NEWMONT MINING CORP /DE/
Form 10-Q
October 27, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
Form 10-Q
(Mark One)

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

For the Quarterly Period Ended September 30, 2011
or

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

For the transition period from __________ to __________
Commission File Number: 001-31240
NEWMONT MINING CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**84-1611629**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
6363 South Fiddler s Green Circle Greenwood Village, Colorado	**80111**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant s telephone number, including area code (303) 863-7414

Indicate by check mark whether the registrant (1) has filed all 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. þ Yes o 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). þ Yes o 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12-b2 of the Exchange Act.

(Check one): Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company.)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b2 of the Exchange Act). o Yes þ No

There were 488,214,270 shares of common stock outstanding on October 20, 2011 (and 6,601,075 exchangeable shares).

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

NEWMONT MINING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in millions except per share)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Sales (Note 3)	$ 2,744	$ 2,597	$ 7,593	$ 6,992
Costs and expenses				
Costs applicable to sales [(1)] (Note 3)	1,008	891	2,865	2,608
Amortization	270	242	776	697
Reclamation and remediation (Note 4)	6	18	63	44
Exploration	104	67	255	163
Advanced projects, research and development (Note 5)	93	46	247	149
General and administrative	50	45	145	133
Other expense, net (Note 6)	36	50	196	200
	1,567	1,359	4,547	3,994
Other income (expense)				
Other income, net (Note 7)	(76)	5	3	97
Interest expense, net	(65)	(66)	(193)	(210)
	(141)	(61)	(190)	(113)
Income before income and mining tax and other items	1,036	1,177	2,856	2,885
Income and mining tax expense (Note 10)	(371)	(360)	(863)	(784)
Equity income (loss) of affiliates	10	(3)	12	(7)
Income from continuing operations	675	814	2,005	2,094
Loss from discontinued operations (Note 11)			(136)	
Net income	675	814	1,869	2,094
Net income attributable to noncontrolling interests (Note 12)	(182)	(277)	(475)	(629)
Net income attributable to Newmont stockholders	$ 493	$ 537	$ 1,394	$ 1,465
Net income attributable to Newmont stockholders:				
Continuing operations	$ 493	$ 537	$ 1,530	$ 1,465
Discontinued operations			(136)	
	$ 493	$ 537	$ 1,394	$ 1,465

Income per common share [2] (Note 13)								
Basic:								
Continuing operations	$	1.00	$	1.09	$	3.10	$	2.98
Discontinued operations						(0.28)		
	$	1.00	$	1.09	$	2.82	$	2.98
Diluted:								
Continuing operations	$	0.98	$	1.07	$	3.05	$	2.94
Discontinued operations						(0.27)		
	$	0.98	$	1.07	$	2.78	$	2.94
Cash dividends declared per common share	$	0.30	$	0.15	$	0.65	$	0.35

(1) Excludes *Amortization* and *Reclamation and remediation*.

(2) Attributable to Newmont stockholders.

The accompanying notes are an integral part of the condensed consolidated financial statements.

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NEWMONT MINING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

	Nine Months Ended September 30,	
	2011	**2010**
Operating activities:		
Net income	$ 1,869	$ 2,094
Adjustments:		
Amortization	776	697
Loss from discontinued operations	136	
Reclamation and remediation	63	44
Deferred income taxes	(106)	(52)
Stock based compensation and other non-cash benefits	62	54
Impairment of marketable securities	175	
Gain on asset sales, net	(68)	(54)
Other operating adjustments and write-downs	102	138
Net change in operating assets and liabilities (Note 25)	(343)	(586)
Net cash provided from continuing operations	2,666	2,335
Net cash used in discontinued operations	(4)	(13)
Net cash provided from operations	2,662	2,322
Investing activities:		
Additions to property, plant and mine development	(1,781)	(972)
Proceeds from sale of marketable securities	74	1
Purchases of marketable securities	(17)	(9)
Acquisitions, net	(2,301)	(2)
Proceeds from sale of other assets	6	53
Other	(9)	(73)
Net cash used in investing activities	(4,028)	(1,002)
Financing activities:		
Proceeds from debt, net	1,798	
Repayment of debt	(2,086)	(274)
Sale of noncontrolling interests		229
Acquisition of noncontrolling interests		(109)
Dividends paid to common stockholders	(321)	(172)
Dividends paid to noncontrolling interests	(17)	(360)
Proceeds from stock issuance, net	35	56
Change in restricted cash and other	3	46
Net cash used in financing activities	(588)	(584)
Effect of exchange rate changes on cash	33	

Net change in cash and cash equivalents		(1,921)		736
Cash and cash equivalents at beginning of period		4,056		3,215
Cash and cash equivalents at end of period	$	2,135	$	3,951

The accompanying notes are an integral part of the condensed consolidated financial statements.

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NEWMONT MINING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in millions)

	At September 30, 2011	At December 31, 2010
ASSETS		
Cash and cash equivalents	$ 2,135	$ 4,056
Trade receivables	312	582
Accounts receivable	259	88
Investments (Note 19)	94	113
Inventories (Note 20)	720	658
Stockpiles and ore on leach pads (Note 21)	627	617
Deferred income tax assets	425	177
Other current assets (Note 22)	1,788	962
Current assets	6,360	7,253
Property, plant and mine development, net	17,019	12,907
Investments (Note 19)	1,254	1,568
Stockpiles and ore on leach pads (Note 21)	2,096	1,757
Deferred income tax assets	1,629	1,437
Other long-term assets (Note 22)	781	741
Total assets	$ 29,139	$ 25,663
LIABILITIES		
Debt (Note 23)	$ 578	$ 259
Accounts payable	542	427
Employee-related benefits	269	288
Income and mining taxes	381	355
Other current liabilities (Note 24)	2,705	1,418
Current liabilities	4,475	2,747
Debt (Note 23)	3,659	4,182
Reclamation and remediation liabilities (Note 4)	1,031	984
Deferred income tax liabilities	2,592	1,488
Employee-related benefits	350	325
Other long-term liabilities (Note 24)	328	221
Total liabilities	12,435	9,947
Commitments and contingencies (Note 28)		
EQUITY		
Common stock	781	778
Additional paid-in capital	8,364	8,279
Accumulated other comprehensive income	462	1,108
Retained earnings	4,253	3,180

Newmont stockholders equity		13,860		13,345
Noncontrolling interests		2,844		2,371
Total equity		16,704		15,716
Total liabilities and equity	$	29,139	$	25,663

The accompanying notes are an integral part of the condensed consolidated financial statements.

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 1 BASIS OF PRESENTATION

The interim Condensed Consolidated Financial Statements (interim statements) of Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company) are unaudited. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with Newmont s Consolidated Financial Statements for the year ended December 31, 2010 filed February 24, 2011 on Form 10-K. The year-end balance sheet data was derived from the audited financial statements, but does not include all disclosures required by United States generally accepted accounting principles (GAAP).

References to A$ refer to Australian currency, C$ to Canadian currency, NZ$ to New Zealand currency and $ to United States currency.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Adopted Accounting Pronouncements

Business Combinations

In December 2010, *FASB Accounting Standards Codification* (ASC) guidance for business combinations was updated to clarify existing guidance which requires a public entity to disclose pro forma revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual period only. The update also expands the supplemental pro forma disclosures required to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. Adoption of the updated guidance, effective for the Company s fiscal year beginning January 1, 2011, had no impact on the Company s consolidated financial position, results of operations or cash flows.

Fair Value Accounting

In January 2010, ASC guidance for fair value measurements and disclosure was updated to require enhanced detail in the level 3 reconciliation. Adoption of the updated guidance, effective for the Company s fiscal year beginning January 1, 2011, had no impact on the Company s consolidated financial position, results of operations or cash flows. Refer to Note 17 for further details regarding the Company s assets and liabilities measured at fair value.

Recently Issued Accounting Pronouncements

Goodwill Impairment

In September 2011, ASC guidance was issued related to goodwill impairment. Under the updated guidance, an entity will have the option to first assess qualitatively whether it is necessary to perform the current two-step goodwill impairment test. If the Company believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The update does not change how the Company performs the two-step test under current guidance. The update is effective for the Company s fiscal year beginning January 1, 2012 with early adoption permitted. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

Comprehensive Income

In June 2011, ASC guidance was issued related to comprehensive income. Under the updated guidance, an entity will have the option to present the total of comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In addition, the update requires certain disclosure requirements when reporting other comprehensive income. The update does not change the items reported in other comprehensive income or when an item of other comprehensive income must be reclassified to income. The update is effective for the Company s fiscal year beginning January 1, 2012. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

Fair Value Accounting

In May 2011, ASC guidance was issued related to disclosures around fair value accounting. The updated guidance clarifies different components of fair value accounting including the application of the highest and best use and valuation premise concepts, measuring the fair value of an instrument classified in a reporting entity s shareholders equity and disclosing quantitative information about the unobservable inputs used in fair value measurements that are categorized in Level 3 of the fair value hierarchy. The update is effective for the Company s fiscal year beginning January 1, 2012. The Company does not expect the updated guidance to have a significant impact on the consolidated financial position, results of operations or cash flows.

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 3 SEGMENT INFORMATION

	Sales	Costs Applicable to Sales	Amortization	Advanced Projects and Exploration	Pre-Tax Income
Three Months Ended September 30, 2011					
Nevada	$ 712	$ 267	$ 69	$ 39	$ 333
La Herradura	92	31	6	5	54
Hope Bay			3	51	(54)
Other North America				1	(2)
North America	804	298	78	96	331
Yanacocha	544	194	67	8	280
Other South America				22	(21)
South America	544	194	67	30	259
Boddington:					
Gold	245	112	28	N/A	N/A
Copper	40	28	6	N/A	N/A
Total	285	140	34	3	124
Batu Hijau:					
Gold	198	58	14	N/A	N/A
Copper	233	73	16	N/A	N/A
Total	431	131	30	2	258
Other Australia/New Zealand	437	174	36	14	218
Other Asia Pacific			1	5	3
Asia Pacific	1,153	445	101	24	603
Ahafo	243	71	19	11	134
Other Africa				4	(6)
Africa	243	71	19	15	128

Corporate and Other			5	32	(285)
Consolidated	$ 2,744	$ 1,008	$ 270	$ 197	$ 1,036

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

	Sales	Costs Applicable to Sales	Amortization	Advanced Projects and Exploration	Pre-Tax Income
Three Months Ended September 30, 2010					
Nevada	$ 568	$ 259	$ 68	$ 27	$ 204
La Herradura	52	20	5	2	25
Hope Bay			4	20	(23)
Other North America					(1)
North America	620	279	77	49	205
Yanacocha	436	149	42	6	221
Other South America				11	(11)
South America	436	149	42	17	210
Boddington:					
Gold	181	91	25	N/A	N/A
Copper	38	19	5	N/A	N/A
Total	219	110	30	1	46
Batu Hijau:					
Gold	260	47	12	N/A	N/A
Copper	543	96	26	N/A	N/A
Total	803	143	38	1	607
Other Australia/New Zealand	351	153	26	10	149
Other Asia Pacific			1	5	(9)
Asia Pacific	1,373	406	95	17	793
Ahafo	168	57	22	9	87
Other Africa				1	(2)
Africa	168	57	22	10	85
Corporate and Other			6	20	(116)

Consolidated	$	2,597	$	891	$	242	$	113	$	1,177

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

	Sales	Costs Applicable to Sales	Amortization	Advanced Projects and Exploration	Pre-Tax Income	Total Assets	Capital Expenditures[1]
Nine Months Ended September 30, 2011							
Nevada	$ 1,823	$ 763	$ 197	$ 94	$ 744	$ 6,820	$ 380
La Herradura	238	76	15	14	134	308	55
Hope Bay			10	147	(157)	2,163	74
Other North America				2	43	63	
North America	2,061	839	222	257	764	9,354	509
Yanacocha	1,430	537	186	25	661	2,683	244
Other South America				46	(47)	812	448
South America	1,430	537	186	71	614	3,495	692
Boddington:							
Gold	746	329	87	N/A	N/A	N/A	N/A
Copper	147	83	20	N/A	N/A	N/A	N/A
Total	893	412	107	6	368	4,439	122
Batu Hijau:							
Gold	430	122	28	N/A	N/A	N/A	N/A
Copper	844	241	54	N/A	N/A	N/A	N/A
Total	1,274	363	82	3	767	3,690	149
Other Australia/New Zealand	1,227	498	102	36	583	1,169	212
Other Asia Pacific			2	11	(31)	415	8
Asia Pacific	3,394	1,273	293	56	1,687	9,713	491
Ahafo	708	216	61	26	389	1,103	71
Other Africa				9	(14)	424	127
Africa	708	216	61	35	375	1,527	198

Corporate and Other			14	83	(584)	5,050	23
Consolidated	$ 7,593	$ 2,865	$ 776	$ 502	$ 2,856	$ 29,139	$ 1,913

(1) Includes an increase in accrued capital expenditures of $132; consolidated capital expenditures on a cash basis were $1,781.

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

	Sales	Costs Applicable to Sales	Amortization	Advanced Projects and Exploration	Pre-Tax Income	Total Assets	Capital Expenditures[1]
Nine Months Ended September 30, 2010							
Nevada	$ 1,540	$ 756	$ 194	$ 64	$ 495	$ 3,306	$ 200
La Herradura	149	52	13	5	79	198	33
Hope Bay			10	70	(80)	2,046	88
Other North America				1	(4)	51	
North America	1,689	808	217	140	490	5,601	321
Yanacocha	1,321	442	119	17	686	2,645	109
Other South America				26	(26)	256	86
South America	1,321	442	119	43	660	2,901	195
Boddington:							
Gold	582	284	81	N/A	N/A	N/A	N/A
Copper	117	68	18	N/A	N/A	N/A	N/A
Total	699	352	99	5	206	4,181	106
Batu Hijau:							
Gold	595	123	34	N/A	N/A	N/A	N/A
Copper	1,256	261	72	N/A	N/A	N/A	N/A
Total	1,851	384	106	1	1,284	3,281	48
Other Australia/New Zealand	973	446	82	21	417	913	111
Other Asia Pacific			2	15		388	11
Asia Pacific	3,523	1,182	289	42	1,907	8,763	276
Ahafo	459	176	58	15	203	1,039	80
Other Africa				7	(7)	269	49

Africa	459	176	58	22	196	1,308	129
Corporate and Other			14	65	(368)	5,803	23
Consolidated	$ 6,992	$ 2,608	$ 697	$ 312	$ 2,885	$ 24,376	$ 944

(1) Includes a decrease in accrued capital expenditures of $28; consolidated capital expenditures on a cash basis were $972.

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 4 RECLAMATION AND REMEDIATION

At September 30, 2011 and December 31, 2010, $922 and $904, respectively, were accrued for reclamation obligations relating to mineral properties. In addition, the Company is involved in several matters concerning environmental obligations associated with former, primarily historic, mining activities. Generally, these matters concern developing and implementing remediation plans at the various sites involved. At September 30, 2011 and December 31, 2010, $166 and $144, respectively, were accrued for such obligations. These amounts are also included in *Reclamation and remediation liabilities*.

The following is a reconciliation of *Reclamation and remediation liabilities*:

	Nine Months Ended September 30,	
	2011	2010
Balance at beginning of period	$ 1,048	$ 859
Additions, changes in estimates and other	20	1
Liabilities settled	(24)	(32)
Accretion expense	44	39
Balance at end of period	$ 1,088	$ 867

The current portion of *Reclamation and remediation liabilities* of $57 and $64 at September 30, 2011 and December 31, 2010, respectively, are included in *Other current liabilities* (see Note 24).

The Company s reclamation and remediation expenses consisted of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Reclamation	$ (9)	$ 5	$ 19	$ 5
Accretion operating	13	11	38	33
Accretion non-operating	2	2	6	6
	$ 6	$ 18	$ 63	$ 44

NOTE 5 ADVANCED PROJECTS, RESEARCH AND DEVELOPMENT

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Hope Bay	$ 36	$ 13	$ 115	$ 48
Conga	9	2	15	5
Akyem	2		3	4
Technical and project services	20	12	53	35
Corporate	7	4	16	25
Other	19	15	45	32
	$ 93	$ 46	$ 247	$ 149

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 6 OTHER EXPENSE, NET

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Regional administration	$ 18	$ 16	$ 55	$ 47
Community development	6	20	46	95
Fronteer acquisition costs	1		22	
Indonesian value added tax settlement			21	
Western Australia power plant	3		12	7
Other	8	14	40	51
	$ 36	$ 50	$ 196	$ 200

NOTE 7 OTHER INCOME, NET

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Gain on sale of investments, net	$ 14	$ 5	$ 64	$ 12
Income from developing projects, net	16	13	36	13
Canadian Oil Sands	9	14	25	39
Foreign currency exchange gain (loss), net	39	(44)	10	(48)
Interest income	2	3	8	8
Gain on asset sales, net	1		4	42
Loss on ineffective portion of derivative instruments, net	(10)		(12)	(1)
Impairment of marketable securities	(174)		(175)	
Other	27	14	43	32
	$ (76)	$ 5	$ 3	$ 97

NOTE 8 EMPLOYEE PENSION AND OTHER BENEFIT PLANS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Pension benefit costs, net				
Service cost	$ 7	$ 5	$ 19	$ 16
Interest cost	9	9	29	27
Expected return on plan assets	(10)	(8)	(31)	(24)
Amortization, net	5	5	17	14
	$ 11	$ 11	$ 34	$ 33

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011		2010		2011		2010	
Other benefit costs, net								
Service cost	$	1	$	1	$	2	$	2
Interest cost		2		1		4		4
Amortization, net		(1)				(1)		
	$	2	$	2	$	5	$	6

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 9 STOCK BASED COMPENSATION

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Stock options	$ 5	$ 3	$ 15	$ 12
Restricted stock units	4	4	21	12
Performance leveraged stock units	3	1	7	7
Restricted stock		1		2
Deferred stock		2	3	7
	$ 12	$ 11	$ 46	$ 40

NOTE 10 INCOME AND MINING TAXES

During the third quarter of 2011, the Company recorded estimated income and mining tax expense of $371 resulting in an effective tax rate of 36%. Estimated income and mining tax expense during the third quarter of 2010 was $360 for an effective tax rate of 31%. The higher effective tax rate in the third quarter of 2011 resulted from recording a valuation allowance on the deferred tax asset that was generated as a result of the impairment loss on specific marketable equity securities, as well as the change in the jurisdictional blend of the Company s taxable income and the effect of percentage depletion. During the first nine months of 2011, estimated income and mining tax expense was $863 resulting in an effective tax rate of 30%. Estimated income and mining tax expense during the first nine months of 2010 was $784 for an effective tax rate of 27%. The higher effective tax rate in the first nine months of 2011 was due to recording a valuation allowance related to the impairment loss on specific marketable equity securities as well as a large benefit in the prior year resulting from the restructuring of the form of the Company s non-US subsidiaries.

The Company operates in numerous countries around the world and accordingly it is subject to, and pays annual income taxes under, the various income tax regimes in the countries in which it operates. Some of these tax regimes are defined by contractual agreements with the local government, and others are defined by the general corporate income tax laws of the country. The Company has historically filed, and continues to file, all required income tax returns and pay the income taxes reasonably determined to be due. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time the Company is subject to a review of its historic income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Company s business conducted within the country involved.

During the quarter, the U.S. Internal Revenue Service issued a Technical Advice Memorandum (TAM) to the Company regarding the U.S. income tax treatment of the Price Capped Forward Sales Contracts settled in cash in 2007. The TAM provides guidance which is unfavorable to the Company. The Company intends to vigorously defend its positions through all processes available to it and believes it should prevail.

At September 30, 2011, the Company s total unrecognized tax benefit was $111 for uncertain income tax positions taken or expected to be taken on income tax returns. Of this, $44 represents the amount of unrecognized tax benefits that, if recognized, would affect the Company s effective income tax rate.

As a result of the statute of limitations that expire in the next 12 months in various jurisdictions, and possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will decrease by approximately $5 to $10 in the next 12 months.

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The Company s income and mining tax expense differed from the amounts computed by applying the United States statutory corporate income tax rate for the following reasons:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Income before income and mining tax and other items	$ 1,036	$ 1,177	$ 2,856	$ 2,885
United States statutory corporate income tax rate	35%	35%	35%	35%
Income and mining tax expense computed at United States statutory corporate income tax rate	(363)	(412)	(1,000)	(1,010)
Reconciling items:				
Tax benefit generated on change in form of a non-U.S. subsidiary			65	127
Percentage depletion	45	34	156	88
Valuation allowance	(38)		(38)	5
Other	(15)	18	(46)	6
Income and mining tax expense	$ (371)	$ (360)	$ (863)	$ (784)

NOTE 11 DISCONTINUED OPERATIONS

Discontinued operations include Holloway Mining Company, which owned the Holt-McDermott property (Holt property) and was sold to St. Andrew Goldfields Ltd. (St. Andrew) in 2006. In 2009, the Superior Court issued a decision finding Newmont Canada Corporation (Newmont Canada) liable for a sliding scale royalty on production from the Holt property, which Newmont Canada appealed. In December 2010, the Company recognized a $28 charge, net of tax benefits of $12, related to these legal claims. In May 2011, the Ontario Court of Appeal upheld the Superior Court ruling resulting in an additional $136 charge, net of tax benefits of $7, in the second quarter.

Net operating cash used in discontinued operations was $4 and $13 in the first nine months of 2011 and 2010, respectively. In 2011, Newmont Canada made payments related to the Holt property royalty and the 2010 amount related to the Kori Kollo operation in Bolivia which was sold in 2009.

NOTE 12 NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Batu Hijau	$ 85	$ 203	$ 251	$ 405
Yanacocha	94	72	226	223
Other	3	2	(2)	1
	$ 182	$ 277	$ 475	$ 629

At September 30, 2011, Newmont had a 48.5% effective economic interest in PT Newmont Nusa Tenggara (PTNNT). PTNNT operates the Batu Hijau copper and gold mine in Indonesia. Based on ASC guidance for variable interest

entities, Newmont continues to consolidate PTNNT in its Condensed Consolidated Financial Statements.
Newmont has a 51.35% ownership interest in Minera Yanacocha S.R.L. (Yanacocha), with the remaining interests held by Compañia de Minas Buenaventura, S.A.A. (43.65%) and the International Finance Corporation (5%).

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NOTE 13 INCOME PER COMMON SHARE

Basic income per common share is computed by dividing income available to Newmont common stockholders by the weighted average number of common shares outstanding during the period. Diluted income per common share is computed similarly to basic income per common share except that weighted average common shares is increased to include the potential issuance of dilutive common shares.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income attributable to Newmont stockholders				
Continuing operations	$ 493	$ 537	$ 1,530	$ 1,465
Discontinued operations			(136)	
	$ 493	$ 537	$ 1,394	$ 1,465
Weighted average common shares (millions):				
Basic	494	493	494	492
Effect of employee stock-based awards	2	1	1	1
Effect of convertible notes	8	8	7	5
Diluted	504	502	502	498
Net income attributable to Newmont stockholders per common share				
Basic:				
Continuing operations	$ 1.00	$ 1.09	$ 3.10	$ 2.98
Discontinued operations			(0.28)	
	$ 1.00	$ 1.09	$ 2.82	$ 2.98
Diluted:				
Continuing operations	$ 0.98	$ 1.07	$ 3.05	$ 2.94
Discontinued operations			(0.27)	
	$ 0.98	$ 1.07	$ 2.78	$ 2.94

Options to purchase 3 and 2 million shares of common stock at average exercise prices of $57 and $57 were outstanding at September 30, 2011 and 2010, respectively, but were not included in the computation of diluted weighted average common shares because their effect would have been anti-dilutive.

In February 2009 and July 2007, Newmont issued $518 and $1,150, respectively, of Convertible Senior Notes that, if converted in the future, may have a dilutive effect on the Company s weighted average number of common shares. The notes issued in 2009 and 2007 are convertible, at the holder s option, equivalent to a conversion price of $45.90 and

$45.86, respectively, per share of common stock. Under the convertible note indenture, Newmont is required to settle the principal amount of the Convertible Senior Notes in cash and may elect to settle the remaining conversion obligation (Newmont average share price in excess of the conversion price), if any, in cash, shares or a combination thereof. The effect of contingently convertible instruments on diluted earnings per share is calculated under the net share settlement method in accordance with ASC guidance. The average price of the Company s common stock exceeded the conversion prices for all periods presented, resulting in additional shares included in the computation of diluted weighted average common shares.

In connection with the 2007 Convertible Senior Notes offering, the Company entered into Call Spread Transactions which included the purchase of call options and the sale of warrants. As a result of the Call Spread Transactions, the conversion price of $45.86 was effectively increased to $59.81. Should the warrant transactions become dilutive to the Company s earnings per share (Newmont s average share price exceeds $59.81) the effect of the warrant transactions on diluted earnings per share will be calculated in accordance with the net share settlement method.

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The *Net income attributable to Newmont stockholders* and transfers with noncontrolling interests was:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income attributable to Newmont stockholders	$ 493	$ 537	$ 1,394	$ 1,465
Transfers with noncontrolling interests:				
Increase (decrease) in Additional paid in capital from PTNNT share transactions, net of tax of $7 and $40, respectively		(7)		9
Net income attributable to Newmont stockholders and transfers from noncontrolling interests	$ 493	$ 530	$ 1,394	$ 1,474

NOTE 14 COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	$ 675	$ 814	$ 1,869	$ 2,094
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on marketable securities	(270)	58	(345)	30
Foreign currency translation adjustments	(163)	34	(36)	35
Pension and other benefit liability adjustments	3	3	11	8
Change in fair value of cash flow hedge instruments:				
Net change from periodic revaluations	(389)	163	(172)	120
Net amount reclassified to income	(32)	(15)	(104)	(50)
Net unrecognized gain (loss) on derivatives	(421)	148	(276)	70
	(851)	243	(646)	143
Comprehensive income (loss)	$ (176)	$ 1,057	$ 1,223	$ 2,237
Comprehensive income (loss) attributable to:				
Newmont stockholders	$ (355)	$ 779	$ 748	$ 1,607
Noncontrolling interests	179	278	475	630

$ (176)	$ 1,057	$ 1,223	$ 2,237

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NOTE 15 CHANGES IN EQUITY

	Nine Months Ended September 30,	
	2011	**2010**
Common stock:		
At beginning of period	$ 778	$ 770
Stock based awards	3	4
Shares issued in exchange for exchangeable shares		4
At end of period	781	778
Additional paid-in capital:		
At beginning of period	8,279	8,158
Stock based awards	86	97
Shares issued in exchange for exchangeable shares	(1)	(4)
Sale of noncontrolling interests		9
At end of period	8,364	8,260
Accumulated other comprehensive income:		
At beginning of period	1,108	626
Other comprehensive income	(646)	142
At end of period	462	768
Retained earnings:		
At beginning of period	3,180	1,149
Net income attributable to Newmont stockholders	1,394	1,465
Dividends paid	(321)	(172)
At end of period	4,253	2,442
Noncontrolling interests:		
At beginning of period	2,371	1,910
Net income attributable to noncontrolling interests	475	629
Dividends paid	(2)	(367)
Other comprehensive income		1
Sale of noncontrolling interests, net		98
At end of period	2,844	2,271
Total equity	$ 16,704	$ 14,519

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NOTE 16 ACQUISITIONS

On February 3, 2011, we announced an agreement with Fronteer Gold, Inc. (Fronteer) to acquire all of the outstanding common shares of Fronteer. On April 6, 2011, Newmont acquired 153 million common shares of Fronteer pursuant to the Company s offer. Under the Arrangement, shareholders of Fronteer received C$14.00 in cash and one-fourth common share in Pilot Gold, which retained certain exploration assets of Fronteer, for each common share of Fronteer. Fronteer owns, among other assets, the exploration stage Long Canyon project, which is located approximately one hundred miles from the Company s existing infrastructure in Nevada and provides the potential for significant development and operating synergies.

In connection with the acquisition, Newmont incurred transaction costs of $22, which were recorded in *Other Expense, net*.

The Fronteer purchase price of $2,259 was preliminarily allocated based on the estimated fair values of assets acquired and liabilities assumed at the April 6, 2011 acquisition date as follows:

Assets:		
Cash	$	2
Property, plant and mine development, net		3,208
Investments		281
Other assets		6
	$	3,497
Liabilities:		
Deferred income tax liability	$	1,223
Other liabilities		15
		1,238
Net assets acquired	$	2,259

The final allocation of the purchase price will be completed in the fourth quarter.

The pro forma impact of the acquisition on *Net Income* was not material as Fronteer was not in production.

NOTE 17 FAIR VALUE ACCOUNTING

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
Level 3	Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company s assets and liabilities measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy. As required by accounting guidance, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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	Fair Value at September 30, 2011			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	$ 94	$ 94	$	$
Marketable equity securities:				
Extractive industries	1,237	1,237		
Other	6	6		
Marketable debt securities:				
Asset backed commercial paper	18			18
Corporate	9	9		
Auction rate securities	5			5
Trade receivable from provisional copper and gold concentrate sales, net	201	201		
Derivative instruments, net:				
Foreign exchange forward contracts	50		50	
	$ 1,620	$ 1,547	$ 50	$ 23
Liabilities:				
Derivative instruments, net:				
Forward starting swap contracts	$ 356	$	$ 356	$
Boddington contingent consideration	61			61
Holt property royalty	179			179
	$ 596	$	$ 356	$ 240

The Company s cash equivalent instruments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The cash equivalent instruments that are valued based on quoted market prices in active markets are primarily money market securities and U.S. Treasury securities.

The Company s marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The securities are segregated based on industry. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company.

The Company s marketable debt securities include investments in auction rate securities and asset backed commercial paper. The Company reviews the fair value for auction rate securities and asset backed commercial paper on at least a quarterly basis. The auction rate securities are traded in markets that are not active, trade infrequently and have little price transparency. The Company estimated the fair value of the auction rate securities based on weighted average risk calculations using probabilistic cash flow assumptions. The Company estimated the fair value of the asset backed commercial paper using a probability of return to each class of notes reflective of information reviewed regarding the separate classes of securities. The auction rate securities and asset backed commercial paper are classified within Level 3 of the fair value hierarchy. The Company s corporate marketable debt securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy.

The Company s net trade receivable from provisional copper and gold concentrate sales, subject to final pricing, is valued using quoted market prices based on forward curves and, as such, is classified within Level 1 of the fair value hierarchy.

The Company s derivative instruments are valued using pricing models and the Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility, and correlations of such inputs. The Company s derivatives trade in liquid markets, and as such, model inputs can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy.

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The Company recorded a contingent consideration liability related to the 2009 acquisition of the final 33.33% interest in Boddington. The estimated value of the contingent consideration was determined using a valuation model which simulates future gold and copper prices and costs applicable to sales. The contingent consideration liability is classified within Level 3 of the fair value hierarchy.

The Company recorded a sliding scale royalty liability related to the divestiture of the Holt property. The estimated fair value of the liability was determined using a Monte Carlo valuation model to simulate future gold prices utilizing a $1,300 per ounce long-term assumption, various gold production scenarios based on publicly available reserve and resource information for the Holt property and a 4.2% weighted average discount rate. The contingent royalty liability is classified within Level 3 of the fair value hierarchy.

The table below sets forth a summary of changes in the fair value of the Company s Level 3 financial assets and liabilities for the nine months ended September 30, 2011:

	Auction Rate Securities	Asset Backed Commercial Paper	Total Assets	Boddington Contingent Consideration	Holt Property Royalty	Total Liabilities
Balance at beginning of period	$ 5	$ 19	$ 24	$ 83	$	$ 83
Unrealized loss		(1)	(1)			
Settlements				(22)	(4)	(26)
Valuation					183	183
Balance at end of period	$ 5	$ 18	$ 23	$ 61	$ 179	$ 240

Unrealized losses of $1 were included in *Accumulated other comprehensive income* as a result of changes in C$ exchange rates from January 1, 2011 to September 30, 2011. At September 30, 2011, assets and liabilities classified within Level 3 of the fair value hierarchy represent 1% and 40%, respectively, of total assets and liabilities measured at fair value.

NOTE 18 DERIVATIVE INSTRUMENTS

The Company s strategy is to provide shareholders with leverage to changes in gold and copper prices by selling its production at spot market prices. Consequently, the Company does not hedge its gold and copper sales. The Company continues to manage certain risks associated with commodity input costs, interest rates and foreign currencies using the derivative market. All of the derivative instruments described below were transacted for risk management purposes and qualify as cash flow or fair value hedges.

Cash Flow Hedges

The foreign currency, diesel and forward starting swap contracts are designated as cash flow hedges, and as such, the effective portion of unrealized changes in market value have been recorded in *Accumulated other comprehensive income* and are reclassified to income during the period in which the hedged transaction affects earnings. Gains and losses from hedge ineffectiveness are recognized in current earnings.

Foreign Currency Contracts

Newmont utilizes foreign currency contracts to reduce the variability of the US dollar amount of forecasted foreign currency expenditures caused by changes in exchange rates. Newmont hedges a portion of the Company s A$ and NZ$ denominated operating expenditures which results in a blended rate realized each period. The hedging instruments are fixed forward contracts with expiration dates ranging up to five years from the date of issue. The principal hedging

objective is reduction in the volatility of realized period-on-period $/A$ and $/NZ$ rates, respectively.
In June 2011, Newmont began hedging a portion of the Company s A$ denominated capital expenditures related to the construction of the Akyem project in Africa utilizing foreign currency contracts. The hedging instruments are fixed forward contracts with expiration dates ranging up to two years.

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In July 2011, Newmont began hedging a portion of the Company s A$ denominated capital expenditures related to the construction of a mine shaft at Tanami in Australia utilizing foreign currency contracts. The hedging instruments are fixed forward contracts with expiration dates ranging up to three years.

Newmont had the following foreign currency derivative contracts outstanding at September 30, 2011:

	Expected Maturity Date						
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**Total/ Average**
A$ Operating Fixed Forward Contracts:							
A$ notional (millions)	315	1,114	863	576	292	63	3,223
Average rate ($/A$)	0.87	0.90	0.91	0.89	0.86	0.90	0.90
Expected hedge ratio	84%	70%	53%	37%	19%	6%	
A$ Capital Fixed Forward Contracts:							
A$ notional (millions)	11	57	51	22			141
Average rate ($/A$)	1.03	1.01	0.98	0.96			0.99
Expected hedge ratio	55%	41%	28%	23%			
NZ$ Operating Fixed Forward Contracts:							
NZ$ notional (millions)	20	53	15				88
Average rate ($/NZ$)	0.73	0.75	0.78				0.75
Expected hedge ratio	64%	41%	15%				

Diesel Fixed Forward Contracts

Newmont hedges a portion of its operating cost exposure related to diesel consumed at its Nevada operations to reduce the variability in realized diesel prices. The hedging instruments consist of a series of financially settled fixed forward contracts with expiration dates ranging up to two years from the date of issue.

Newmont had the following diesel derivative contracts outstanding at September 30, 2011:

	Expected Maturity Date			
	2011	**2012**	**2013**	**Total/ Average**
Diesel Fixed Forward Contracts:				
Diesel gallons (millions)	6	18	4	28
Average rate ($/gallon)	2.61	2.77	2.96	2.76
Expected hedge ratio	58%	39%	10%	

Forward Starting Swap Contracts

During the three months ended September 30, 2011, Newmont increased its forward starting swaps position to a total notional value of $2,000. These swaps hedge movements in treasury rates related to an expected debt issuance. During the third quarter, the Company revised its expected debt issuance date to the first half of 2012 and extended the terms of the forward starting swap contracts resulting in the recognition of a $10 charge related to hedge ineffectiveness. At September 30, 2011, the hedge contracts were in a liability position of $356. The proceeds from the expected debt issuance will be adjusted by the fair value of the swap contracts at the time of issuance.

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Fair Value Hedges

Interest Rate Swap Contracts

Newmont had $222 fixed to floating swap contracts designated as a hedge against debt which matured in May 2011.

Derivative Instrument Fair Values

Newmont had the following derivative instruments designated as hedges at September 30, 2011 and December 31, 2010:

	Fair Value At September 30, 2011			
	Other Current Assets	Other Long-Term Assets	Other Current Liabilities	Other Long-Term Liabilities
Foreign currency exchange contracts:				
A$ operating fixed forward contracts	$ 88	$ 51	$ 51	$ 29
A$ capital fixed forward contracts			4	5
NZ$ operating fixed forward contracts	2		1	1
Diesel fixed forward contracts	5		3	2
Forward starting swap contracts			356	
Total derivative instruments (Note 22 and 24)	$ 95	$ 51	$ 415	$ 37

	Fair Value At December 31, 2010			
	Other Current Assets	Other Long-Term Assets	Other Current Liabilities	Other Long-Term Liabilities
Foreign currency exchange contracts:				
A$ operating fixed forward contracts	$ 181	114		
NZ$ operating fixed forward contracts	5	1		
Diesel fixed forward contracts	7	1		
Interest rate swap contracts	3			
Total derivative instruments (Note 22 and 24)	$ 196	$ 116	$	$

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The following tables show the location and amount of gains (losses) reported in the Company s Condensed Consolidated Financial Statements related to the Company s cash flow and fair value hedges and the gains (losses) recorded for the hedged item related to the fair value hedges.

	Foreign Currency Exchange Contracts		Diesel Forward Contracts		Forward Starting Swap Contracts	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
For the three months ended September 30,						
Cash flow hedging relationships:						
Gain (loss) recognized in other comprehensive income (effective portion)	$ (263)	$ 232	$ (7)	$ 5	$ (345)	$
Gain reclassified from Accumulated other comprehensive income into income (effective portion) [1]	50	18	3	1		
Loss reclassified from Accumulated other comprehensive income into income (ineffective portion) [2]					(10)	
For the nine months ended September 30,						
Cash flow hedging relationships:						
Gain (loss) recognized in other comprehensive income (effective portion)	$ (70)	$ 174	$ 3	$	$ (356)	$
Gain reclassified from Accumulated other comprehensive income into income (effective portion) [1]	141	63	12	3		
Loss reclassified from Accumulated other comprehensive income into income (ineffective portion) [2]					(10)	

(1) The gain for the effective portion of foreign exchange and diesel cash flow hedges reclassified from *Accumulated other comprehensive income* is included in *Costs applicable to sales*.

(2) The ineffective portion recognized for cash flow hedges is included in *Other Income, net*.

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	Interest Rate Swap Contracts		8 5/8% Debentures (Hedged Portion)	
	2011	2010	2011	2010
For the three months ended September 30,				
Fair value hedging relationships:				
Gain recognized in income (effective portion) [(1)]	$	$ 1	$	$ 2
Gain (loss) recognized in income (ineffective portion) [(2)]		(1)		1
For the nine months ended September 30,				
Fair value hedging relationships:				
Gain (loss) recognized in income (effective portion) [(1)]	$ 3	$ 4	$ (6)	$ 4
Gain (loss) recognized in income (ineffective portion) [(2)]	(2)	(3)		2

(1) The gain (loss) recognized for the effective portion of fair value hedges and the underlying hedged debt is included in *Interest expense*, *net*.

(2) The ineffective portion recognized for fair value hedges and the underlying hedged debt is included in *Other income*, *net*.

The amount to be reclassified from *Accumulated other comprehensive income*, net of tax to income for derivative instruments during the next 12 months is a gain of approximately $48.

Provisional Copper and Gold Sales

The Company s provisional copper and gold sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of the gold and copper concentrates at the prevailing indices prices at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked to market through earnings each period prior to final settlement.

London Metal Exchange (LME) copper prices averaged $4.07 per pound during the three months ended September 30, 2011, compared with the Company s recorded average provisional price of $3.91 per pound before mark-to-market losses and treatment and refining charges. LME copper prices averaged $4.20 per pound during the nine months ended September 30, 2011, compared with the Company s recorded average provisional price of $4.17 per pound before mark-to-market losses and treatment and refining charges. During the three and nine months ended September 30, 2011, changes in copper prices resulted in a provisional pricing mark-to-market loss of $74 ($0.80 per pound) and $102 ($0.37 per pound), respectively. At September 30, 2011, Newmont had copper sales of 102 million pounds priced at an average of $3.24 per pound, subject to final pricing over the next several months.

The average London P.M. fix for gold was $1,702 per ounce during the three months ended September 30, 2011, compared with the Company s recorded average provisional price of $1,691 per ounce before mark-to-market gains and treatment and refining charges. The average London P.M. fix for gold was $1,534 per ounce during the nine months ended September 30, 2011, compared to the Company s recorded average provisional price of $1,525 per ounce before mark-to-market gains and treatment and refining charges. During the three and nine months ended September 30, 2011, changes in gold prices resulted in a provisional pricing mark-to-market gain of $20 ($14 per ounce) and $38 ($9 per ounce), respectively. At September 30, 2011, Newmont had gold sales of 79,000 ounces priced at an average of $1,621 per ounce, subject to final pricing over the next several months.

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NOTE 19 INVESTMENTS

	At September 30, 2011			
	Cost/Equity Basis	Unrealized Gain	Unrealized Loss	Fair/Equity Basis
Current:				
Marketable Equity Securities:				
Paladin Energy Ltd.	$ 60	$	$	$ 60
Other	21	17	(4)	34
	$ 81	$ 17	$ (4)	$ 94
Long-term:				
Marketable Debt Securities:				
Asset backed commercial paper	$ 24	$	$ (6)	$ 18
Auction rate securities	7		(2)	5
Corporate	8	1		9
	39	1	(8)	32
Marketable Equity Securities:				
Canadian Oil Sands Ltd.	296	308		604
Gabriel Resources Ltd.	74	209		283
Regis Resources Ltd.	23	154		177
Other	94	12	(21)	85
	487	683	(21)	1,149
Other investments, at cost	10			10
Investment in Affiliates:				
La Zanja	63			63
	$ 599	$ 684	$ (29)	$ 1,254

NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
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	At December 31, 2010			
	Cost/Equity Basis	Unrealized Gain	Unrealized Loss	Fair/Equity Basis
Current:				
Marketable Equity Securities:				
New Gold Inc.	$ 5	$ 54	$	$ 59
Other	19	35		54
	$ 24	$ 89	$	$ 113
Long-term:				
Marketable Debt Securities:				
Asset backed commercial paper	$ 25	$	$ (6)	$ 19
Auction rate securities	7		(2)	5
Corporate	7	3		10
	39	3	(8)	34
Marketable Equity Securities:				
Canadian Oil Sands Ltd.	308	508		816
Gabriel Resources Ltd.	78	325		403
Regis Resources Ltd.	23	148		171
Other	39	37		76
	448	1,018		1,466
Other investments, at cost	11			11
Investment in Affiliates:				
La Zanja	57			57
	$ 555	$ 1,021	$ (8)	$ 1,568

Included in *Investments* at September 30, 2011 and December 31, 2010 are $9 and $10, respectively, of long-term marketable debt securities and $6 and $6 of long-term marketable equity securities, respectively, that are legally pledged for purposes of settling asset retirement obligations related to the San Jose Reservoir at Yanacocha.
In conjunction with the April 6, 2011 acquisition of Fronteer, Newmont acquired $208 of Paladin Energy Ltd. securities and $73 of other marketable equity securities and warrants. During the first nine months of 2011 and 2010, the Company purchased other marketable securities for $17 and $9, respectively. In June 2011, Newmont sold its investment in New Gold Inc. and realized a gain of $50. In July 2011, Newmont sold its investment in other marketable equity securities and realized a gain of $14.

During the third quarter of 2011, the Company recognized impairments for other-than-temporary declines in value in accordance with ASC guidance of $148 for Paladin Energy Ltd. and $26 for other marketable equity securities acquired in the Fronteer acquisition.

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The following tables present the gross unrealized losses and fair value of the Company s investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by length of time that the individual securities have been in a continuous unrealized loss position:

	Less than 12 Months		12 Months or Greater		Total	
At September 30, 2011	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Marketable equity securities	$ 27	$ 25	$	$	$ 27	$ 25
Asset backed commercial paper			18	6	18	6
Auction rate securities			5	2	5	2
	$ 27	$ 25	$ 23	$ 8	$ 50	$ 33

	Less than 12 Months		12 Months or Greater		Total	
At December 31, 2010	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Asset backed commercial paper	$	$	$ 19	$ 6	$ 19	$ 6
Auction rate securities			5	2	5	2
	$	$	$ 24	$ 8	$ 24	$ 8

Included in the tables above are the unrealized losses of $33 and $8 at September 30, 2011 and December 31, 2010, respectively, related to the Company s investments in asset backed commercial paper, auction rate securities and marketable equity securities as listed in the tables above. While the fair values of these investments are below their respective cost, the Company views these declines as temporary. The Company intends to hold its investment in auction rate securities and asset backed commercial paper until maturity or such time that the market recovers and therefore considers these losses temporary.

NOTE 20 INVENTORIES

	At September 30, 2011	At December 31, 2010
In-process	$ 110	$ 142
Concentrate	121	111
Precious metals	40	4
Materials, supplies and other	449	401
	$ 720	$ 658

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

NOTE 21 STOCKPILES AND ORE ON LEACH PADS

	At September 30, 2011	At December 31, 2010
Current:		
Stockpiles	$ 426	$ 389
Ore on leach pads	201	228
	$ 627	$ 617
Long-term:		
Stockpiles	$ 1,787	$ 1,397
Ore on leach pads	309	360
	$ 2,096	$ 1,757

	At September 30, 2011	At December 31, 2010
Stockpiles and ore on leach pads:		
Nevada	$ 518	$ 479
La Herradura	9	6
Yanacocha	460	496
Boddington	407	248
Batu Hijau	1,035	879
Other Australia/New Zealand	146	145
Ahafo	148	121
	$ 2,723	$ 2,374

NOTE 22 OTHER ASSETS

	At September 30, 2011	At December 31, 2010
Other current assets:		
Refinery metal inventory and receivable	$ 1,445	$ 617
Prepaid assets	155	65
Derivative instruments	95	196
Other	93	84
	$ 1,788	$ 962

Other long-term assets:				
Goodwill	$	188	$	188
Intangible assets		149		91
Income tax receivable		141		119
Debt issuance costs		60		39
Derivative instruments		51		116
Restricted cash		22		25
Other		170		163
	$	781	$	741

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
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NOTE 23 DEBT

	At September 30, 2011		At December 31, 2010	
	Current	Non-Current	Current	Non-Current
Sale-leaseback of refractory ore treatment plant	$ 61	$ 73	$ 30	$ 134
8 5/8% debentures, net of discount (due 2011)			217	
2012 Convertible Senior Notes, net of discount	507			488
2014 Convertible Senior Notes, net of discount		506		489
2017 Convertible Senior Notes, net of discount		448		434
2019 Senior Notes, net of discount		896		896
2035 Senior Notes, net of discount		598		598
2039 Senior Notes, net of discount		1,087		1,087
Ahafo project facility	10	50	10	55
Other capital leases		1	2	1
	$ 578	$ 3,659	$ 259	$ 4,182

In May 2011, Newmont repaid the $223 balance outstanding on the 8 5/8% debentures. Scheduled minimum debt repayments are $5 for the remainder of 2011, $578 in 2012, $42 in 2013, $550 in 2014, $18 in 2015 and $3,044 thereafter.

Corporate Revolving Credit Facility

Effective May 20, 2011, the Company entered into a new uncollateralized $2,500 revolving credit facility with a syndicate of commercial banks. This new revolving credit facility replaced the existing revolving credit facility which was cancelled upon the effectiveness of the new facility. The new facility provides for borrowings in U.S. dollars and contains a letter of credit sub-facility. The new facility matures in May 2016. Interest rates and facility fees vary based on the credit ratings of the Company s senior, uncollateralized, long-term debt. Borrowings under the facility bear interest at a market based rate plus a margin determined by the Company s credit. Facility fees currently accrue at an annual rate of 0.175% of the aggregate commitments. At September 30, 2011, there were no borrowings outstanding and $241 outstanding in letters of credit.

Subsidiary Financings

PTNNT Revolving Credit Facility

Effective May 27, 2011, PTNNT entered into a new $600 reducing revolving credit facility with a syndicate of banks. This new reducing revolving credit facility provides for borrowings in U.S. dollars. The facility matures in March 2017. The facility is non-recourse to Newmont and substantially all of PTNNT s assets are pledged as collateral. Borrowings under the facility bear interest at a rate per annum equal to LIBOR plus a margin of 4.00%. Commitment fees currently accrue on the daily average unused amount of the commitment of each lender at an annual rate of 2.00%. There were no borrowings outstanding under the facility at September 30, 2011.

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NOTE 24 OTHER LIABILITIES

	At September 30, 2011	At December 31, 2010
Other current liabilities:		
Refinery metal payable	$ 1,445	$ 617
Derivative instruments	415	
Accrued operating costs	245	217
Accrued capital expenditures	208	83
Interest	86	66
Taxes other than income and mining	80	135
Reclamation and remediation liabilities	57	64
Boddington contingent consideration	51	32
Royalties	42	90
Deferred income tax	15	54
Holt property royalty	13	
Other	48	60
	$ 2,705	$ 1,418
Other long-term liabilities:		
Holt property royalty	$ 166	$ 40
Power supply agreements	43	45
Derivative instruments	37	
Income and mining taxes	34	36
Boddington contingent consideration	10	51
Other	38	49
	$ 328	$ 221

NOTE 25 NET CHANGE IN OPERATING ASSETS AND LIABILITIES

Net cash provided from operations attributable to the net change in operating assets and liabilities is composed of the following:

	Nine Months Ended September 30,	
	2011	2010
Decrease (increase) in operating assets:		
Trade and accounts receivable	$ 125	$ (63)
Inventories, stockpiles and ore on leach pads	(332)	(297)
EGR refinery assets	(855)	(200)
Other assets	(109)	(50)
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	(3)	(144)

EGR refinery liabilities		855		200
Reclamation liabilities		(24)		(32)
	$	(343)	$	(586)

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NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
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NOTE 26 SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended September 30,	
	2011	2010
Income and mining taxes, net of refunds	$ 1,301	$ 926
Pension plan and other benefits and contributions	$ 12	$ 72
Interest, net of amounts capitalized	$ 117	$ 138

NOTE 27 CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Newmont USA, a 100% owned subsidiary of Newmont Mining Corporation, has fully and unconditionally guaranteed the 2019, 2035 and 2039 senior notes, the 2012, 2014 and 2017 convertible senior notes and the corporate revolving credit facility. The following consolidating financial statements are provided for Newmont USA, as guarantor, and for Newmont Mining Corporation, as issuer, as an alternative to providing separate financial statements for the guarantor. The accounts of Newmont Mining Corporation are presented using the equity method of accounting for investments in subsidiaries.

	Three Months Ended September 30, 2011				
Condensed Consolidating Statement of Income	Newmont Mining Corporation	Newmont USA	Other Subsidiaries	Eliminations	Newmont Mining Corporation Consolidated
Sales	$	$ 1,779	$ 965	$	$ 2,744
Costs and expenses					
Costs applicable to sales [(1)]		623	393	(8)	1,008
Amortization		175	96	(1)	270
Reclamation and remediation		2	4		6
Exploration		52	52		104
Advanced projects, research and development		47	46		93
General and administrative		41		9	50
Other expense, net		17	19		36
		957	610		1,567
Other income (expense)					
Other income, net	(161)	31	54		(76)
Interest income intercompany	39	2	7	(48)	
Interest expense intercompany	(8)		(40)	48	
Interest expense, net	(55)	(6)	(4)		(65)
	(185)	27	17		(141)
	(185)	849	372		1,036

Income before income and mining tax and other items					
Income and mining tax expense	30	(288)	(113)		(371)
Equity income (loss) of affiliates	648	(19)	81	(700)	10
Net income	493	542	340	(700)	675
Net income attributable to noncontrolling interests		(186)	(17)	21	(182)
Net income attributable to Newmont stockholders	$ 493	$ 356	$ 323	$ (679)	$ 493

(1) Excludes *Amortization* and *Reclamation and remediation*.

NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

	Three Months Ended September 30, 2010				
Condensed Consolidating Statement of Income	**Newmont Mining Corporation**	**Newmont USA**	**Other Subsidiaries**	**Eliminations**	**Newmont Mining Corporation Consolidated**
Sales	$	$ 1,860	$ 737	$	$ 2,597
Costs and expenses					
Costs applicable to sales [1]		571	326	(6)	891
Amortization		159	83		242
Reclamation and remediation		13	5		18
Exploration		41	26		67
Advanced projects, research and development		26	21	(1)	46
General and administrative		37	1	7	45
Other expense, net		41	9		50
		888	471		1,359
Other income (expense)					
Other income, net		1	4		5
Interest income intercompany	35	2		(37)	
Interest expense intercompany	(3)		(34)	37	
Interest expense, net	(61)	(3)	(2)		(66)
	(29)		(32)		(61)
Income before income and mining tax and other items	(29)	972	234		1,177
Income and mining tax expense	(1)	(309)	(50)		(360)
Equity income (loss) of affiliates	567	1	79	(650)	(3)
Net income	537	664	263	(650)	814
Net income attributable to noncontrolling interests		(346)	25	44	(277)
Net income attributable to Newmont stockholders	$ 537	$ 318	$ 288	$ (606)	$ 537

[1] Excludes *Amortization* and *Reclamation and remediation*.

NEWMONT MINING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)
(dollars in millions, except per share, per ounce and per pound amounts)

	Nine Months Ended September 30, 2011				
Condensed Consolidating Statement of Income	**Newmont Mining Corporation**	**Newmont USA**	**Other Subsidiaries**	**Eliminations**	**Newmont Mining Corporation Consolidated**
Sales	$	$ 4,765	$ 2,828	$	$ 7,593
Costs and expenses					
Costs applicable to sales [(1)]		1,740	1,152	(27)	2,865
Amortization		490	287	(1)	776
Reclamation and remediation		50	13		63
Exploration		133	122		255
Advanced projects, research and development		115	133	(1)	247
General and administrative		114	2	29	145
Other expense, net		138	58		196
		2,780	1,767		4,547
Other income (expense)					

Other income, net	(#) Exercisable	**Option Exercise Price** **($)** Unexercisable	Option Expiration Date		
Christopher J. Schaber	2,500	-	-	$ 54.00	8/9/2017
	4,500	-	-	$ 94.00	8/9/2017
	14,000	-	-	$ 12.00	12/17/2018
	11,000	-	-	$ 46.40	6/30/2020
	11,219	-	-	$ 6.40	11/30/2021
	13,000	-	-	$ 6.80	12/04/2022
	10,000	-	-	$ 20.10	12/04/2023
	7,500	2,500	2,500	$ 15.00	12/04/2024
	7,000	7,000	7,000	$ 11.30	12/30/2025
Richard C. Straube	9,375	625	625	$ 20.10	1/06/2024
	3,754	1,246	1,246	$ 15.00	12/04/2024
	3,502	3,498	3,498	$ 11.30	12/30/2025
Joseph M. Warusz[1]	4,000	-	-	$ 6.40	5/30/2021
	2,531	-	-	$ 6.80	11/30/2021
	5,500	-	-	$ 20.10	12/04/2022
	4,500	-	-	$ 15.00	12/04/2023

	4,500	-	-	$ 11.30	12/04/2024
	5,500	-	-	$ 6.40	12/30/2025
Karen Krumeich	3,750	6,250	6,250	$ 7.40	6/15/2016

[1] On June 30, 2016, Mr. Warusz retired from the Company and all unvested options immediately vested.

Compensation of Directors

The following table contains information concerning the compensation of the non-employee directors during the fiscal year ended December 31, 2016.

Name	**Fees Earned Paid in Cash[1]**	**Option Awards[2]**	Total
Keith L .Brownlie	$55,500	$ 30,000	$85,000
Marco M. Brughera	$40,000	$ 30,000	$70,000
Gregg A. Lapointe	$47,500	$ 30,000	$77,500
Robert J. Rubin	$52,500	$ 30,000	$82,500
Jerome B. Zeldis	$50,000	$ 30,000	$80,000

[1] Directors who are compensated as full-time employees receive no additional compensation for service on our Board of Directors. Each independent director who is not a full-time employee is paid $35,000 annually, on a prorated basis, for their service on our Board of Directors, the chairman of our Audit Committee is paid $15,000 annually, on a prorated basis, and the chairmen of our Compensation and Nominating Committees will be paid $10,000 annually, on a prorated basis. Additionally, Audit Committee members are paid $7,500 annually and Compensation and Nominating Committee members are paid $5,000 annually. This compensation is paid quarterly.

[2] We maintain a stock option grant program pursuant to the nonqualified stock option plan, whereby members of our Board of Directors or its committees who are not full-time employees receive an initial grant of fully vested options to purchase 1,500 shares of common stock. Upon re-election to the Board, each Board member will receive stock options with a value of $30,000, calculated using the closing price of the common stock on the trading day prior to the date of the annual meeting of the Company's stockholders, which vest at the rate of 25% per quarter, commencing with the first quarter after each annual meeting of stockholders.

Stock Ownership Policy

In April 2012, our Board of Directors adopted a stock ownership policy applicable to our non-employee directors to strengthen the link between director and stockholder interests. Pursuant to the stock ownership policy, each non-employee director is required to hold a minimum ownership position in the common stock equal to the annual cash compensation paid for service on the Board of Directors, exclusive of cash compensation paid for service as a chair or member of any committees of the Board of Directors.

Stock counted toward the ownership requirement includes common stock held by the director, unvested and vested restricted stock, and all shares of common stock beneficially owned by the director held in a trust and by a spouse and/or minor children of the director. The policy provides that the ownership requirement must be attained within three years after the later of June 21, 2012 and the date a director is first elected or appointed to the Board of Directors. To monitor progress toward meeting the requirement, the Nominating Committee will review director ownership levels at the end of March of each year. Non-employee directors are prohibited from selling any shares of common stock unless such director is in compliance with the stock ownership policy. A copy of our director compensation and stock ownership policy is publicly available on our website at www.soligenix.com under the "Investors" section.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The table below provides information regarding the beneficial ownership of the common stock as of March 17, 2017, of (1) each person or entity who owns beneficially 5% or more of the shares of our outstanding common stock, (2) each of our directors, (3) each of the Named Executive Officers, and (4) our directors and officers as a group. Except as otherwise indicated, and subject to applicable community property laws, we believe the persons named in the table have sole voting and investment power with respect to all shares of common stock held by them.

Beneficial Ownership

Name of Beneficial Owner	**Shares of Common Stock Beneficially Owned**	**Percent of Class**
Randall J. Kirk (1)	686,783	12.00 %

NRM VII Holdings I, LLC (1)	583,334	10.19	%
SciClone Pharmaceuticals, Inc (2)	352,942	6.45	%
Paolo Cavazza (3)	337,998	6.13	%
Sigma-Tau Pharmaceuticals, Inc (3)	306,847	5.57	%
Christopher J. Schaber (4)	127,566	2.29	%
Keith L. Brownlie (5)	15,061	*	
Marco M. Brughera (6)	12,399	*	
Gregg A. Lapointe (7)	18,691	*	
Robert J. Rubin (8)	21,777	*	
Jerome B. Zeldis (9)	16,144	*	
Richard Straube (10)	18,007	*	
Oreola Donini (11)	17,382	*	
Karen Krumeich (12)	5,675	*	
All directors and executive officers as a group (9 persons)	252,702	4.45	%

(1) On June 26, 2013, Randal J. Kirk, on his own behalf and on behalf of Third Security, LLC, NRM VII Holdings I, LLC and Intrexon, filed Amendment No. 1 to Schedule 13D with the Securities and Exchange Commission (the "SEC"), which amends the Schedule 13D filed May 9, 2013 with the SEC (as amended, "Schedule 13D"). The Schedule 13D states that Mr. Kirk is Senior Managing Director of, and controls, Third Security, LLC, which is the Manager of an affiliate that manages NRM VII Holdings I, LLC, and that Mr. Kirk serves as the Chairman and Chief Executive Officer of Intrexon. The Schedule 13D indicates that (a) Mr. Kirk, Third Security, LLC and NRM VII Holdings I, LLC have sole voting and dispositive power with respect to 333,333 shares of Common Stock and warrants to purchase 250,000 shares of Common Stock exercisable within 60 days of March 17, 2017 held by NRM VII Holdings I, LLC, and (b) Mr. Kirk and Intrexon have shared voting and dispositive power with respect to 103,449 shares of Common Stock held by Intrexon Corporation. The address of the principal business office of Mr. Kirk is 2875 South Ocean Boulevard, Suite 214, Palm Beach, Florida 33480. The address of the principal business office of NRM VII Holdings I, LLC is c/o Third Security, LLC, 1881 Grove Avenue, Redford, Virginia 24141. The address of the principal business office of Intrexon Corporation is 20358 Seneca Meadows Parkway, Germantown, Maryland 20876.

(2) On September 19, 2016, SciClone Pharmaceuticals, Inc., filed a Schedule 13G with the SEC (the "Schedule 13G"). The Schedule 13G indicates that SciClone Pharmaceuticals, Inc. has sole voting and dispositive power with respect to the 352,942 shares held by SciClone Pharmaceuticals International China Holding Ltd. SciClone Pharmaceuticals International China Holding Ltd. is an indirect wholly-owned subsidiary of SciClone Pharmaceuticals, Inc.

(3) On May 16, 2013, Paolo Cavazza, on his own behalf and on behalf of Sigma-Tau Finanziaria S.p.A., Sigma-Tau International S.A., Sigma-Tau America S.A. and Sigma-Tau Pharmaceuticals,, filed Amendment No. 4 to Schedule 13D with the SEC, which amends the Schedule 13D filed with the SEC on February 20, 2009 as amended by Amendment No. 1 filed with the SEC on October 2, 2009, Amendment No. 2 filed with the SEC on June 28, 2010 and Amendment No. 3 filed with the SEC on January 2, 2013 (the "Schedule 13D"). The Schedule 13D indicates that (a) Mr. Cavazza has sole voting and dispositive power with respect to (i) 5,954 shares held by Mr. Paolo Cavazza and (ii) 16,415 shares of common stock and warrants to purchase 8,781 shares held by SINAF SA, and (b) Mr. Cavazza, Sigma-Tau Finanziaria S.p.A., Sigma-Tau International S.A., Sigma-Tau America S.A. and Sigma-Tau Pharmaceuticals, Inc. have shared voting and dispositive power with respect to 271,140 shares of common stock and warrants to purchase 35,707 shares of common stock exercisable within 60 days of the date of March 17, 2017 held by Sigma-Tau Pharmaceuticals, Inc. Sigma-Tau Pharmaceuticals, Inc. is a direct wholly-owned subsidiary of Sigma-Tau America S.A., which is a direct wholly-owned subsidiary of Sigma-Tau International S.A., which is a direct wholly-owned subsidiary of Sigma-Tau Finanziaria S.p.A. Mr. Paolo Cavazza directly and indirectly owns 38% of Sigma-Tau Finanziaria S.p.A. SINAF SA is an indirect wholly owned subsidiary of Aptafin S.p.A., which is owned by Mr. Paolo Cavazza and members of his family. Mr. Paolo Cavazza's address is Via Tesserte, 10, Lugano, Switzerland. The business address of Sigma-Tau Finanziaria S.p.A. is Via Sudafrica, 20, Rome, Italy 00144. The business address of Sigma-Tau Pharmaceuticals, Inc. is 9841 Washingtonian Boulevard, Suite 500, Gaithersburg, Maryland 20878.

(4) Includes 25,095 shares of common stock owned by Dr. Schaber, options to purchase 82,220 shares of common stock exercisable within 60 days of March 17, 2017, and warrants to purchase 20,251 shares of common stock exercisable within 60 days of March 17, 2017. The address of Dr. Schaber is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540

(5) Includes 5,000 shares of common stock and options to purchase 10,061 shares of common stock exercisable within 60 days of the March 17, 2017. The address of Mr. Brownlie is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

(6) Includes 2,750 shares of common stock, options to purchase 7,149 shares of common stock exercisable within 60 days of March 17, 2017, and warrants to purchase 2,500 shares of common stock exercisable within 60 days of March 17, 2017. The address of Dr. Brughera is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

(7) Includes 7,379 shares of common stock and options to purchase 11,312 shares of common stock exercisable within 60 days of March 17, 2017. The address of Mr. Lapointe is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

(8) Includes 4,385 shares of common stock, options to purchase 13,436 shares of common stock exercisable within 60 days of March 17, 2017, and warrants to purchase 3,956 shares of common stock exercisable within 60 days of March 17, 2017. The address of Dr. Rubin is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

(9) Includes 6,917 shares of common stock and options to purchase 9,227 shares of common stock exercisable within 60 days of March 17, 2017. The address of Dr. Zeldis is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

(10) Includes options to purchase 18,007 shares of common stock exercisable within 60 days of March 17, 2017. The address of Dr. Straube is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

(11) Includes options to purchase 12,382 shares of common stock owned by Dr. Donini exercisable within 60 days of March 17, 2017 and warrants to purchase 5,000 shares of common stock exercisable within 60 days of March 17, 2017. The address of Dr. Donini is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

(12) Includes 1,300 shares of common stock and options to purchase 4,375 shares of common stock owned by Ms. Krumeich exercisable within 60 days of the date of March 17, 2017. The address of Ms. Krumeich is c/o Soligenix, 29 Emmons Drive, Suite C-10, Princeton, New Jersey 08540.

* Indicates less than 1%.

** Beneficial ownership is determined in accordance with the rules of the SEC. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days of March 17, 2017 are deemed outstanding for computing the percentage ownership of the stockholder holding the options or warrants, but are not deemed outstanding for computing the percentage ownership of any other stockholder. Percentage of ownership is based on 5,472,532 shares of common stock outstanding as of March 17, 2017.

Equity Compensation Plan Information

In December 2005, our Board of Directors approved the 2005 Equity Incentive Plan, which was approved by stockholders on December 29, 2005. In September 2013, our stockholders approved an amendment to the 2005 Equity Incentive Plan to increase the maximum number of shares of our common stock available for issuance under the plan by 125,000 shares, bringing the total shares reserved for issuance under the plan to 300,000 shares. In April 2015, our Board of Directors approved the 2015 Equity Incentive Plan, which was approved by stockholders on June 18, 2015. A maximum of 300,000 shares of our common stock are available for issuance under the 2015 Equity Incentive Plan. The following table provides information, as of December 31, 2016 with respect to options outstanding under our 2005 Equity Incentive Plan and our 2015 Equity Incentive Plan. All share numbers in this paragraph and in the following table have been adjusted for the one-for-ten reverse stock split effective October 7, 2016.

Plan Category	**Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights**	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column)**
Equity compensation plans approved by security holders[1]	330,605	$ 17.07	185,769
Equity compensation plans not approved by security holders	-	-	-
Total	330,605	$ 17.07	185,769

[1] Includes our 2005 Equity Incentive Plan and our 2015 Equity Incentive Plan. Our 2005 Plan expired in 2015 and thus no securities remain available for future issuance under that plan.

Item 13. Certain Relationships and Related Transactions and Director Independence

Related Party Transactions

Our audit committee is responsible for the review, approval and ratification of related party transactions. The audit committee reviews these transactions under our Code of Ethics, which governs conflicts of interests, among other matters, and is applicable to our employees, officers and directors.

We are party to a common stock purchase agreement with Sigma-Tau Pharmaceuticals, Inc. (“Sigma-Tau Pharmaceuticals”), a corporation of which Paolo Cavazza, who beneficially owns 5% or more of the shares of our outstanding common stock, indirectly owns 37.2%. The agreement provides that Sigma-Tau Pharmaceuticals has the right to require that we register its shares under the Securities Act of 1933 (the “Securities Act”) for sale to the public, on not more than one occasion during any twelve-month rolling period, and not more than two occasions in the aggregate. We must pay all expenses incurred in connection with the exercise of these demand registration rights. Additionally, the agreement required us to use our best efforts to secure the election of a Sigma-Tau Pharmaceuticals’ designee to our Board of Directors as long as Sigma-Tau Pharmaceuticals beneficially owned at least 10% of our issued and outstanding shares of common stock. As of the date of this filing, Sigma-Tau Pharmaceuticals beneficially owned 5.57% of our outstanding common stock, and our obligation with respect to the election of a Sigma-Tau Pharmaceuticals designee to our Board of Directors has expired.

In addition, Sigma-Tau Pharmaceuticals has piggyback registration rights, which means that they have the right to include their shares in any registration that we effect under the Securities Act, subject to specified exceptions. We must pay all expenses incurred in connection with these piggyback registration rights.

We are party to a stock issuance agreement with Intrexon Corporation (“Intrexon”), a corporation of which Randall J. Kirk, who beneficially owns 5% or more of the shares of our outstanding common stock, serves as the Chairman and Chief Executive Officer. Under the agreement, Intrexon has piggyback registration rights, which means that it has the right to include its shares in any registration that we effect under the Securities Act, subject to specified exceptions. We must pay all expenses, except any broker or similar commissions, incurred in connection with these piggyback registration rights.

We are party to a common stock purchase agreement with SciClone Pharmaceuticals, Inc. (“SciClone”), which beneficially owns 5% or more of the shares of our outstanding common stock. Under the agreement, SciClone has demand registration rights, which means that SciClone has the right to require that we register its shares under the Securities Act for sale to the public, on not more than one occasion, subject to specified exceptions. We must pay all expenses incurred in connection with the exercise of these demand registration rights.

We are unable to estimate the dollar value of the registration rights to the holders of these rights. The amount of reimbursable expenses under the agreements depends on a number of variables, including whether registration rights are exercised incident to a primary offering by us, the form on which we are eligible to register such a transaction, and whether we have a shelf registration in place at the time of a future offering.

In our June 2013 public offering, we issued warrants that contained provisions protecting holders from a decline in the issue price of our common stock (or “down-round” provision) and contained net settlement provisions. As a result, we accounted for these warrants as liabilities instead of equity instruments. During November 2016, we entered into amendments with the holders of those warrants pursuant to which we agreed to reduce the exercise price (after giving effect to the one-for-ten reverse stock split effective October 7, 2016) from $5.10 per share to $0.80 per share and permit those warrants to be exercised on a “cashless exercise” basis, and we eliminated the “down round” provision of those warrants not immediately exercised. As a result of the amendments, the warrant liability was remeasured as of the date of the modification, which resulted in an approximate $1,541,000 decrease in the carrying value of the warrant liability, which was recognized in the statement of operations for the year ended December 31, 2016. The warrant liability related to the warrants not immediately exercised was then reclassified to equity as the amended terms of the warrants qualified them to be accounted for as equity instruments. Of the 303,694 shares of common stock that remained issuable upon the exercise of such warrants as of September 30, 2016, warrants to purchase a total of 250,000 shares were held by NRM VII Holdings I, LLC, an entity the manager of which is indirectly controlled by Mr. Kirk.

Other than as described above, the employment agreements and compensation paid to our directors, we did not engage in any transactions with related parties since January 1, 2016. For a discussion of our employment agreements and compensation paid to our directors, see “Item 11. Executive Compensation”.

Director Independence

The Board of Directors has determined that Messrs. Brownlie and Lapointe, Dr. Brughera, Dr. Rubin, and Dr. Zeldis are “independent” as such term is defined by the applicable listing standards of Nasdaq. Our Board of Directors based this determination primarily on a review of the responses of the Directors to questionnaires regarding their employment, affiliations and family and other relationships.

Item 14. Principal Accountant Fees and Services

The following table highlights the aggregate fees billed during each of the two years ended December 31, 2016 by EisnerAmper LLP.

	2016	2015
Audit fees	$237,563	$167,365
Tax fees	9,660	10,000
Other fees	-	27,500
Total	$247,223	$204,865

Other Fees

Our principal accountants did not bill us for any services or products other than as reported above in this Item 14 during each of the two years. Other services include billing for an IT security assessment project that commenced during the year ended December 31, 2015.

Pre-Approval Policies and Procedures

The audit committee has adopted a policy that requires advance approval of all audit services and permitted non-audit services to be provided by the independent auditor as required by the Exchange Act. The audit committee must approve the permitted service before the independent auditor is engaged to perform it. The audit committee approved all of the services described above in accordance with its pre-approval policies and procedures.

Part IV

Item 15. Exhibits and Financial Statements Schedules

a. (1) Consolidated Financial Statements:

The financial statements required to be filed by Item 8 of this Annual Report on Form 10-K and filed in this Item 15, are as follows:

Consolidated Balance Sheets as of December 31, 2016 and 2015	F-2
Consolidated Statements of Operations for the Years Ended December 31, 2016 and 2015	F-3
Consolidated Statements of Shareholders' Equity (Deficiency) for the Years Ended December 31, 2016 and 2015	F-4
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(2) Financial Statement Schedules

Schedules are omitted because they are not applicable, or are not required, or because the information is included in the consolidated financial statements and notes thereto.

(3) Exhibits:

2.1	Agreement and Plan of Merger, dated May 10, 2006 by and among the Company, Corporate Technology Development, Inc., Enteron Pharmaceuticals, Inc. and CTD Acquisition, Inc. (incorporated by reference to Exhibit 2.1 included in our Registration Statement on Form SB-2 (File No. 333-133975) filed on May 10, 2006).
3.1	Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 included in our current report on Form 8-K filed on June 22, 2012).
3.2	By-laws (incorporated by reference to Exhibit 3.1 included in our Quarterly Report on Form 10-QSB, as amended, for the fiscal quarter ended June 30, 2003).
3.3	Certificate of Amendment to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 included in our current report on Form 8-K filed on June 22, 2016).

3.4	Certificate of Amendment to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 included in our current report on Form 8-K filed on October 7, 2016).
4.2	Form of Right Certificate (incorporated by reference to Exhibit 4.2 included in our current report on Form 8-K filed on June 22, 2007).
4.3	Form of Warrant issued to each investor in the January 2009 private placement (incorporated by reference to Exhibit 4.18 included in our Registration Statement on Form S-1 (File No. 333-149239) filed on February 14, 2008).
4.4	Form of Warrant issued to each investor in the September 2009 private placement (incorporated by reference to Exhibit 10.2 included in our current report on Form 8-K filed on September 29, 2009).
4.5	Warrant dated April 19, 2010, issued to Fusion Capital Fund II, LLC (incorporated by reference to Exhibit 4.10 included in our Post-Effective Amendment to Registration Statement on Form S-1 filed on April 20, 2010).
4.6	Form of Common Stock Purchase Warrant issued to each investor in the June 2010 private placement (incorporated by reference to Exhibit 10.2 included in our current report on Form 8-K filed on June 18, 2010).
4.7	Warrant dated December 20, 2012 and issued to Sigma-Tau to purchase 35,707 shares of the Company’s common stock (incorporated by reference to Exhibit 10.2 of our current report on Form 8-K filed on December 27, 2012).
4.8	Warrant dated December 20, 2012 and issued to SINAF S.A. to purchase 8,781 shares of the Company’s common stock (incorporated by reference to Exhibit 10.3 of our current report on Form 8-K filed on December 27, 2012).

4.9	Warrant dated December 20, 2012 and issued to McDonald to purchase 28,000 shares of the Company's common stock (incorporated by reference to Exhibit 10.6 of our current report on Form 8-K filed on December 27, 2012).
4.10	Form of Common Stock Purchase Warrant issued to each investor in the June 2013 registered public offering (incorporated by reference to Exhibit 10.3 included in our current report on Form 8-K filed on June 24, 2013).
4.11	Form of Warrant issued to Maxim Group LLC (incorporated by reference to Exhibit 10.4 included in our current report on Form 8-K filed on June 24, 2013).
4.12	Form of Warrant to Purchase Common Stock issued to each investor in the December 2014 registered public offering (incorporated by reference to Exhibit 4.12 included in our Registration Statement on Form S-1 (File No. 333-199761) filed on December 17, 2014).
4.13	Form of Warrant to Purchase Common Stock issued to Roth Capital Partners, LLC (incorporated by reference to Exhibit 4.13 included in our Registration Statement on Form S-1 (File No. 333-199761) filed on December 17, 2014).
4.14	Warrant Agency Agreement by and between the Company and American Stock Transfer & Trust Company, LLC (incorporated by reference to Exhibit 10.1 included in our current report on Form 8-K filed on December 16, 2016).
4.15	Representative's Warrant (incorporated by reference to Exhibit 4.15 included in our Registration Statement on Form S-1 (File No. 333-214038) filed on November 14, 2016).
10.1	License Agreement between the Company and the University of Texas Southwestern Medical Center (incorporated by reference to Exhibit 10.9 included in our Annual Report on Form 10-KSB filed March 30, 2004, as amended, for the fiscal year ended December 31, 2004).
10.2	License Agreement between the Company and Thomas Jefferson University (incorporated by reference to Exhibit 10.9 included in our Annual Report on Form 10-KSB, as amended, for the fiscal year ended December 31, 2004).
10.3	License Agreement between the Company and the University of Texas Medical Branch (incorporated by reference to Exhibit 10.10 included in our Annual Report on Form 10-KSB, as amended, for the fiscal year ended December 31, 2004).
10.4	Consulting Agreement between the Company and Lance Simpson of Thomas Jefferson University. (incorporated by reference to Exhibit 10.43 included in our Annual Report on Form 10-KSB as amended for the fiscal year ended December 31, 2002).
10.5	2005 Equity Incentive Plan, as amended on September 25, 2013 (incorporated by reference to Exhibit 10.1 included in our current report on Form 8-K filed on September 30, 2013). **
10.6	Form S-8 Registration of Stock Options Plan dated December 30, 2005 (incorporated by reference to our registration statement on Form S-8 filed on December 30, 2005).

10.7 Letter of Intent dated January 3, 2007 by and between the Company and Sigma-Tau Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.1 included in our current report on Form 8-K filed on January 4, 2007).

10.8 Employment Agreement dated December 27, 2007, between Christopher J. Schaber, PhD and the Company (incorporated by reference to Exhibit 10.30 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008). **

10.9 Exclusive License Agreement dated November 24, 1998, between Enteron Pharmaceuticals, Inc. and George B. McDonald, MD and amendments (incorporated by reference to Exhibit 10.42 included in our Registration Statement on Form S-1 (File No. 333-157322) filed on February 13, 2009).

10.10 Collaboration and Supply Agreement dated February 11, 2009, between the Company and Sigma-Tau Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.43 included in our Registration Statement on Form S-1 (File No. 333-157322) filed on February 13, 2009). †

10.11	Employment Agreement dated as of May 31, 2011, between Joseph M. Warusz and the Company (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on May 31, 2011).**
10.12	First Amendment to Employment Agreement dated as of July 12, 2011, between the Company and Christopher J. Schaber, PhD (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on July 14, 2011).**
10.13	Amendment to the Collaboration and Supply Agreement dated July 26, 2011, between Sigma-Tau Pharmaceuticals, Inc. and the Company (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on July 28, 2011).
10.14	Amendment to the Exclusive License Agreement dated as of July 26, 2011, between George McDonald, MD and the Company (incorporated by reference to Exhibit 10.2 of our current report on Form 8-K filed on July 28, 2011).
10.15	Amendment No. 2 to the Collaboration and Supply Agreement between the Company, Enteron and Sigma-Tau dated as of December 20, 2012 (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on December 27, 2012). †
10.16	Amendment to Exclusive License Agreement dated as of December 20, 2012 between Enteron and McDonald (incorporated by reference to Exhibit 10.4 of our current report on Form 8-K filed on December 27, 2012).
10.17	Amendment to Consulting Agreement dated as of December 20, 2012 between Enteron and McDonald (incorporated by reference to Exhibit 10.5 of our current report on Form 8-K filed on December 27, 2012).
10.18	Contract HHSO100201300023C dated September 18, 2013 between the Company and the U.S. Department of Health and Human Services Biomedical Advanced Research and Development Authority (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on September 24, 2013). †
10.19	Contract HHSN272201300030C dated September 24, 2013 by and between the Company and the National Institutes of Health (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on September 30, 2013). †
10.20	Purchase Agreement dated as of November 18, 2013 between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on November 21, 2013).
10.21	Registration Rights Agreement dated as of November 18, 2013 between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.2 of our current report on Form 8-K filed on November 21, 2013)
10.22	Employment Agreement dated as of January 6, 2014 between the Company and Richard Straube, M.D. (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on January

	8, 2014). **
10.23	Asset Purchase Agreement dated September 3, 2014 between the Company and Hy Biopharma, Inc. (incorporated by reference to Exhibit 10.1 of our current report on Form 8-k filed on September 5, 2014). †
10.24	Registration Rights Agreement dated September 3, 2014 between the Company and Hy Biopharma, Inc. (incorporated by reference to Exhibit 10.2 of our current report on Form 8-k filed on September 5, 2014).
10.25	Contract HHSN272201400039C dated September 17, 2014 by and between the Company and the National Institutes of Health (incorporated by reference to Exhibit 10.1 of our current report on Form 8-k filed on September 23, 2014). †
10.26	Lease Agreement dated November 21, 2014, between the Company and CPP II, LLC (incorporated by reference to Exhibit 10.31 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014).

10.27	2015 Equity Incentive Plan, as amended on June 9, 2015 (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on June 19, 2015).
10.28	Form of Equity Purchase Agreement dated as of July 29, 2015 between the Company and Kodiak Capital Group, LLC, Kingsbrook Opportunities Master Fund LP and River North Equity, LLC (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on July 31, 2015).
10.29	Form of Registration Rights Agreement dated as of July 29, 2015 between the Company and Kodiak Capital Group, LLC, Kingsbrook Opportunities Master Fund LP and River North Equity, LLC (incorporated by reference to Exhibit 10.2 of our current report on Form 8-K filed on July 31, 2015).

10.30	Form of Promissory Note dated as of July 29, 2015 made by the Company in favor of Kodiak Capital Group, LLC, Kingsbrook Opportunities Master Fund LP and River North Equity, LLC (incorporated by reference to Exhibit 10.3 of our current report on Form 8-K filed on July 31, 2015).
10.31	Purchase Agreement dated as of March 22, 2016 between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.30 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015).
10.32	Registration Rights Agreement dated as of March 22, 2016 between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.31 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015).
10.33	Employment Agreement dated as of June 16, 2016 between the Company and Karen R. Krumeich (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on June 22, 2016).
10.34	Common Stock Purchase Agreement dated September 9, 2016 between Soligenix, Inc. and SciClone Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.1 of our current report on Form 8-K filed on September 12, 2016).
21.1	Subsidiaries of the Company. *
23.1	Consent of EisnerAmper LLP. *
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act rule 13(a)-14(a) (under Section 302 of the Sarbanes-Oxley Act of 2002). *
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act rule 13(a)-14(a) (under Section 302 of the Sarbanes-Oxley Act of 2002). *
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *

* Filed herewith.

** Indicates management contract or compensatory plan.

† Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOLIGENIX, INC.

By: /s/ Christopher J. Schaber
Christopher J. Schaber, PhD
Chief Executive Officer and President

Date: March 27, 2017

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the dates indicated.

Name	**Capacity**	**Date**
/s/ Christopher J. Schaber **Christopher J. Schaber, PhD**	Chairman of the Board, Chief Executive Officer and President (principal executive officer)	March 27, 2017
/s/ Keith L. Brownlie **Keith L. Brownlie, CPA**	Director	March 27, 2017
/s/ Marco M. Brughera **Marco M. Brughera, DVM**	Director	March 27, 2017
/s/ Gregg A. Lapointe **Gregg A. Lapointe, CPA**	Director	March 27, 2017
/s/ Robert J. Rubin **Robert J. Rubin, MD**	Director	March 27, 2017
/s/ Jerome B. Zeldis **Jerome B. Zeldis, MD, PhD**	Director	March 27, 2017
/s/ Karen Krumeich		March 27, 2017

Karen Krumeich	Chief Financial Officer, Senior Vice President, and Corporate Secretary (principal accounting officer)

SOLIGENIX, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

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Soligenix, Inc. and Subsidiaries
Consolidated Balance Sheets
As of December 31,

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	$8,772,567	$4,921,545
Contracts and grants receivable	1,206,777	1,985,212
Prepaid expenses	134,431	244,267
Total current assets	10,113,775	7,151,024
Office furniture and equipment, net	26,702	47,366
Intangible assets, net	126,628	188,732
Total assets	$10,267,105	$7,387,122
Liabilities and shareholders' equity (deficiency)		
Current liabilities:		
Accounts payable	$1,708,091	$2,869,392
Accrued expenses	806,118	1,510,544
Notes payable	-	292,719
Warrant liability	-	2,434,101
Accrued compensation	355,648	298,675
Total current liabilities	2,869,857	7,405,431
Commitments and contingencies		
Shareholders' equity (deficiency):		
Preferred stock: 350,000 shares authorized; none issued or outstanding	-	-
Common stock, $.001 par value; 10,000,000 shares and 5,000,000 shares authorized at December 31, 2016 and 2015, respectively; 5,470,032 and 3,126,952 shares issued and outstanding in 2016 and 2015, respectively	5,470	3,127
Additional paid-in capital[(1)]	157,514,740	146,856,143
Accumulated deficit	(150,122,962)	(146,877,579)
Total shareholders' equity (deficiency)	7,397,248	(18,309)
Total liabilities and shareholders' equity (deficiency)	$10,267,105	$7,387,122

(1) Adjusted to reflect the reverse stock split of one-for-ten effective October 7, 2016.

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

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Soligenix, Inc. and Subsidiaries
Consolidated Statements of Operations
For the Years Ended December 31,

	2016	2015
Revenues:		
Contract revenue	$10,448,794	$8,641,348
Grant revenue	-	127,042
Total revenues	10,448,794	8,768,390
Cost of revenues	(8,433,671)	(6,882,204)
Gross profit	2,015,123	1,886,186
Operating expenses:		
Research and development	4,295,867	5,399,839
General and administrative	3,428,838	3,596,623
Total operating expenses	7,724,705	8,996,462
Loss from operations	(5,709,582)	(7,110,276)
Other income (expense):		
Change in fair value of warrant liability	1,541,241	(1,201,870)
Gain on settlement of liability	390,599	-
Interest income (expense)	2,216	(8,017)
Total other income (expense)	1,934,056	(1,209,887)
Net loss before income taxes	(3,775,526)	(8,320,163)
Income tax benefit	530,143	488,933
Net loss	$(3,245,383)	(7,831,230)
Basic net loss per share[(1)]	$(0.93)	$(3.00)
Diluted net loss per share[(1)]	$(1.34)	$(3.00)
Basic weighted average common shares outstanding[(1)]	3,481,460	2,606,577
Diluted weighted average common shares outstanding[(1)]	3,583,587	2,606,577

(1) Adjusted to reflect the reverse stock split of one-for-ten effective October 7, 2016.

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

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Soligenix, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended December 31, 2016 and 2015

	Common Stock		Additional Paid–In	Accumulated	
	Shares	Par Value	Capital	Deficit	Total
Balance, December 31, 2014	2,393,657	$2,394	$138,890,066	$(139,046,349)	$(153,889)
Issuance of common stock pursuant to Lincoln Park Equity line	84,135	84	1,339,093	-	1,339,177
Issuance of common stock pursuant to Equity Line Purchase Agreement	454,577	455	2,499,545	-	2,500,000
Stock issuance costs associated with Equity Line Purchase Agreement	-	-	(453,162)	-	(453,162)
Issuance of common stock to vendors	16,628	16	232,196	-	232,212
Issuance of shares from exercise of stock options	3,312	3	19,247	-	19,250
Issuance of shares for exercise of warrants	174,643	175	1,117,346	-	1,117,521
Reclassification of warrant liability upon partial exercise of warrants issued in unit offering	-	-	2,557,331	-	2,557,331
Share-based compensation expense	-	-	654,481	-	654,481
Net loss	-	-	-	(7,831,230)	(7,831,230)
Balance, December 31, 2015	3,126,952	$3,127	$146,856,143	$(146,877,579)	$(18,309)
Issuance of common stock and warrants in public offering	1,670,000	1,670	5,277,270	-	5,278,940
Stock issuance costs associated with public offering	-	-	(809,277)	-	(809,277)
Issuance of common stock pursuant to Lincoln Park Equity Line	277,135	277	1,712,043	-	1,712,320
Cost associated with Lincoln Park Equity Line	-	-	(41,381)	-	(41,381)
Issuance of common stock in reverse stock split	1,525	1	-	-	1
Issuance of common stock to SciClone	352,942	353	2,999,647	-	3,000,000
Cashless exercise of warrants and reclassification of warrant liability to equity	33,978	34	892,826	-	892,860
Issuance of common stock to vendors	7,500	8	52,492	-	52,500
Share-based compensation expense	-	-	574,977	-	574,977
Net loss	-	-	-	(3,245,383)	(3,245,383)
Balance, December 31, 2016	5,470,032	$5,470	$157,514,740	$(150,122,962)	$7,397,248

Adjusted to reflect the reverse stock split of one-for-ten effective October 7, 2016.

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

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Soligenix, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31,

	2016	2015
Operating activities:		
Net loss	$(3,245,383)	$(7,831,230)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation	89,928	247,458
Amortization of discount on debt	7,281	10,648
Share-based compensation	574,977	654,481
Gain on settlement of liability	(390,599)	-
Issuance of common stock for services	52,500	232,212
Change in fair value of warrant liability	(1,541,241)	1,201,870
Change in operating assets and liabilities:		
Contracts and grants receivable	778,435	(1,190,445)
Prepaid expenses	109,836	(71,339)
Accounts payable and accrued expenses	(1,475,128)	1,376,391
Accrued compensation	56,973	(16,354)
Total adjustments	(1,737,038)	2,444,922
Net cash used in operating activities	(4,982,421)	(5,386,308)
Investing activities:		
Purchases of office furniture and equipment	(7,159)	(22,098)
Net cash used in investing activities	(7,159)	(22,098)
Financing activities:		
Proceeds from issuance of common stock and warrants from public offering	5,278,940	-
Stock issuance costs associated with public offering	(809,277)	-
Proceeds from issuance of common stock pursuant to the equity lines	1,712,320	3,839,177
Stock issuance cost associated with equity lines	(41,381)	(171,091)
Repayment of notes payable	(300,000)	-
Proceeds from issuance of common stock to SciClone	3,000,000	-
Proceeds from exercise of options and warrants	-	1,136,771
Net cash provided by financing activities	8,840,602	4,804,857
Net increase (decrease) in cash and cash equivalents	3,851,022	(603,549)
Cash and cash equivalents at beginning of period	4,921,545	5,525,094
Cash and cash equivalents at end of period	$8,772,567	$4,921,545
Supplemental disclosure of non cash financing activities:		
Reclassification of warrant liability to additional paid-in capital	$892,860	$2,557,331
Notes payable issued in connection with Equity Purchase Agreement	$-	$282,071
Supplemental information:		

Cash paid for state income taxes	$5,030	$7,542

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

Soligenix, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1. Nature of Business

Basis of Presentation

Soligenix, Inc. (the "Company") is a late-stage biopharmaceutical company focused on developing and commercializing products to treat rare diseases where there is an unmet medical need. The Company maintains two active business segments: BioTherapeutics and Vaccines/BioDefense.

The Company's BioTherapeutics business segment is developing a novel photodynamic therapy (SGX301) utilizing topical synthetic hypericin activated with safe visible florescent light for the treatment of cutaneous T-cell lymphoma ("CTCL"), its first-in-class innate defense regulator ("IDR") technology, dusquetide (SGX942) for the treatment of oral mucositis in head and neck cancer, and proprietary formulations of oral beclomethasone 17,21-dipropionate ("BDP") for the prevention/treatment of gastrointestinal ("GI") disorders characterized by severe inflammation, including pediatric Crohn's disease (SGX203) and acute radiation enteritis (SGX201).

The Company's Vaccines/BioDefense business segment includes active development programs for RiVax™, its ricin toxin vaccine candidate, OrbeShield®, a GI acute radiation syndrome ("GI ARS") therapeutic candidate and SGX943, a melioidosis therapeutic candidate. The development of the vaccine program is currently supported by the heat stabilization technology, known as ThermoVax®, under existing and on-going government contract funding. With the government contract from the National Institute of Allergy and Infectious Diseases ("NIAID"), the Company will attempt to advance the development of RiVax™ to protect against exposure to ricin toxin. We had advanced the development of OrbeShield® for the treatment of GI ARS with funds received under our awarded government contracts with the Biomedical Advanced Research and Development Authority ("BARDA") and NIAID. We will continue to pursue additional government funding support.

The Company generates revenues under government grants primarily from the National Institutes of Health (the "NIH") and government contracts from BARDA and NIAID. The NIAID contract will be completed during the first quarter of 2017 along with the BARDA contract base period, with BARDA electing not to extend the current contract beyond the base period. We will continue to apply for additional government funding.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, development of new technological innovations, dependence on key personnel, protections of proprietary technology, compliance with the United States Food and Drug Administration (the U.S. "FDA") regulations, and other regulatory authorities, litigation, and product liability.

Liquidity

In accordance with Accounting Standards Codification 205-40, Going Concern, the Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the consolidated financial statements are issued. As of December 31, 2016, the Company had an accumulated deficit of $150,122,962. During the year ended December 31, 2016, the Company incurred a loss of $3,245,383 and used $4,982,421 of cash in operations. The Company expects to continue to generate losses in the foreseeable future. The Company's liquidity needs will be largely determined by the budgeted operational expenditures incurred in regards to the progression of its product candidates. The Company's plans to meet its liquidity needs primarily include its ability to control the timing and spending on its research and development programs and raising additional funds through potential partnership and/or financings. Based on the Company's approved operating budget, management believes that it will have sufficient capital to meet the anticipated cash needs for working capital and capital expenditures through at least March 31, 2018. Based on the Company's current rate of cash outflows, cash on hand, proceeds from government contract and grant programs, proceeds available from the equity line with Lincoln Park, LLC ("Lincoln Park") and proceeds from the State of New Jersey Technology Business Tax Certificate Transfer Program, management believes that its current cash will be sufficient to meet the anticipated cash needs for working capital and capital expenditures for at least the next twelve months following the issuance of this report.

As of December 31, 2016, the Company had cash and cash equivalents of $8,772,567 as compared to $4,921,545 as of December 31, 2015, representing an increase of $3,851,022 or 78%. The increase in cash was primarily the result of net proceeds received from financing activities of $8,840,602, primarily from a public offering of the Company's stock and the Company's stock purchase agreement with SciClone Pharmaceuticals, Inc. This was partially offset by cash used in operations of $4,982,421. As of December 31, 2016, the Company had working capital of $7,243,918 as compared to working capital of $2,179,694, which excludes a non-cash warrant liability of $2,434,101, as of December 31, 2015, representing an increase of $5,064,224 or 232%. The increase in working capital was primarily the result of the increase in cash received from our financing activities.

Management's business strategy can be outlined as follows:

Complete enrollment and report preliminary results in the pivotal Phase 3 clinical trial of SGX301 for the treatment of CTCL;

Obtain agreement from the FDA on a pivotal Phase 3 protocol of SGX942 for the treatment of oral mucositis in head and neck cancer patients and initiate the trial;

Initiate a pivotal Phase 3 clinical trial of SGX203 for the treatment of pediatric Crohn's disease;

Continue development of RiVax™ in combination with the Company's ThermoVax® technology, to develop new heat stable vaccines in biodefense with NIAID support;

Advance the preclinical and manufacturing development of OrbeShield® as a biodefense medical countermeasure for the treatment of GI ARS contingent upon government funding support;

Continue to apply for and secure additional government funding for each of the Company's BioTherapeutics and Vaccines/BioDefense programs through grants, contracts and/or procurements;

Pursue business development opportunities for the Company's pipeline programs, as well as explore merger/acquisition strategies; and

Acquire or in-license new clinical-stage compounds for development.

The Company's plans with respect to its liquidity management include, but are not limited to the following:

The Company has up to $17.3 million in active government contract and grant funding still available to support its associated research programs through 2017 and beyond provided the federal agencies exercise all options and do not elect to terminate the contracts or grants for convenience. The Company plans to submit additional contract and grant applications for further support of its programs with various funding agencies;

The Company has continued to use equity instruments to provide a portion of the compensation due to vendors and collaboration partners and expects to continue to do so for the foreseeable future;

The Company will pursue Net Operating Loss ("NOL") sales in the state of New Jersey pursuant to its Technology Business Tax Certificate Transfer Program. Based on the receipt of $530,143 in proceeds from the sale from NJ NOL in 2016, the Company expects to participate in the program during 2017 and beyond as long as the program is available;

The Company plans to pursue potential partnerships for pipeline programs. However, there can be no assurances that we can consummate such transactions;

The Company has $10.3 million available from an equity facility expiring in March 2019; and

The Company may seek additional capital in the private and/or public equity markets, pursue government contracts and grants as well as business development activities to continue its operations, respond to competitive pressures, develop new products and services, and to support new strategic partnerships. The Company evaluates additional equity/debt financing opportunities on an ongoing basis and may execute them when appropriate. However, there can be no assurances that the Company can consummate such a transaction, or consummate a transaction at favorable pricing.

<u>Reverse Stock Split</u>

On October 7, 2016, the Company completed a reverse stock split of its issued and outstanding shares of common stock at a ratio of one-for-ten, whereby, once effective, every ten shares of its common stock was exchanged for one share of its common stock. The Company's common stock began trading on the OTCQB on a reverse split basis at the market opening on October 7, 2016. All share and per share data have been restated to reflect this reverse stock split.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include Soligenix, Inc., and its wholly and majority owned subsidiaries. All significant intercompany accounts and transactions have been eliminated as a result of consolidation.

Operating Segments

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated on a regular basis by the chief operating decision maker, or decision making group, in deciding how to allocate resources to an individual segment and in assessing the performance of the segment. The Company divides its operations into two operating segments: BioTherapeutics and Vaccines/BioDefense.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Contracts and Grants Receivable

Contracts and grants receivable consist of amounts due from various grants from the NIH and contracts from BARDA and NIAID, an institute of NIH, for costs incurred prior to the period end under reimbursement contracts. The amounts were billed to the respective governmental agencies in the month subsequent to period end and collected shortly thereafter. Accordingly, no allowance for doubtful amounts has been established. If amounts become uncollectible, they are charged to operations.

Intangible Assets

One of the most significant estimates or judgments that the Company makes is whether to capitalize or expense patent and license costs. The Company makes this judgment based on whether the technology has alternative future uses, as defined in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 730, *Research and Development*. Based on this consideration, the Company capitalizes payments made to legal firms that are engaged in filing and protecting rights to intellectual property and rights for its current products in both the domestic and international markets. The Company believes that patent rights are one of its most valuable assets. Patents and patent applications are a key component of intellectual property, especially in the early stage of product development, as their purchase and maintenance gives the Company access to key product development rights from Soligenix’s academic and industry partners. These rights can also be sold or sub-licensed as part of its strategy to partner its products at each stage of development as the intangible assets have alternative future use. The legal costs incurred for these patents consist of work associated with filing new patents designed to protect, preserve and maintain the Company’s rights, and perhaps extend the lives of the patents. The Company capitalizes such costs and amortizes intangibles on a straight-line basis over their expected useful life – generally a period of 11 to 16 years.

The Company did not capitalize any patent related costs during the years ended December 31, 2016 or 2015.

These intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or if the underlying program is no longer being pursued. If the sum of the expected undiscounted cash flows is less than the carrying value of the related asset or group of assets, a loss is recognized for the difference between the fair value and carrying value of the related asset or group of assets. No such write downs have occurred during the years ended December 31, 2016 and 2015.

Impairment of Long-Lived Assets

Office furniture and equipment and intangible assets with finite lives are evaluated and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company recognizes impairment of long-lived assets in the event the net book value of such assets exceeds the estimated future undiscounted cash flows attributable to such assets. If the sum of the expected undiscounted cash flows is less than the carrying value of the related asset or group of assets, a loss is recognized for the difference between the fair value and the carrying value of the related asset or group of assets. Such analyses necessarily involve significant judgment.

The Company did not record any impairment of long-lived assets for the years ended December 31, 2016 or 2015.

Fair Value of Financial Instruments

FASB ASC 820 — *Fair Value Measurements and Disclosures,* defines fair value 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. FASB ASC 820 requires disclosures about the fair value of all financial instruments, whether or not recognized, for financial statement purposes. Disclosures about the fair value of financial instruments are based on pertinent information available to the Company on December 31, 2016. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments.

FASB ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

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

Level 1 — Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 includes financial instruments that are valued using models or other valuation methodologies. These models consider various assumptions, including volatility factors, current market prices and contractual prices for the underlying financial instruments. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 — Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents, contracts and grants receivable, accounts payable, accrued expenses, notes payable and accrued compensation approximate their fair value based on the short-term maturity of these instruments. The Company recognizes all derivative financial instruments as assets or liabilities in the financial statements and measures them at fair value with changes in fair value reflected as current period income or loss unless the derivatives qualify as hedges. As a result, certain warrants issued in connection with the Company's June 2013 registered public offering were accounted for as derivatives. See Note 5, *Warrant Liability*.

Revenue Recognition

The Company's revenues are primarily generated from government contracts and grants. The revenue from government contracts and grants is based upon subcontractor costs and internal costs incurred that are specifically covered by the contracts and grants, plus a facilities and administrative rate that provides funding for overhead expenses and management fees. These revenues are recognized when expenses have been incurred by subcontractors or when the Company incurs reimbursable internal expenses that are related to the government contracts and grants.

Research and Development Costs

Research and development costs are charged to expense when incurred in accordance with FASB ASC 730, *Research and Development*. Research and development includes costs such as clinical trial expenses, contracted research and license agreement fees with no alternative future use, supplies and materials, salaries, share-based compensation, employee benefits, equipment depreciation and allocation of various corporate costs. Purchased in-process research and development expense represents the value assigned or paid for acquired research and development for which there is no alternative future use as of the date of acquisition.

Accounting for Warrants

The Company considered FASB ASC 815, *Evaluating Whether an Instrument is Considered Indexed to an Entity's Own Stock*, which provides guidance for determining whether an equity-linked financial instrument (or embedded feature) issued by an entity is indexed to the entity's stock, and, therefore, qualifying for the first part of the scope exception in paragraph 815-10-15. The Company evaluated the provisions and determined the warrants issued in connection with the Company's June 2013 registered public offering contains provisions that protect holders from a decline in the issue price of the Company's common stock (or "down-round" provisions) and contain net settlement provisions. Consequently, these warrants were recognized as liabilities at their fair value on the date of grant and remeasured at fair value on each reporting date. During November 2016, the Company entered into amendments with the holders of those warrants pursuant to which the Company agreed to reduce the exercise price (after giving effect to the one-for-ten reverse stock split effective October 7, 2016) from $5.10 per share to $0.80 per share and permit those warrants to be exercised on a "cashless exercise" basis, and the Company eliminated the "down-round" provision of those warrants not immediately exercised. As a result of the amendments, the fair value of the warrant liability was remeasured for the year ended December 31, 2016 and the change in fair value was recognized in the statement of operations. The warrant liability related to the warrants not immediately exercised was then reclassified to equity as the amended terms of the warrants qualified them to be accounted for as equity instruments. All other warrants that have been issued by the Company were indexed to the Company's stock and therefore are accounted for as equity instruments for 2016 and 2015.

Share-Based Compensation

Stock options are issued with an exercise price equal to the market price on the date of grant. Stock options issued to directors upon re-election vest quarterly for a period of one year (new director issuances are fully vested upon issuance). Stock options issued to employees generally vest 25% on the grant date, then 25% each subsequent year for a period of three years. These options have a ten year life for as long as the individuals remain employees or directors. In general, when an employee or director terminates their position, the options will expire within three months, unless otherwise extended by the Board.

From time to time, the Company issues restricted shares of common stock to vendors and consultants as compensation for services performed. Typically these instruments vest upon issuance and therefore the entire share-based compensation expense is recognized upon issuance to the vendors and/or consultants.

Share-based compensation expense for options, warrants and shares of common stock granted to non-employees has been determined in accordance with and FASB ASC 505-50, *Equity-Based Payments to Non-Employees*, and represents the fair value of the consideration received, or the fair value of the equity instruments issued, whichever may be more reliably measured. For options that vest over future periods, the fair value of options granted to non-employees is amortized as the options vest. The fair value is remeasured each reporting period until performance is complete.

For the year ended December 31, 2016, the Company issued 66,875 stock options at a weighted average exercise price of $5.30 per share. The fair value of options issued during the years ended December 31, 2016 and 2015 was estimated using the Black-Scholes option-pricing model and the following assumptions:

a dividend yield of 0%;
an expected life of 4 years;
volatility of 84% - 121% for 2016 and 121% - 141% for 2015;
forfeitures at a rate of 12%; and
risk-free interest rates ranging from 0.96% to 1.70% and 0.98% to 1.53% for 2016 and 2015, respectively.

The fair value of each option grant made during 2016 and 2015 was estimated on the date of each grant using the Black-Scholes option pricing model and amortized ratably over the option vesting periods, which approximates the service period.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. A review of all available positive and negative evidence is considered, including the Company’s current and past performance, the market environment in which the Company operates, the utilization of past tax credits, and the length of carryback and carryforward periods. Deferred tax assets and liabilities are measured utilizing tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. No current or deferred income taxes have been provided through December 31, 2016 due to the net operating losses incurred by the Company since its inception. The Company recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of income tax expense. There were no tax related interest and penalties recorded for 2016 and 2015. Additionally, the Company has not recorded an asset for unrecognized tax benefits or a liability for uncertain tax positions at December 31, 2016 and 2015.

Earnings Per Share

Basic earnings per share (“EPS”) excludes dilution and is computed by dividing income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in the earnings of the entity. Since there is a significant number of options and warrants outstanding, fluctuations in the actual market price can have a variety of

results for each period presented.

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
Numerator:		
Net loss for basic earnings per share	$ (3,245,383)	$ (7,831,230)
Less change in fair value of warrant liability	1,541,241	-
Net loss for diluted earnings per share	$ (4,786,624)	$ (7,831,230)
Denominator:		
Weighted-average basic common shares outstanding	3,481,460	2,606,577
Assumed conversion of dilutive securities:		
Common stock purchase warrants	102,127	-
Denominator for diluted earnings per share – adjusted weighted-average shares	3,583,587	2,606,577
Basic net loss per share	($0.93)	($3.00)
Diluted net loss per share	($1.34)	($3.00)

The following table summarizes potentially dilutive adjustments to the weighted average number of common shares which were excluded from the calculation because their effect would be anti-dilutive.

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
Common stock purchase warrants	2,853,575	492,612
Stock options	330,605	276,861
Total	3,184,180	769,473

The weighted average exercise price of the Company's stock options and warrants outstanding at December 31, 2016 were $17.07 and $4.13 per share, respectively.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions such as the fair value of warrants and stock options and the useful life of intangibles that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In August 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-15, "Presentation of Financial Statements — Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The amendments in this ASU are intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Specifically, this ASU provides a definition of the term substantial doubt and requires an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). It also requires certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans and requires an express statement and other disclosures when substantial doubt is not alleviated. The new standard is effective for annual periods ending after December 15, 2016, and interim periods thereafter. The Company adopted the new standard effective December 31, 2016, and the adoption of the standard did not have an impact on the Company's consolidated financial statements and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, “Leases” (topic 842). The FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The updated guidance is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption of the update is permitted. The Company is evaluating the impact of the adoption of this update on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, “Improvements to Employee Share-Based Payment Accounting, which amends ASC Topic 718, and intends to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. It is effective for annual reporting periods beginning after December 15, 2016, and interim periods within that reporting period. Early adoption is permitted. The Company is currently evaluating the impact of adoption of this update on our consolidated financial statements and related disclosures.

Note 3. Intangible Assets

The following is a summary of intangible assets which consists of licenses and patents:

	Cost	**Accumulated Amortization**	**Net Book Value**
December 31, 2016			
Licenses	$462,234	$ 361,044	$101,190
Patents	1,893,185	1,867,747	25,438
Total	$2,355,419	$ 2,228,791	$126,628
December 31, 2015			
Licenses	$462,234	$ 333,732	$128,502
Patents	1,893,185	1,832,955	60,230
Total	$2,355,419	$ 2,166,687	$188,732

Amortization expense was $62,104 and $221,217 in 2016 and 2015, respectively.

Based on the balance of licenses and patents at December 31, 2016, future annual amortization expense is expected to be as follows:

Year	Amortization Expense
2017	$ 61,800
2018	$ 37,300
2019	$ 27,528

License fees and royalty payments are expensed annually as incurred, as the Company does not attribute any future benefits of such payments.

Note 4. Accrued Expenses

The following is a summary of the Company's accrued expenses:

	For the Years Ended December 31,	
	2016	2015
Clinical trial expenses	$741,174	$1,168,021
Executive bonuses	-	275,355
Other	64,944	67,168
Total	$806,118	$1,510,544

Note 5. Notes Payable

On July 29, 2015, the Company entered into equity purchase agreements (the “Equity Line Purchase Agreements”) and registration rights agreements with certain accredited institutional investors (see Note 7). In consideration for entering into the Equity Line Purchase Agreements, the Company issued to the investors promissory notes having an aggregate principal amount of $300,000, which were recorded as stock issuance costs. The promissory notes had an issuance date present value of $282,071 and were repaid on April 15, 2016. The promissory notes did not include terms for interest, therefore the interest was imputed at 9%. Total discount amortization of $7,281 and $10,648 was recorded as interest expense for the years ended December 31, 2016 and 2015, respectively. The discount was accreted over the term of the promissory notes using the effective interest rate method.

Note 6. Warrant Liability

On June 25, 2013, the Company consummated a public offering in which the Company issued shares of common stock, together with warrants to purchase shares of common stock. These warrants contained provisions that protected holders from a decline in the issue price of the Company’s common stock (or “down-round” provision) and contained net settlement provisions. As a result, the Company accounted for these warrants as liabilities instead of equity instruments. Down-round provisions reduce the exercise or conversion price of a warrant if the Company issues equity shares for a price that is lower than the exercise or conversion price of the warrants. Net settlement provisions allow the holder of the warrant to surrender shares underlying the warrant equal to the exercise price as payment of its exercise price, instead of exercising the warrant by paying cash. The Company evaluates whether warrants to acquire its common stock contain provisions that protect holders from declines in the stock price or otherwise could result in modification of the exercise price and/or the number of shares to be issued under the respective warrant agreements based on a variable that is not an input to the fair value of a “fixed for fixed” option. As a result of the Company’s December 2014 registered public unit offering, the exercise price of warrants outstanding in connection with the public offering completed in June 2013 was adjusted to $6.10 per share. As a result of the Company’s December 2015 drawings on the Equity Line Purchase Agreements, the exercise price of warrants outstanding in connection with the public offering conducted in June 2013 was adjusted to $5.10 per share. The Company recognized these warrants as liabilities at their fair value on the date of grant and remeasured them to fair value on each reporting date.

The Company recognized an initial warrant liability for the warrants issued in connection with the registered public offering completed in June 2013 totaling $4,827,788, which was based on the June 25, 2013 closing price of a share of the Company’s common stock as reported on OTC Markets of $9.60. During November 2016, the Company entered into amendments with the holders of those warrants pursuant to which the Company agreed to reduce the exercise price (after giving effect to the one-for-ten reverse stock split effective October 7, 2016) from $5.10 per share to $0.80 per share and permit those warrants to be exercised on a “cashless exercise” basis, and the Company eliminated the “down round” provision of those warrants not immediately exercised. As a result of the amendments, the warrant liability was remeasured as of the date of the modification, which resulted in an approximate $1,541,000 decrease in the carrying value of the warrant liability, which was recognized in the statement of operations for the year ended December 31, 2016. The warrant liability related to the warrants not immediately exercised was then reclassified to equity as the amended terms of the warrants qualified them to be accounted for as equity instruments. Of the 303,694 shares of common stock that remained issuable upon the exercise of such warrants as of the amendment date, warrants to purchase a total of 42,444 shares were exercised on a cashless basis and as a result 33,978 shares of common stock were issued on November 9, 2016.

The assumptions used in the valuation of the warrants issued in the June 25, 2013 financing on November 9, 2016 using the Black Scholes model and for the year ended December 31, 2015 using the binomial method, respectively, were as follows:

	November 9, 2016		December 31, 2015	
Number of shares underlying the warrants	303,694		303,694	
Exercise price	$ 0.80		$ 5.10	
Volatility	93	%	98	%
Risk-free interest rate	0.81	%	1.19	%
Expected dividend yield	0	%	0	%
Expected warrant life (years)	1.63		2.48	
Stock price	$ 3.65		$ 11.30	

Recurring Level 3 Activity and Reconciliation

The table below provides a reconciliation of the beginning and ending balances for the liability measured at fair value using significant unobservable inputs (Level 3).

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

	December 31, 2015	Decrease in Fair Value	Reclassification of warrant liability to equity in 2016	December 31, 2016
Warrant liability	$ 2,434,101	$ (1,541,241)	$ (892,860)	$ 0

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Note 7. Income Taxes

The income tax benefit consisted of the following for the years ended December 31, 2016 and December 31, 2015:

	2016	2015
Federal	$-	$-
State	(530,143)	(488,933)
Income tax benefit	$(530,143)	$(488,933)

The significant components of the Company’s deferred tax assets and liabilities at December 31, 2016 and 2015 are as follows:

	2016	2015
Net operating loss carry forwards	$32,028,000	$31,216,000
Orphan drug and research and development credit carry forwards	6,374,000	4,909,000
Equity based compensation	1,943,000	1,923,000
Intangibles	1,921,000	2,090,000
Total	42,266,000	40,138,000
Valuation allowance	(42,266,000)	(40,138,000)
Net deferred tax assets	$-	$-

The Company had gross NOLs at December 31, 2016 of approximately $93,635,000 for federal tax purposes and approximately $3,233,000 of New Jersey NOL carry forwards remaining after the sale of unused net operating loss carry forwards, portions of which will begin to expire in 2018. In addition, the Company has $6,374,000 of various tax credits which expire from 2018 to 2035. The Company may be able to utilize its NOLs to reduce future federal and state income tax liabilities. However, these NOLs are subject to various limitations under Internal Revenue Code (“IRC”) Section 382. IRC Section 382 limits the use of NOLs to the extent there has been an ownership change of more than 50 percentage points. In addition, the NOL carry forwards are subject to examination by the taxing authority and could be adjusted or disallowed due to such exams. Although the Company has not undergone an IRC Section 382 analysis, it is likely that the utilization of the NOLs may be substantially limited.

The Company and one or more of its subsidiaries files income tax returns in the U.S. Federal jurisdiction, and various state and local jurisdictions. During the years ended December 31, 2016 and 2015, in accordance with the State of New Jersey’s Technology Business Tax Certificate Program, which allowed certain high technology and biotechnology companies to sell unused NOL carry forwards to other New Jersey-based corporate taxpayers, the Company sold New Jersey NOL carry forwards, resulting in the recognition of $530,143 and $488,933 of income tax benefit, net of transaction costs, respectively. There can be no assurance as to the continuation or magnitude of this

program in the future.

Reconciliations of the difference between income tax benefit computed at the federal and state statutory tax rates and the provision for income tax benefit for the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Income tax loss at federal statutory rate	(34.0)%	(34.0)%
State tax benefits, plus sale of NJ NOLs, net of federal benefit	(7.9)	(4.3)
Permanent differences	10.3	15.0
Orphan drug and research and development credits	(38.8)	(16.3)
Change in valuation allowance	56.4	33.7
Income tax benefit	(14.0)%	(5.9)%

Note 8. Shareholders' Deficiency

Preferred Stock

The Company has 350,000 shares of preferred stock authorized, none of which are issued or outstanding.

Common Stock

The following items represent transactions in the Company's common stock for the year ended December 31, 2016:

The Company issued Lincoln Park Capital Fund, LLC ("Lincoln Park") 277,135 shares of common stock pursuant to the equity line purchase agreement;
On May 31, 2016, the Company issued 5,000 shares of common stock to a vendor for partial consideration for services performed.
On August 29, 2016, the Company issued 2,500 shares of common stock to a vendor for partial consideration for services performed.
On September 9, 2016, the Company entered into a common stock purchase agreement with SciClone pursuant to which we sold 352,942 shares of the Company's common stock to SciClone for an aggregate price of $3,000,000.
In November 2016, warrants to purchase a total of 42,444 shares were exercised on a cashless basis and as a result 33,978 shares of common stock were issued.
On December 16, 2016, 1,670,000 shares of the Company's common stock and warrants to purchase 2,087,500 shares of the Company's common stock at a combined offering price of $3.16 were issued in a registered public offering. In addition, the underwriters partially exercised the over-allotment to purchase an additional 282,505 warrants. The

warrants have a per share exercise price of $3.95 and are exercisable immediately.

The following items represent transactions in the Company's common stock for the year ended December 31, 2015:

In February 2015, the Company issued 70,179 shares of common stock in connection with the exercise of stock warrants;
In March 2015, the Company issued 48,200 shares of common stock in connection with the exercise of stock warrants;
In March 2015, the Company issued 15,301 shares of common stock pursuant to the Lincoln Park facility;
In April 2015, the Company issued 35,679 shares of common stock in connection with the exercise of stock warrants;
In April 2015, the Company issued 812 shares of common stock in connection with the exercise of stock options;
In May 2015, the Company issued 7,636 shares of common stock pursuant to the Lincoln Park facility;
In June 2015, the Company issued 38,425 shares of common stock pursuant to the Lincoln Park facility;

In June 2015, the Company issued 19,871 shares of common stock in connection with the exercise of stock warrants;
In July 2015, the Company issued 714 shares of common stock in connection with the exercise of stock warrants;
In September 2015, the Company issued 60,954 shares of common stock pursuant to an Equity Line Purchase Agreement;
In September 2015, the Company issued 2,500 shares of common stock in connection with the exercise of stock options;
In October 2015, the Company issued 15,184 shares of common stock pursuant to the Lincoln Park facility;
In November 2015, the Company issued 7,589 shares of common stock pursuant to the Lincoln Park facility;
In December 2015, the Company issued 393,623 shares of common stock pursuant to an Equity Line Purchase Agreement;
In nine separate transactions, the Company issued 16,628 fully vested shares of common stock as partial consideration for services performed

Equity Line Purchase Agreement

On July 29, 2015, the Company entered into the Equity Line Purchase Agreements and registration rights agreements with accredited institutional investors, Kodiak Capital Group, LLC ("Kodiak Capital"), Kingsbrook Opportunities Master Fund LP ("Kingsbrook") and River North Equity, LLC ("River North" and, together with Kodiak Capital and Kingsbrook, the "Investors"). Under the Equity Line Purchase Agreements, the Investors agreed to purchase from the Company up to an aggregate of $10 million worth of shares of common stock, from time to time. In accordance with the registration rights agreements, the Company has filed with the U.S. Securities and Exchange Commission ("SEC") a registration statement to register for resale under the Securities Act of 1933, as amended, the shares of common stock that may be issued to the Investors under the Equity Line Purchase Agreements.

From the date that the SEC declared the registration statement effective in August 2015, the Company had the right to sell up to $5 million, $4 million and $1 million worth of shares of common stock to Kodiak Capital, Kingsbrook and River North, respectively. The purchase price of the shares was equal to eighty percent (80%) of the lowest daily volume weighted average price of the common stock for any trading day during the five consecutive trading days immediately following the date of the Company's notice to the Investors requesting the purchase.

In consideration for entering into the Equity Line Purchase Agreements, the Company issued to each of the Investors a promissory note having a principal amount equal to 3% of the total amount committed by such Investor. The principal amount due under the promissory notes did not accrue interest and was payable by April 15, 2016. The promissory notes were repaid on April 15, 2016 (see Note 4).

The initial drawdown under the Equity Line Purchase Agreements was $500,000 offset by issuance cost of $453,162, which is included in the Consolidated Statements of Changes in Shareholders' Deficiency for the year ended December 31, 2015. Issuance costs include professional fees, 3% commitment fee (promissory notes payable by April 15, 2016)

and SEC filing fees.

In December 2015, a second drawdown was made, whereby under the Equity Line Purchase Agreements, the Company issued 393,624 shares of common stock receiving proceeds of $2,000,000.

On March 7, 2016, in accordance with the terms of the Equity Line Purchase Agreements, the Company exercised its right to terminate the Purchase Agreements upon written notice to the Investors. The Company did not incur any penalties as a result of this termination.

Equity Line

In November 2013, the Company entered into a common stock purchase agreement with Lincoln Park Capital Fund, LLC (“Lincoln Park”). The Lincoln Park equity facility allowed the Company to require Lincoln Park to purchase up to $10.6 million of our common stock over a 36-month period depending on certain conditions. During the year ended December 31, 2015, the Company sold 82,500 shares of common stock and issued 1,635 commitment shares to Lincoln Park receiving net proceeds of $1,339,177. During the year ended December 31, 2016, there were no sales of common stock under the Lincoln Park 2013 equity facility. The 2013 Lincoln Park equity facility expired in November 2016 in accordance with the terms of the agreement.

In March 2016, the Company entered into a common stock purchase agreement with Lincoln Park. The 2016 Lincoln Park equity facility allows the Company to require Lincoln Park to purchase up to 10,000 shares (“Regular Purchase”) of the Company’s common stock every two business days, up to an aggregate of $12.0 million over approximately a 36-month period with such amounts increasing as the quoted stock price increases. The Regular Purchase may be increased up to 15,000 shares of common stock if the closing price of the common shares is not below $10.00, up to 20,000 shares of common stock if the closing price of the common shares is not below $15.00 and up to 25,000 shares of common stock if the closing price of the common shares is not below $20.00. The purchase price for the Regular Purchase shall be equal to the lesser of (i) the lowest sale price of the common shares during the purchase date, or (ii) the average of the three lowest closing sale prices of the common shares during the twelve business days prior to the purchase date. Each Regular Purchase shall not exceed $750,000. Furthermore, for each purchase by Lincoln Park, additional commitment shares in commensurate amounts up to a total of 50,000 shares will be issued based upon the relative proportion of the aggregate amount of $12.0 million. In addition to the Regular Purchase and provided that the closing price of the common shares is not below $7.50 on the purchase date, the Company in its sole discretion may direct Lincoln Park on each purchase date to purchase on the next stock trading day (Accelerated Purchase Date”) additional shares of Company stock up to the lesser of (i) three times the number of shares purchased following a Regular Purchase or (ii) 30% of the trading volume of shares traded on the Accelerated Purchase Date at a price equal to the lesser of the closing sale price on the Accelerated Purchase Date or 95% of the Accelerated Purchase Date’s volume weighted average price.

Upon entering into the agreement, the Company issued 10,000 shares of common stock as consideration for its commitment to purchase shares of the Company’s common stock under the purchase agreement. The value of these shares on the date granted was $81,000, which was accounted for as a stock issuance cost.

During the year ended December 31, 2016, the Company sold 260,000 shares of common stock and issued 7,135 commitment shares and received proceeds of $1,712,320. The value of commitment shares on the date granted was $47,244 which was accounted for as a stock issuance cost.

Note 9. Stock Option Plans and Warrants to Purchase Common Stock

Stock Option Plans

The Amended and Restated 2005 Equity Incentive Plan was replaced by the 2015 Equity Incentive Plan ("2015 Plan"), approved in June 2015, with 300,000 shares available under the 2015 Plan, and is divided into four separate equity programs:

1) the Discretionary Option Grant Program, under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of common stock,
2) the Salary Investment Option Grant Program, under which eligible employees may elect to have a portion of their base salary invested each year in options to purchase shares of common stock,
3) the Automatic Option Grant Program, under which eligible nonemployee Board members will automatically receive options at periodic intervals to purchase shares of common stock, and
4) the Director Fee Option Grant Program, under which non-employee Board members may elect to have all, or any portion, of their annual retainer fee otherwise payable in cash applied to a special option grant.

The 2005 Equity Incentive Plan (“2005 Plan”) also was divided into four separate equity programs:

1) the Discretionary Option Grant Program, under which eligible persons may, at the discretion of the Plan Administrator, be issued common stock or granted options to purchase shares of common stock,
2) the Salary Investment Option Grant Program, under which eligible employees may elect to have a portion of their base salary invested each year in options to purchase shares of common stock,
3) the Automatic Option Grant Program, under which eligible nonemployee Board members will automatically receive options at periodic intervals to purchase shares of common stock, and
4) the Director Fee Option Grant Program, under which non-employee Board members may elect to have all, or any portion, of their annual retainer fee otherwise payable in cash applied to a special option grant.

The 2005 Plan expired in 2015 and thus no securities remain available for future issuance under that plan.

The table below accounts only for transactions occurring as part of the 2015 Plan.

Shares available for grant at January 1, 2016	252,300
Options granted	(66,875)
Options forfeited	344
Shares available for grant at December 31, 2016	185,679

The total option activity for the amended 2005 Plan and the 2015 Plan for the years ended December 31, 2016 and 2015 was as follows:

	Options	Weighted Average Options Exercise Price
Balance outstanding at December 31, 2014	248,828	$ 24.00
Granted	60,534	11.90
Exercised	(3,312)	5.80
Forfeited	(29,189)	31.30
Balance outstanding at December 31, 2015	276,861	$ 21.30
Granted	66,875	5.30
Increase post reverse stock split	1,851	17.07
Exercised	-	-

Forfeited	(14,982)	48.52
Balance outstanding at December 31, 2016	330,605	$ 17.07

As of December 31, 2016, there were 258,996 options exercisable with a weighted average exercise price of $19.58, a weighted average remaining contractual term of 7.43 years and an intrinsic value of $0. The intrinsic value of options exercised during the year ended December 31, 2015 was $18,181. As of December 31, 2016, there were 330,605 options outstanding and expected to vest with a weighted average exercise price of $17.07, weighted average remaining term of 5.82 years and an intrinsic value of $0. The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the closing price of our common stock on the last trading day on December 31, 2016 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2016. This amount changes based on the fair market value of our common stock.

The Company awarded 66,875 and 60,534 stock options to new employees and existing Board members during the years ended December 31, 2016 and 2015, respectively, which had a weighted average grant date fair value per share of $3.90 and $9.48, respectively. The weighted-average exercise price, by price range, for outstanding options to purchase common stock at December 31, 2016 was:

Price Range	**Weighted Average Remaining Contractual Life in Years**	**Outstanding Options**	**Exercisable Options**
$2.25-$19.50	6.14	235,475	165,144
$20.00-$41.00	6.36	63,080	61,802
$46.40-$94.00	2.43	32,050	32,050
Total	5.82	330,605	258,996

The Company's share-based compensation expense for the years ended December 31, 2016 and 2015 was recognized as follows:

Share-based compensation	2016	2015
Research and development	$230,573	$260,204
General and administrative	344,404	394,277
Total	$574,977	$654,481

At December 31, 2016, the total compensation cost for stock options not yet recognized was approximately $407,520 and will be expensed over the next three years.

Warrants to Purchase Common Stock

As described in Note 5. Warrant Liability, during November 2016, the Company entered into amendments with the holders of the price protected warrants issued in the June 2013 registered public offering eliminating the "down round" provision and permitting those warrants to be exercised on a "cashless exercise" basis. Of the 303,694 shares of common stock that remained issuable on the date of the amendments upon the exercise of such warrants, warrants to purchase a total of 42,444 shares were exercised on a cashless basis on November 9, 2016. The fair value of the warrant liability of $892,860 related to the remaining 261,250 warrants outstanding after the amendment and exercises was reclassified to equity as the amended terms of the warrants qualified them to be accounted for as equity instruments.

On December 16, 2016, 1,670,000 shares of our common stock and warrants to purchase 2,087,500 shares of the Company's common stock at a combined offering price of $3.16 were issued in a registered public offering. In addition, the underwriters partially exercised the over-allotment to purchase an additional 282,505 warrants. Commencing on the date of issuance, holders of the warrants may exercise their right to acquire the common stock and pay an exercise price of $3.95 per share, prior to five years from the date of issuance, after which date any unexercised warrants will expire and have no further value. The warrants are traded on the Nasdaq Capital Market under the symbol "SNGXW".

In connection with the registered public offering, a warrant to purchase 33,400 shares of the Company's common stock was issued to the representative of the underwriters of the offering. The warrant is exercisable at $3.95 per share of common stock underlying the warrant for a four-year period commencing one year from the effective date of the offering.

Warrant activity for the years ended December 31, 2016 and 2015 was as follows:

	Warrants	Weighted Average Warrant Exercise Price
Balance at December 31, 2014	726,950	$ 11.50
Exercised	(174,643)	6.40
Expired	(59,693)	55.90
Balance at December 31, 2015	492,614	$ 7.40
Granted	2,403,405	3.95
Exercised	(42,444)	0.80
Balance at December 31, 2016	2,853,575	$ 4.13

The weighted-average remaining life, by grant date, for outstanding warrants at December 31, 2016 was:

Grant Date	**Exercise Price**	**Weighted Average Remaining Contractual Life in Years**	**Outstanding Warrants**	**Exercisable Warrants**
11/15/2012	$ 6.80	0.87	5,000	5,000
12/20/2012	5.30	0.97	44,488	44,488
12/20/2012	5.80	0.97	28,000	28,000
6/25/2013	0.80	1.48	261,250	261,250
12/5/2013	20.50	1.93	500	500
12/24/2014	14.80	2.98	110,932	110,932
12/16/2016	$ 3.95	4.96	2,403,405	2,370,005
	Total	4.45	2,853,575	2,820,175

Note 10. Concentrations

At December 31, 2016 and 2015, the Company had deposits in major financial institutions that exceeded the amount under protection by the Securities Investor Protection Corporation (“SIPC”). Currently, the Company is covered up to $1,000,000 by the SIPC and at times maintains cash balances in excess of the SIPC coverage.

Note 11. Commitments and Contingencies

The Company has commitments of approximately $500,000 at December 31, 2016 for several licensing agreements with consultants and universities. Additionally, the Company has collaboration and license agreements, which upon clinical or commercialization success, may require the payment of milestones of up to $7.9 million and/or royalties up to 6% of net sales of covered products, if and when achieved. However, there can be no assurance that clinical or commercialization success will occur. As of December 31, 2016, no milestones or royalty payments have been paid or accrued.

In December 2014, the Company entered into a lease agreement through May 31, 2018 for existing and expanded office space. The rent for the first 12 months was approximately $12,300 per month, or approximately $20.85 per square foot. This rent increased to approximately $12,375 per month, or approximately $20.95 per square foot, for the next 12 months and will increase to approximately $12,460 per month, or approximately $21.13 per square foot for the remainder of the lease. Rent expense was $148,336 and $142,935 for 2016 and 2015, respectively.

On September 3, 2014, the Company entered into an asset purchase agreement with Hy Biopharma, Inc. (“Hy Biopharma”) pursuant to which the Company acquired certain intangible assets, properties and rights of Hy Biopharma related to the development of Hy BioPharma’s synthetic hypericin product. As consideration for the assets acquired, the Company paid $275,000 in cash and issued 184,912 shares of common stock with a fair value based on the Company’s stock price on the date of grant of $3,750,000. These amounts were charged to research and development expense during the third quarter of 2014 as the assets will be used in the Company’s research and development activities and do not have alternative future use pursuant to generally accepted accounting principles in the United States. Provided all future success-oriented milestones are attained, the Company will be required to make additional payments of up to $10.0 million, if and when achieved. Payments will be payable in restricted securities of the Company provided they do not exceed 19.9% ownership of the Company’s outstanding stock. As of December 31, 2016, no milestone or royalty payments have been paid or accrued.

In February 2007, the Company’s Board of Directors authorized the issuance of 5,000 shares of the Company’s common stock to Dr. Schaber immediately prior to the completion of a transaction, or series or a combination of related transactions, negotiated by its Board of Directors whereby, directly or indirectly, a majority of its capital stock or a majority of its assets are transferred from the Company and/or its stockholders to a third party. Dr. Schaber’s amended employment agreement includes the Company’s obligation to issue such shares if such event occurs.

As a result of the above agreements, the Company has future contractual obligations over the next five years as follows:

Year	Research and Development	**Property and Other Leases**	**Total**
2017	$ 100,000	$151,000	$251,000
2018	100,000	52,000	152,000
2019	100,000	-	100,000
2020	100,000	-	100,000
2021	100,000	-	100,000
Total	$ 500,000	$203,000	$703,000

Note 12. Operating Segments

The Company maintains two active operating segments: BioTherapeutics and Vaccines/BioDefense. Each segment includes an element of overhead costs specifically associated with its operations, with its corporate shared services group responsible for support functions generic to both operating segments.

	For the Years Ended December 31,	
	2016	**2015**
Revenues		
Vaccines/BioDefense	**$10,448,794**	$8,754,418
BioTherapeutics	**-**	13,972
Total	**$10,448,794**	$8,768,390
Income (Loss) from Operations		
Vaccines/BioDefense	**$1,563,884**	$1,263,709
BioTherapeutics	**(3,399,933)**	(4,487,988)
Corporate	**(3,873,533)**	(3,885,997)
Total	**$(5,709,582)**	$(7,110,276)
Amortization and Depreciation Expense		
Vaccines/BioDefense	**$40,186**	$39,925
BioTherapeutics	**41,395**	199,661
Corporate	**8,347**	7,872
Total	**$89,928**	$247,458
Other Income (Expense), Net		
Corporate	**$1,934,056**	$(1,209,887)
Share-Based Compensation		
Vaccines/BioDefense	**$99,410**	$111,960
BioTherapeutics	**131,163**	148,244
Corporate	**344,404**	394,277
Total	**$574,977**	$654,481

	As of December 31,	
	2016	2015
Identifiable Assets		
Vaccines/BioDefense	$**1,297,986**	$2,123,676
BioTherapeutics	**49,422**	76,183
Corporate	**8,919,698**	5,187,263

Total	$**10,267,105**	$7,387,122

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Soligenix, Inc.

We have audited the accompanying consolidated balance sheets of Soligenix, Inc. and Subsidiaries (the “Company”) as of December 31, 2016 and 2015, and the related consolidated statements of operations, shareholders’ equity (deficiency), and cash flows for each of the years then ended. The financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Soligenix, Inc. and Subsidiaries as of December 31, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

Philadelphia, PA
March 27, 2017