements.

Management does not expect any other recently issued, but not yet effective, accounting standards to have a material effect on its results of operations or financial condition.

Critical Accounting Policies

This summary of significant accounting policies is presented to assist in understanding our consolidated financial statements. The consolidated financial statements and notes are representations of our management, which is responsible for their integrity and objectivity. These accounting policies conform to U.S. GAAP and have been consistently applied in the preparation of the financial statements.

Intangible Assets

Our intangible assets consist of technology licenses and are carried at the legal cost to obtain them. Intangible assets are amortized using the straight-line method over the estimated useful life. Useful lives on technology licenses are 5 to 15 years.

Impairments

We assess the impairment of its intangible assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable in accordance with ASC Topic 360-10-35, "Impairment or Disposal of Long-Lived Assets." The determination of related estimated useful lives and whether or not these assets are impaired involves significant judgments, related primarily to the future profitability and/or future value of the assets. We record an impairment charge if it believes an investment has experienced a decline in value that is other than temporary.

We have determined that no impairments were required as of September 30, 2016 and December 31, 2015, respectively.

Fair Value of Financial Instruments

We group our assets and liabilities measured at fair value, in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Financial instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

The three levels of the fair value hierarchy are as follows:

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial instrument.

We recognize transfers between levels at the end of the reporting period as if the transfers occurred on the last day of the reporting period.

License Revenue Policy

From time to time we enter into licensing agreements, the terms of which may include grants of licenses, or options to obtain licenses, to our intellectual property and research and development activities. Payments under these arrangements typically include one or more of the following: non-refundable, up-front license fees; funding of research and/or development efforts; amounts due upon the achievement of specified objectives; and/or royalties on future product sales.

We recognize milestone payments as revenue in their entirety upon the achievement of a substantive milestone if the consideration earned from the achievement of the milestone (i) is consistent with performance required to achieve the milestone or the increase in value to the delivered item, (ii) relates solely to past performance and (iii) is reasonable relative to all of the other deliverables and payments within the arrangement. Amounts received contractually designated to fund further research are recorded as a reduction to research and development expenses when we have satisfied all performance obligations to the licensee and expenses for specified development activities have been incurred.

RESULTS OF OPERATIONS

General

To date, we have not generated any revenues from operations and at September 30, 2016, we had an accumulated deficit of approximately $34.9 million, primarily as a result of research and development, or R&D, expenses and general and administrative, or G&A, expenses. While we may in the future generate revenue from a variety of sources, including license fees, research and development payments in connection with strategic partnerships and/or government grants, our product candidates are at an early stage of development and may never be successfully developed or commercialized. Accordingly, we expect to continue to incur substantial losses from operations for the foreseeable future and there can be no assurance that we will ever generate significant revenues.

R&D Expenses

Conducting R&D is central to our business. R&D expenses consist primarily of:

- employee-related expenses, which include salaries and benefits, and rent expense;
- license fees and annual payments related to in-licensed products and intellectual property;
- expenses incurred under agreements with clinical research organizations, investigative sites and consultants that conduct or provide other services relating to our clinical trials and a substantial portion of our preclinical activities;
- the cost of acquiring clinical trial materials from third party manufacturers; and
- costs associated with non-clinical activities, patent filings and regulatory filings.

We expect to continue to incur substantial expenses related to our R&D activities for the foreseeable future as we continue product development. Since product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later stage clinical trials, we expect that our R&D expenses will increase in the future. In addition, if our product development efforts are successful, we expect to incur substantial costs to prepare for potential commercialization of any late-stage product candidates and, in the event one or more of these product candidates receive regulatory approval, to fund the launch of the product.

G&A Expenses

G&A expenses consist principally of personnel-related costs, professional fees for legal, consulting and audit services, rent and other general operating expenses not otherwise included in R&D. We anticipate G&A expenses will increase in future periods, reflecting continued and increasing costs associated with:

- support of our expanded R&D activities;
- an expanding infrastructure and increased professional fees and other costs associated with the compliance with the Exchange Act, the Sarbanes-Oxley Act and stock exchange regulatory requirements and compliance; and
- business development and financing activities.

Comparison of Three and Nine Months Ended September 30, 2016 and 2015

G&A expenses were $341,457 and $492,974 for the three months ended September 30, 2016 and 2015, respectively. The 30.7% decrease was due primarily to a decrease in legal costs related to litigation and financings, reduced investor relations activities, as well as a general decrease in operating expenses. G&A expenses were $1,273,468 and $1,773,996 for the nine months ended September 30, 2016 and 2015, respectively. The 28.2% decrease was due primarily to a decrease in legal costs related to litigation and financings, reduced investor relations activities, as well as a general decrease in operating expenses. We expect G&A expenses to increase going forward as we proceed to advance our product candidates through the development and regulatory process.

R&D expenses were $(21,836) and $291,618 for the three months ended September 30, 2016 and 2015, respectively. The 107.5 % decrease was due primarily to the reimbursement of certain R&D expenses as a result of the Company's license agreement with Sinotau USA, Inc. R&D expenses were $407,491 and $576,824 for the nine months ended September 30, 2016 and 2015, respectively. The 29.4% decrease was due primarily to the reimbursement of certain R&D expenses as a result of the Company's license agreement with Sinotau USA, Inc. We expect R&D expenses to increase in future periods as our product candidates continue through clinical trials and we seek strategic collaborations.

Other (expense) income, net was $703,728 and $889,500 for the three months ended September 30, 2016 and 2015, respectively. Other (expense) income, net was $(241,668) and $453,592 for the nine months ended September 30, 2016 and 2015, respectively. For the three months ended September 30, 2016, other expense, net consisted primarily of gain on the settlement of accounts payable of approximately $84,482 and a gain on revaluation and modification of the Company's derivative liability of approximately $832,138 and interest offset by other expense of $212,892, which primarily related to the interest expense on convertible notes payable. For the three months ended September 30, 2015, other income, net consisted primarily of gain on revaluation and modification of the Company's derivative liability of $1,130,351 and interest and other expense of $240,851 which primarily related to issuance of notes payable.

For the nine months ended September 30, 2016, other expenses, net consisted primarily of loss on debt extinguishment of approximately $995,735 and a gain on revaluation and modification of the Company's derivative liability of approximately $1,713,693 and interest and other expense of approximately $1,065,514, which primarily related to the interest expense on convertible notes payable. In addition, for the nine months ended September 30, 2016, we recorded a gain on settlements of accounts payable of approximately $105,888. For the nine months ended September 30, 2015, other income, net consisted primarily of realized and unrealized losses on trading securities of approximately $3,960 and a gain on revaluation and modification of the Company's derivative warrant liability of approximately $856,327 and interest and other expense of $398,775, which primarily related to the issuance of notes payable.

Liquidity and Capital Resources

We have experienced net losses and negative cash flows from operations since our inception. We have sustained cumulative losses attributable to common stockholders of approximately $34.9 million as of September 30, 2016. We have historically financed our operations through issuances of equity and the proceeds of debt instruments. In the past, we have also provided for our cash needs by issuing common stock, options and warrants for certain operating costs, including consulting and professional fees. During the nine months ended September 30, 2016, we issued convertible promissory notes and other short term notes payable to a certain accredited investors and received gross proceeds of $510,000.

At September 30, 2016, we had cash, cash equivalents of approximately $30,000. We continue to actively pursue various funding options, including equity offerings, to obtain additional funds to continue our product development activities beyond such date. We will seek funds through equity or debt financings, collaborative or other arrangements with corporate sources, or through other sources. Adequate additional funding may not be available to us on acceptable terms or at all. If adequate funds are not available to us, we will be required to delay, curtail or eliminate one or more of our research and development programs.

During the year ended December 31, 2015, we issued convertible promissory notes to certain accredited investors and received gross proceeds of $2,980,005. In addition, during the year ended December 31, 2015, we received gross proceeds of $365,000 from the issuance of short-term notes payable and $35,970 from the sale of freely tradable securities received pursuant to the issuance and sale in a private placement of promissory notes.

Cash Flows for the Nine Months Ended September 30, 2016 and 2015

Net cash used in operating activities for the nine months ended September 30, 2016 was $763,882, which primarily reflected our net loss of $1,922,627 including a non-cash gain on revaluation of the derivative liability of $1,713,693, offset by other non-cash expenses of $1,711,221 and changes in the components of working capital of $1,161,217. Net cash used in operating activities for the nine months ended September 30, 2015 was $1,709,450, which primarily reflected our net loss of $1,897,228, including a non-cash gain on revaluation of the derivative liability of $856,327, offset by other non-cash expenses of $429,517 and changes in the components of working capital of $614,588.

Net cash provided by investing activities was $1,293 for the nine months ended September 30, 2016, which reflected the purchase of the office equipment. Net cash provided by investing activities was $35,970 for the nine months ended September 30, 2015, which reflected the proceeds from the sale of trading securities.

For the nine months ended September 30, 2016, net cash provided by financing activities was $501,830, which reflects net proceeds related to the issuance of convertible notes payable. For the nine months ended September 30, 2015, net cash provided by financing activities was $2,722,457, which reflects net proceeds related to the issuance of notes payable.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

At the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our chief executive officer and chief financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting during our second fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not aware of any material, active, pending or threatened proceeding, nor are we, or any subsidiary, involved as a plaintiff or defendant in any other material proceeding or pending litigation.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from those previously disclosed in the Company's Annual Report on Form 10-K, initially filed with the SEC on March 30, 2016, except for the following risk factor:

If the Company is unable to continue as a going concern, its securities will have little or no value.

The report of the Company's independent registered public accounting firm that accompanies the Company's audited consolidated financial statements for the year ended December 31, 2015 contains a going concern qualification in which such firm expressed substantial doubt about the Company's ability to continue as a going concern. As of December 31, 2015, we had an accumulated deficit of approximately $32.6 million. The Company believes it will have sufficient cash to fund its operations through November 2016. The Company continues to pursue various funding options and will make every effort to raise the necessary capital. The continuation of the Company as a going concern is dependent upon continued financial support from its shareholders, the ability of the Company to obtain necessary equity and/or debt financing to continue operations, and the attainment of profitable operations. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The Company cannot make any assurances that additional financings will be completed on a timely basis, on acceptable terms or at all. If the Company is unable to complete a debt or equity offering, or otherwise obtain sufficient financing when and if needed, it would negatively impact it's business and operations, which could cause the price of its common stock to decline. It could also lead to the reduction or suspension of the Company's operations and ultimately force the Company to go out of business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Copies of the following documents are included as exhibits to this report pursuant to Item 601 of Regulation S-K.

Exhibit No.	Title of Document
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document*
101.SCH	XBRL Schema Document*
101.CAL	XBRL Calculation Linkbase Document*
101.LAB	XBRL Label Linkbase Document*
101.PRE	XBRL Presentation Linkbase Document*
101.DEF	XBRL Definition Linkbase Document*

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.*

SIGNATURES

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 thereunto duly authorized.

FluoroPharma Medical, Inc.

Date: November 14, 2016

/s/ Thomas H. Tulip
Thomas H. Tulip, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2016

/s/ Tamara Rhein
Tamara Rhein
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended

I, Thomas H. Tulip, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of FluoroPharma Medical, Inc. (the "Registrant");

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Thomas H. Tulip
Thomas H. Tulip, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2016

Exhibit 31.2

Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended

I, Tamara Rhein, certify that:

1.I have reviewed this Quarterly Report on Form 10-Q of FluoroPharma Medical, Inc. (the "Registrant");

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5.The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Tamara Rhein
Tamara Rhein
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 14, 2016

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of FluoroPharma Medical, Inc. a Nevada corporation (the "Company"), on Form 10-Q for the quarterly period ending September 30, 2016 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas H. Tulip, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350), that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas H. Tulip
Thomas H. Tulip, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2016

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of FluoroPharma Medical, Inc. a Nevada corporation (the "Company"), on Form 10-Q for the quarterly period ending September 30, 2016 as filed with the Securities and Exchange Commission (the "Report"), I, Tamara Rhein, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350), that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Tamara Rhein
Tamara Rhein
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 14, 2016