LIGHTBRIDGE Corp
Form 10-Q
November 23, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: **September 30, 2015**

[ ] 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: **001-34487**

LIGHTBRIDGE CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	**91-1975651**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Empl. Ident. No.)*

1600 Tysons Boulevard, Suite 550
Mclean, VA 22102
(Address of principal executive offices, Zip Code)

(571) 730-1200
(Registrant s telephone number, including area code)

____

(Former Name, Former Address and Former Fiscal Year if Changed Since Last Report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§

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).
Yes [X] No [ ]

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

Large Accelerated Filer [ ]	Accelerated Filer [ ]
Non-Accelerated Filer [ ]	Smaller reporting company [X]
(Do not check if a smaller reporting company)	

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

The number of shares outstanding of each of the issuer s classes of common equity, as of November 12, 2015, is as follows:

Class of Securities	Shares Outstanding
Common Stock, $0.001 par value	18,623,387

LIGHTBRIDGE CORPORATION
Form 10-Q
For the Quarterly Period Ended September 30, 2015

PART I FINANCIAL INFORMATION

Lightbridge Corporation
Condensed Consolidated Balance Sheets

		September 30, 2015 (Unaudited)		December 31, 2014 Restated
ASSETS				
Current Assets				
Cash and cash equivalents	$	1,675,673	$	4,220,225
Restricted cash		325,670		325,181
Accounts receivable - project revenue and reimbursable project costs		255,035		469,086
Prepaid expenses and other current assets		112,569		205,185
Total Current Assets		2,368,947		5,219,677
Other Assets				
Patent costs		893,187		833,560
Total Assets	$	**3,262,134**	$	**6,053,237**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	$	608,346	$	653,669
Total Current Liabilities		608,346		653,669
Warrant liability		1,891,566		4,633,312
Total Liabilities		2,499,912		5,286,981
Commitments and contingencies - note 5				
Stockholders' Equity				
Preferred stock, $0.001 par value, 50,000,000 authorized shares, no shares issued and outstanding		-		-
Common stock, $0.001 par value, 500,000,000 authorized, 18,523,453 shares outstanding at September 30, 2015 and 18,082,874 at December 31, 2014		18,523		18,083
Additional paid-in capital		71,873,603		70,801,464
Accumulated Deficit		(71,129,904)		(70,053,291)
Total Stockholders' Equity		762,222		766,256
Total Liabilities and Stockholders' Equity	$	**3,262,134**	$	**6,053,237**

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

Lightbridge Corporation
Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014 Restated	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014 Restated
Revenue:				
Consulting Revenue	$ 234,163	$ 275,158	$ 656,220	$ 878,396
Cost of Consulting Services Provided	118,954	136,061	452,007	492,047
Gross Margin	115,209	139,097	204,213	386,349
Operating Expenses				
General and administrative	1,067,166	783,570	3,106,265	3,064,309
Research and development expenses	302,912	116,146	910,458	1,172,680
Total Operating Expenses	1,370,078	899,716	4,016,723	4,236,989
Operating Loss	(1,254,869)	(760,619)	(3,812,510)	(3,850,640)
Other Income and (Expenses)				
Warrant revaluation	1,083,495	857,308	2,741,746	(1,213,051)
Investment income	164	44	488	1,391
Other expenses	(3,061)	(737)	(6,337)	(1,093)
Total Other Income and (Expenses)	1,080,598	856,615	2,735,897	(1,212,753)
Net income (loss) before income taxes	(174,271)	95,996	(1,076,613)	(5,063,393)
Income taxes	-	-	-	-
Net income (loss)	$ (174,271)	$ 95,996	$ (1,076,613)	$ (5,063,393)
Net Earnings (Loss) Per Common Share, Basic and Diluted	$ (0.01)	$ 0.01	$ (0.06)	$ (0.34)
Weighted Average Number of Shares Outstanding	18,170,152	15,111,383	18,111,967	15,079,222

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

Lightbridge Corporation
Unaudited Condensed Consolidated Statements of Cash Flows

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014 Restated
Cash Flows from Operating Activities:		
Net Loss	$ (1,076,613)	$ (5,063,393)
Adjustments to reconcile net loss from operations to net cash used in operating activities:		
Stock-based compensation	1,017,449	227,274
Unrealized gain on marketable securities	-	(556)
Warrant revaluation	(2,741,746)	1,213,051
Changes in non-cash operating working capital items:		
Accounts receivable - fees and reimbursable project costs	214,051	287,890
Prepaid expenses and other assets	92,615	(11,459)
Accounts payable and accrued liabilities	(45,323)	(87,224)
Net Cash Used In Operating Activities	(2,539,567)	(3,434,417)
Cash Flows from Investing Activities:		
Payments for Patent costs	(59,627)	(102,279)
Net Cash Used In Investing Activities	(59,627)	(102,279)
Cash Flows from Financing Activities:		
Net proceeds from the issuance of common stock	55,131	305,490
Restricted cash	(489)	(834)
Net Cash Provided By Financing Activities	54,642	304,656
Net Decrease In Cash and Cash Equivalents	(2,544,552)	(3,232,040)
Cash and Cash Equivalents, Beginning of Period	4,220,225	3,672,877
Cash and Cash Equivalents, End of Period	$ 1,675,673	$ 440,837
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year:		
Interest	$ -	$ -
Income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW FINANCING ACTIVITIES		
Warrant liability - fair value of warrants exercised	$ -	$ 331,144
Shares issued for stock offering costs	$ 275,700	$ -

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

LIGHTBRIDGE CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation, Summary of Significant Accounting Policies and Nature of Operations

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of Lightbridge Corporation and its subsidiaries have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, or the SEC, including the instructions to Form 10-Q and Regulation S-X. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted from these statements pursuant to such rules and regulations and, accordingly, they do not include all the information and notes necessary for comprehensive consolidated financial statements and should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2014, included in our Annual Report on Form 10-K/A for the year ended December 31, 2014.

In the opinion of the management of the Company, all adjustments, which are of a normal recurring nature, necessary for a fair statement of the results for the periods presented, have been made. Results for the interim periods presented are not necessarily indicative of the results that might be expected for the entire fiscal year. When used in these notes, the terms "Company, Lightbridge, "we, "us" or "our" mean Lightbridge Corporation and all entities included in our consolidated financial statements.

We were formed on October 6, 2006, when Thorium Power, Ltd. merged with Thorium Power, Inc., (TPI), which had been formed in the State of Delaware on January 8, 1992. On September 29, 2009, we changed our name from Thorium Power, Ltd. to Lightbridge Corporation. We are engaged in two operating business segments: our Technology Business Segment and our Consulting Business Segment (see Note 10-Business Segment Results).

Technology Business Segment

Our primary business segment, based on future revenue potential, is to develop and commercialize innovative, proprietary nuclear fuel designs which we expect will significantly enhance the nuclear power industry s economics due to higher power output and improve safety margins.

We are currently focusing our development efforts primarily on the metallic fuel with a power uprate of up to 10% and a 24-month operating cycle in existing Westinghouse-type four-loop pressurized water reactors. Those reactors represent the largest segment of our global target market. Our metallic fuel could also be adapted for use in other types of water-cooled commercial power reactors, such as boiling water reactors, CANDU heavy water reactors, as well as water-cooled small modular reactors.

On September 9, 2015, we entered into a Comprehensive Nuclear Services Agreement with Canadian Nuclear Laboratories (CNL) for fabrication of Lightbridge's patented next generation metallic nuclear fuel test samples at CNL facilities at Chalk River, Ontario, Canada. This enabling agreement provides the framework to proceed with Phases 2 and 3 of the test fuel sample fabrication at CNL's facilities in Chalk River as envisioned in an October 2014 Initial Cooperation Agreement. The initial scope of work under the comprehensive nuclear services agreement involves development of a fabrication plan in 2015. Subsequent activities will include fabrication and characterization in early 2016 of prototype fuel test samples using depleted uranium, to be followed by fabrication in late 2016 of irradiation fuel test samples using low enriched uranium for loop irradiation testing under prototypic commercial reactor operating conditions in a pressurized water loop of the 25MW nuclear research reactor operated by the Institute for Energy Technology (IFE) at Halden, Norway.

On July 8, 2015 we entered into a service agreement with IFE of Norway for irradiation testing of Lightbridge advanced metallic nuclear fuel samples under prototypic commercial reactor operating conditions in IFE s Halden research reactor.

Consulting Business Segment

Our business model expanded with the establishment of a consulting business segment in 2007, through which we provide consulting and strategic advisory services to companies and governments planning to create or expand electricity generation capabilities using nuclear power plants. On August 1, 2008, we signed separate consulting services agreements with two government entities: Emirates Nuclear Energy Corporation (ENEC) formed by Abu Dhabi, one of the member Emirates of the United Arab Emirates (UAE), and the Federal Authority for Nuclear Regulation (FANR) formed by the government of the UAE. Under these two original agreements, we have provided consulting and strategic advisory services over a contract term of five years starting from June 23, 2008. The ENEC contract has been extended through 2015. The FANR contract has been extended to December 31, 2016. These contracts can each continue to be extended upon agreement by both parties.

On August 11, 2014, we were selected to provide quality assurance, safety and construction inspection services in support of the in-house inspection team of FANR. As a team with Lloyd s Register, this work is in addition to our ongoing support of FANR s activities.

During the fourth quarter of 2014, we signed a contract with ENEC to provide management consulting services to their Seoul Korea office, on a time and material basis.

Accounting Policies and Pronouncements

Basis of Consolidation

These consolidated financial statements include the accounts of Lightbridge, a Nevada corporation, and our wholly-owned subsidiaries, TPI, a Delaware corporation, Lightbridge International Holding LLC, a Delaware limited liability company, and our foreign branch offices.

All significant intercompany transactions and balances have been eliminated in consolidation. We registered a branch office in the United Kingdom in 2008 called Lightbridge Advisors Limited (inactive) and we also established a branch office in Moscow, Russia, in July 2009, both of which are wholly owned by Lightbridge International Holding LLC at December 31, 2014. These branch offices will be closed in 2015. Translation gains and losses for the three and nine months ended September 30, 2015 and 2014 were not significant. Foreign branches are winding down as of September 30, 2015.

Certain Risks, Uncertainties and Concentrations

We are an early stage company and will likely need additional funding by way of strategic alliances, further offerings of equity securities, an offering of debt securities, or a financing through a bank in order to support the remaining research and development activities required to further enhance and complete the development of our fuel products to a commercial stage. Currently, we are working on consulting revenue opportunities with the overall goal of increasing our profitability and cash flow.

We participate in a government-regulated industry. Our operating results are affected by a wide variety of factors including decreases in the use or public favor of nuclear power, the ability of our technology to safeguard the production of nuclear power and our ability to safeguard our patents and intellectual property from competitors. Due to these factors, we may experience substantial period-to-period fluctuations in our future operating results. Potentially, a loss of a key officer, key management, and other personnel could impair our ability to successfully execute our business strategy, particularly when these individuals have acquired specialized knowledge and skills with respect to nuclear power and our operations.

Our future operations and earnings currently depend on the results of the Company s operations outside the United States. There can be no assurance that the Company will be able to successfully continue to conduct such operations, and a failure to do so would have a material adverse effect on the Company s research and development activities, financial position, results of operations, and cash flows. Also, the success of the Company s operations will be subject to other numerous contingencies, some of which are beyond management s control. These contingencies include general and regional economic conditions, competition, changes in regulations, changes in accounting and taxation standards, inability to achieve overall long-term goals, future impairment charges and global or regional catastrophic events. Because the Company is dependent on its international operations for almost all its revenue, the Company may be subject to various additional political, economic, and other uncertainties.

Accounts receivable are typically unsecured and are primarily derived from revenues earned from customers located in the Middle East. We perform ongoing evaluations to determine customer credit and we limit the amount of credit we extend, but generally we do not require collateral from our customers. We maintain reserves for estimated credit losses if necessary, however, no reserve has been set up at September 30, 2015 and December 31, 2014, as we have not incurred any credit losses from our customers to date.

Approximately 78% and 67% of the total revenues reported for the three months ended September 30, 2015 and 2014, respectively, were from the ENEC and FANR contracts. The ENEC and FANR contracts were approximately 61% and 74% of our consulting revenues for the nine months ended September 30, 2015 and 2014, respectively. Contracts with one other customer constituted approximately 21% of the total revenues reported for the three months ended September 30, 2015 and approximately 34% of the total revenues reported for the nine months ended September 30, 2015.

Revenue Recognition

Consulting Business Segment

At the present time, we derive all of our revenue from our consulting business segment on a time and expense basis as provided, by offering consulting services to governments outside the United States planning to create or expand electricity generation capabilities using nuclear power plants. Our fee structure for each client engagement is dependent on a number of variables, including the size of the client, the complexity, the level of the opportunity for us to improve the client s electrical generation capabilities using nuclear power plants, and other factors. The accounting policy we use to recognize revenue depends on the terms and conditions of the specific contract.

Revenues from the Executive Affairs Authority (EAA) of Abu Dhabi, one of the member Emirates of the UAE, and the related entities, ENEC and FANR, are billed on both a time and expense basis and on a fixed contract basis with revenue recognized based on the acceptance of defined contract deliverables.

Certain customer arrangements require evaluation of the criteria outlined in the accounting standards for reporting revenue Gross as a Principal Versus Net as an Agent in determining whether it is appropriate to record the gross amount of revenue and related costs, or the net amount earned as agent fees. Generally, when we are primarily obligated in a transaction, revenue is recorded on a gross basis.

Other factors that we consider in determining whether to recognize revenue on a gross versus net basis include our assumption of credit risk, latitude in establishing prices, our determination of service specifications, and our involvement in the provision of services. We have determined, based on the credit risk that we bear for collecting consulting fees, travel costs, and other reimbursable costs from our customers, that in 2015 and 2014 we acted as a principal, and therefore we are recognizing as revenue all travel costs and other reimbursable costs billed to our customers.

Cost of consulting services includes labor, travel expenses, stock-based compensation and other related consulting costs.

Technology Business Segment

Once our nuclear fuel designs have advanced to a commercially usable stage by a fuel fabricator and/or nuclear plant owner/operator, we will seek to license our technology to them or to major government contractors working for the applicable government. We expect that our revenue from these license fees will be recognized on a straight-line basis over the expected period of the related license term.

Stock-Based Compensation

The stock-based compensation expense incurred by Lightbridge for employees and directors in connection with its equity incentive plan is based on the employee model of ASC 718, and the fair value of the options is measured at the grant date. Under ASC 718 employee is defined as, An individual over whom the grantor of a share-based compensation award exercises or has the right to exercise sufficient control to establish an employer-employee relationship based on common law as illustrated in case law and currently under U.S. Tax Regulations. Our advisory board members and consultants do not meet the employer-employee relationship as defined by the IRS and therefore are accounted for under ASC 505-50.

ASC 505-50-30-11 (previously EITF 96-18) further provides that an issuer shall measure the fair value of the equity instruments in these transactions using the stock price and other measurement assumptions as of the earlier of the following dates, referred to as the measurement date:

i. The date at which a commitment for performance by the counterparty to earn the equity instruments is reached (a performance commitment); and

ii. The date at which the counterparty s performance is complete.

We have elected to use the Black-Scholes pricing model to determine the fair value of stock options on the measurement date of the grant. Restricted stock units are measured based on the fair values of the underlying stock on the measurement date of the grant. Shares that are issued to officers on the exercise dates of their stock options may be issued net of the statutory withholding requirements to be paid by us on behalf of our employees. As a result, the actual number of shares issued will be fewer than the actual number of shares exercised under the stock option. We recognize stock-based compensation using the straight-line method over the requisite service period.

Cash and Cash Equivalents and Restricted Cash

We may at times invest our excess cash in money market mutual funds. We classify all highly liquid investments with stated maturities of three months or less from date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months as marketable securities. We hold cash balances in excess of the federally insured limits of $250,000 with one prominent financial institution. We deem this credit risk not to be significant as our cash is held by a major prominent financial institution. Total cash and cash equivalents held in checking accounts, as reported on the accompanying condensed consolidated balance sheets, totaled approximately $1.7 million and $4.2 million at September 30, 2015 and December 31, 2014, respectively.

Restricted cash represents cash being held by the same prominent financial institution that is being used as collateral for our corporate credit cards and future letters of credit that we may issue to some of our foreign customers. The total balance of our restricted cash at September 30, 2015 and December 31, 2014, was approximately $0.3 million.

Trade Accounts Receivable

We record accounts receivable at the invoiced amount and we do not charge interest. We review the accounts receivable by amounts due from customers which are past due, to identify specific customers with known disputes or collectability issues. In determining the amount of the reserve, we make judgments about the creditworthiness of significant customers based on ongoing credit evaluations. We will also maintain a sales allowance to reserve for potential credits issued to customers. We will determine the amount of the reserve based on historical credits issued.

There was no provision for doubtful accounts recorded at September 30, 2015 and December 31, 2014, as we have not experienced any bad debts from any of our customers.

Foreign Currency

The functional currency of our international branches is the local currency. We translate the financial statements of these branches to U.S. dollars using period-end rates of exchange for assets and liabilities, and average rates of exchange for revenues, costs, and expenses. The translation gains/losses for our branch office in Russia were not significant for the three and nine months ended September 30, 2015 and 2014.

Patents and Legal Costs

Patents are stated on the accompanying condensed consolidated balance sheets at cost. Patent costs consist primarily of legal fees and application costs for filing and pursuing patent applications. The costs of the patents, once placed in service, will be amortized on a straight-line basis over their estimated useful lives or the remaining legal lives of the patents, whichever is shorter. The amortization periods for our patents can range between 17 and 20 years if placed into service at the beginning of their legal lives. Our patents have not been placed in service for the three and nine months ended September 30, 2015 and 2014.

Legal costs are expensed as incurred except for legal costs to file for patent protection, which are capitalized and reported as patents on the accompanying condensed consolidated balance sheets.

Impairment of long-lived assets

Long-lived assets of the Company are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset s estimated fair value and its book value. The Company did not consider it necessary to record any impairment charges for the three and nine months ended September 30, 2015 and 2014.

Research, Development and Related Expenses

These costs from our technology business segment are charged to operations in the period incurred and are shown on a separate line on the accompanying condensed consolidated statements of operations.

Warrant Liability

The Company accounts for stock warrants as either equity instruments or derivative liabilities depending on the specific terms of the warrant agreement. Stock warrants are accounted for as a derivative in accordance with

Accounting Standards Codification 815, Derivatives and Hedging (ASC 815) if the stock warrants contain terms that could potentially require net cash settlement and therefore, do not meet the scope exception for treatment as a derivative. Warrant instruments that could potentially require net cash settlement in the absence of express language precluding such settlement are initially classified as derivative liabilities at their estimated fair values, regardless of the likelihood that such instruments will ever be settled in cash. The Company will continue to classify the fair value of the warrants that contain net cash settlement as a liability until the warrants are exercised, expire or are amended in a way that would no longer require these warrants to be classified as a liability. For additional discussion of our warrants, see Note 8.

Segment Reporting

We use the management approach in determining reportable operating segments. The management approach considers the internal organization and reporting used by our chief decision makers for making operating decisions and assessing performance, as the source for determining our reportable segments. We have determined that we have two operating segments as defined by the FASB accounting pronouncement, *Disclosures about Segments of an Enterprise and Related Information*. As discussed above, our two reporting business segments are our technology business and our consulting services business (See Note 10 - Business Segment Results).

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity s contracts with customers. The guidance is effective for the interim and annual periods beginning on or after December 15, 2017, (early adoption is not permitted). The guidance permits the use of either a retrospective or cumulative effect transition method.

Going Concern

In August 2014, FASB issued guidance that requires management to perform interim and annual assessments of an entity s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity s ability to continue as a going concern. The updated accounting guidance will be effective for the Company on December 31, 2016, and early adoption is permitted. The Company will evaluate the going concern considerations in this guidance upon adoption.

The Company does not expect the adoption of any recent accounting pronouncements to have a material impact on its financial statements.

Note 2. Restatement of Previously Issued Condensed Consolidated Financial Statements

On November 4, 2015, the Audit Committee of the Company s Board of Directors (the Audit Committee), in connection with an internal review initiated by Company management, concluded that, because of a misapplication of the accounting guidance related to certain of the Company s warrants, the Company s previously issued consolidated financial statements for all periods beginning with the quarterly period ended September 30, 2010 through June 30, 2015 (collectively, the Affected Periods) should no longer be relied upon. As such, the Company is restating in this Quarterly Report its financial statements for the three and nine month periods ended September 30, 2014. However, these restatements result in non-cash, non-operating financial statement corrections and will have no impact on the Company s current or previously reported cash position, operating expenses or total operating, investing or financing cash flows, or net operating loss carryforward. The Company s December 31, 2014 opening balances were adjusted to reflect the cumulative impact of these restatements as a decrease in additional paid-in capital of $10.4 million and a decrease in accumulated deficit of $5.8 million, for a total change to stockholders equity of $4.6 million.

The warrants at issue (collectively, the Warrants) consist of the following warrants outstanding as of September 30, 2015 and December 31, 2014:

Issued to Investors on July 28, 2010, entitling the holders to purchase 1,034,996 common shares in the Company at an exercise price of $9.00 per common share up to and including July 27, 2017	1,034,996
Issued to Investors on October 25, 2013, entitling the holders to purchase 1,250,000 common shares in the Company at an exercise price of $2.30 per common share up to and including April 24, 2021	1,117,178
Issued to Investors on November 17, 2014, entitling the holders to purchase 2,734,590 common shares in the Company at an exercise price of $2.31 per common share up to and including May 16, 2022	2,734,590
Total	4,886,764

The Warrants issued and classified as equity on the Company s consolidated balance sheets. The corresponding Condensed Consolidated Statements of Operations did not include the non-cash changes in the estimated fair value of such Warrants. Those Warrants, however, contain a cash settlement feature regarding fundamental transactions that allowed those Warrant holders to have a different settlement option than the Company s stockholders upon certain fundamental transactions, including a change of control of the Company, thereby precluding equity treatment for the Warrants.

Based on Accounting Standards Codification 815, *Derivatives and Hedging* (ASC 815), warrant instruments that could potentially require net cash settlement in the absence of express language precluding such settlement should be initially classified as derivative liabilities at their estimated fair values, regardless of the likelihood that such instruments will ever be settled in cash. In periods subsequent to issuance, changes in the estimated fair value of the derivative instruments should be reported in the statement of operations. The Audit Committee, together with management, determined that the financial statements in the Affected Periods should be restated to reflect the Warrants as liabilities, with subsequent changes in their estimated fair value recorded as non-cash income or expense in each Affected Period.

The cumulative effect of these adjustments on our financial statements is a 7.7% decrease in the accumulated deficit in the amount of approximately $5.8 million as of December 31, 2014. The restatement had no impact on net cash flows from operating, investing or financing activities as the adjustments resulting from the non-cash change in the fair value of the warrant liability for each period and the statements of operations only impacted net loss from operations.

Impact of the Restatement As of December 31, 2014 and For the Three Months and Nine Months Ended September 30, 2014

	As of December 31, 2014		
Consolidated Balance Sheet Data:	**As Previously Reported**	**Adjustment**	**As Restated**
Warrant liability	$ -	4,633,312	$ 4,633,312
Total liabilities	653,669	4,633,312	5,286,981
Additional paid-in capital	81,276,339	(10,474,875)	70,801,464
Accumulated deficit	(75,894,854)	5,841,563	(70,053,291)
Total stockholders equity	$ 5,399,568	(4,633,312)	$ 766,256

	Three Months Ended September 30, 2014		
	As Previously Reported	**Adjustment**	**As Restated**
Consolidated Statement of Operations Data:			
Warrant revaluation	$ -	857,308	$ 857,308
Loss from operations before income taxes	(761,312)	857,308	95,996
Net income (loss)	(761,312)	857,308	95,996
Net income (loss) per share, basic and diluted	$ (0.05)	0.06	$ 0.01

	Nine Months Ended September 30, 2014		
	As Previously Reported	**Adjustment**	**As Restated**
Consolidated Statement of Operations Data:			
Warrant revaluation	$ -	(1,213,051)	$ (1,213,051)
Loss from operations before income taxes	(3,850,342)	(1,213,051)	(5,063,393)
Net loss	(3,850,342)	(1,213,051)	(5,063,393)

Net loss per share, basic and diluted	$	(0.26)	(0.08)	$	(0.34)

	Nine Months Ended September 30, 2014				
	As Previously Reported		Adjustment	As Restated	
Consolidated Cash Flows Data:					
Net loss	$	(3,850,342)	(1,213,051)	$	(5,063,393)
Warrant revaluation	$	-	1,213,051	$	1,213,051

Note 3. Net Loss Per Share

Basic net loss per share is computed using the weighted-average number of common shares outstanding during the period except that it does not include unvested common shares subject to repurchase or cancellation. Diluted net income per share is computed using the weighted-average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options, warrants, restricted shares, and unvested common shares subject to repurchase or cancellation. The dilutive effect of outstanding stock options, restricted shares, and warrants (See Note 9- Stockholders   Equity) is not reflected in diluted earnings per share because we incurred net losses for the three months and nine months ended September 30, 2015 and 2014, and the effect of including these potential common shares in the diluted earnings per share calculations would be anti-dilutive and are therefore not included in the calculations.

Note 4. Accounts Receivable   Project Revenue and Reimbursable Project Costs

FANR and ENEC Projects

The total accounts receivable from both the FANR and ENEC contracts was approximately $0.2 million and $0.5 million at September 30, 2015 and December 31, 2014, respectively. These amounts due from FANR and ENEC represent approximately 86% of the accounts receivable reported at September 30, 2015 and approximately 92% of the accounts receivable at December 31, 2014.

Total unbilled accounts receivable of approximately $0.1 million was included in the accompanying condensed consolidated balance sheets and reported in accounts receivable at September 30, 2015 and December 31, 2014, and is for work that was billed to our clients in October 2015 and January 2015, respectively. Foreign currency transaction exchange losses and translation gains and losses for the three and nine months ended September 30, 2015 and 2014, were not significant.

Travel costs and other reimbursable costs under these contracts are reported in the accompanying condensed statements of operations as both revenue and cost of consulting services provided, and were not significant for the three and nine months ended September 30, 2015 and 2014. The total travel and other reimbursable expenses that have not been reimbursed to us are included in total accounts receivable reported above from our consulting contracts and were not significant at September 30, 2015 and December 31, 2014.

Under our agreements with ENEC and FANR, revenue will be recognized on a time and expense basis and fixed fee basis. We periodically discuss our consulting work with ENEC and FANR, who will review the work we perform, and our reimbursable travel expenses, and accept our monthly invoicing for services and reimbursable expenses. We expect the variation of revenue we earn from these contracts to continue.

Note 5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued expenses (rounded in millions) consisted of the following:

	September 30, 2015	December 31, 2014
Trade payables	$ 0.2	$ 0.3
Accrued expenses and other	0.4	0.4
Total	$ 0.6	$ 0.7

Note 6. Commitments and Contingencies

Operating Leases

On October 16, 2013, we entered into a 1 year sub-lease agreement with our current landlord for our current office space starting January 1, 2014 and terminating December 31, 2014. The monthly rent payment was approximately $32,000 plus additional charges. On January 1, 2015 we entered into a new sub-lease for our current office space for 38 months, with a monthly rent payment of approximately $32,000 per month plus additional charges with no rent charged for the initial 2 months of the lease term. The deferred rent liability was approximately $0.1 million at September 30, 2015.

Total rent expense was approximately $0.1 million for the three months ended September 30, 2015 and 2014. Total rent expense was approximately $0.3 million and $0.4 million for the nine months ended September 30, 2015 and 2014, respectively.

Litigation

Our former Chief Financial Officer filed a complaint against the Company and Seth Grae, President and Chief Executive Officer, with the Circuit Court of Fairfax County, Virginia (the Fairfax County Complaint), and a separate complaint against the Company with the U.S. Occupational Safety and Health Administration (the OSHA Complaint) on March 9, 2015.

The Fairfax County Complaint contained two claims for damages. The first claim alleged that the Company and Mr. Grae made defamatory statements regarding the former Chief Financial Officer. The claim demands at least $1,000,000 in compensatory damages; costs, including reasonable fees for attorneys; and punitive damages of $1,000,000. The second claim alleges that the Company breached the former Chief Financial Officer s employment contract by not paying the former Chief Financial Officer $15,507 for paid time off, and demands additional compensatory damages of at least $15,507.

In November 2015, subsequent to the above Fairfax County Complaint being filed, our legal counsel was notified by the attorney representing the former Chief Financial Officer that the former Chief Financial Officer has voluntarily decided to nonsuit the above Fairfax County Complaint. A nonsuit is essentially a voluntary dismissal of the case without prejudice, meaning that he is dismissing the case but that he can refile the suit at a later time. The statute for refiling this case is approximately 6 months from the filing date of this nonsuit.

The OSHA Complaint alleges that the Company unlawfully retaliated against the former Chief Financial Officer for challenging allegedly improper actions of the Company by making allegedly defamatory statements and terminating him from his employment with the Company. The former Chief Financial Officer s demand for damages is for back pay, front pay, and special damages. The complaint did not specify the amount of damages sought.

The Company believes that all of the above claims by the former Chief Financial Officer are without merit and intends to vigorously defend itself.

Note 7. Research and Development Costs

Research and development costs, included in the accompanying condensed consolidated statements of operations amounted to approximately $0.3 million and $0.1 million for the three months ended September 30, 2015 and 2014, respectively. Research and development costs, amounted to approximately $0.9 million and $1.2 million for the nine months ended September 30, 2015 and 2014, respectively. We are in process of winding down our Moscow office operations, that we expect to be completed in 2015 and will focus our research and development work primarily in the United States, Canada, and Norway. There were no significant accrued liabilities related to the winding down of our Moscow office at September 30, 2015.

On October 20, 2014, we announced the signing of an initial cooperation agreement with Canadian Nuclear Laboratories (CNL), a wholly owned subsidiary of Atomic Energy of Canada Limited, for fabrication and test reactor irradiation of Lightbridge s patented next generation metallic nuclear fuel samples. Though we had initially planned for all of the work to take place at a single location in Chalk River, Ontario, Canada, subsequent to our announcement the Canadian government made an official decision to extend the operating life of the National Research Universal reactor at Chalk River only until the end of March 2018. This shorter than expected operating life extension would not be able to accommodate all of our entire anticipated schedule for irradiation testing of our metallic fuel samples. Consequently, our plan is to work with CNL on fabrication of our fuel samples at their Chalk River facilities, with full irradiation of the fabricated fuel samples to be performed separately in a pressurized water loop of the Halden research reactor located in Halden, Norway. The operating license of the Halden research reactor has recently been renewed through 2020 which fits well with our anticipated irradiation testing schedule. Our current plan is to have post-irradiation examination of the irradiated fuel samples performed on the same site in Norway. There is also the opportunity to utilize additional nearby hot cell facilities located in Studsvik, Sweden that are operated by the Swedish company Studsvik AB.

On September 9, 2015 we signed a Comprehensive Nuclear Services Agreement with CNL for fabrication of our patented next generation metallic nuclear fuel test samples at CNL facilities at Chalk River, Ontario, Canada. This enabling agreement provides the framework to proceed with Phases 2 and 3 of the test fuel sample fabrication at CNL s facilities in Chalk River as envisioned in an October 2014 Initial Cooperation Agreement.

The initial scope of work under the comprehensive nuclear services agreement involves development of a fabrication plan in 2015. Subsequent activities will include fabrication and characterization in early 2016 of prototype fuel test samples using depleted uranium, to be followed by fabrication in late 2016 of irradiation fuel test samples using low enriched uranium for loop irradiation testing under prototypic commercial reactor operating conditions in a pressurized water loop of the 25MW nuclear research reactor operated by the Institute for Energy Technology at Halden, Norway.

On July 8, 2015, we announced the signing of an Umbrella Services Agreement with the Institute for Energy Technology (IFE) of Norway for irradiation testing of Lightbridge advanced metallic nuclear fuel samples under prototypic commercial reactor operating conditions in IFE's Halden research reactor, southeast of Oslo. The project's pre-irradiation scope includes irradiation-rig mechanical design, detailed neutronic and thermal-hydraulic calculations, and safety analyses with necessary regulatory approvals. The initial phase of irradiation testing is expected to begin in 2017 and continue for about three years to reach the burnup necessary for insertion of lead test assemblies (LTAs) in a commercial power reactor. The final phase of irradiation testing necessary for batch reloads and full cores operating with a 10% power uprate and a 24-month cycle is expected to take an additional two years and be completed while LTAs have begun operating in the core of a commercial power reactor. The IFE umbrella services agreement is valid for 10 years.

We have consulting agreements with several consultants working on various projects for us, which total approximately $15,000 per month.

Note 8. Warrant Liability

The foregoing warrants are recorded as liabilities at their estimated fair value at the date of issuance, with the subsequent changes in estimated fair value recorded in other income (expense) in the Company s statement of operations in each subsequent period. The change in the estimated fair value of our warrant liability for the three months ended September 30, 2015 and 2014 resulted in non-cash income of approximately $1.1 million and non-cash income of approximately $0.9 million, respectively. The change in the estimated fair value of our warrant liability for the nine months ended September 30, 2015 and 2014 resulted in non-cash income of approximately $2.7 million and non-cash expense of approximately $1.2 million, respectively. The Company utilizes the Monte Carlo simulation valuation method to value the liability classified warrants.

The estimated fair value of these warrants is determined using Level 3 inputs. Inherent in the Monte Carlo valuation model are assumptions related to expected stock-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimates the volatility of its common stock based on historical volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero.

The following table summarizes the calculated aggregate fair values, along with the assumptions utilized in each calculation:

		September 30, 2015		December 31, 2014
Calculated aggregate value	$	1,891,566	$	4,633,312
Weighted average exercise price per share of warrant	$	3.72	$	3.72
Closing price per share of common stock	$	0.83	$	1.55
Weighted average volatility		86.48		89.80
Weighted average remaining expected life (years)		5.29		6.11
Weighted average risk-free interest rate		1.60		1.94
Dividend yield		0%		0%

Note 9. Stockholders Equity

At September 30, 2015 and December 31, 2014, there are 500,000,000 shares of authorized common stock. Total common stock outstanding at September 30, 2015 and December 31, 2014 was 18,523,453 shares and 18,082,874 shares, respectively. At September 30, 2015, there were 4,886,764 stock warrants and 3,521,831 stock options outstanding, totaling 26,932,048 of total stock and stock equivalents outstanding at September 30, 2015.

At September 30, 2014 there were 500,000,000 shares of authorized common stock. Total common stock outstanding at September 30, 2014 was 15,204,358. At September 30, 2014, there were 2,152,174 stock warrants and 2,143,686 stock options outstanding, totaling 19,500,218 of total stock and stock equivalents outstanding at September 30, 2014.

Equity Purchase Agreement

On September 4, 2015, we entered into an equity purchase agreement with Aspire Capital Fund, LLC (Aspire Capital), which provides that Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of our common stock over a two-year term, subject to our election to sell any such shares.

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Under the agreement, we have the right to sell shares, subject to certain volume limitations and a minimum floor price, to Aspire Capital after the Securities and Exchange Commission (the SEC) has declared effective the Form S-1 registration statement registering the resale of the Company s common stock by Aspire Capital. On any trading day selected by the Company, the Company will have the right, in its sole discretion, to present Aspire Capital with a purchase notice directing Aspire Capital (as principal) to purchase up to 100,000 shares of the Company s common stock per business day (in a purchase amount up to $250,000 on each such business day) at a price equal to the lesser of:

1. The lowest sale price of the Company s common stock on the purchase date; or

2. The arithmetic average of the three (3) lowest closing sale prices for the Company s common stock during the twelve (12) consecutive trading days ending on the trading day immediately preceding the purchase date.

In addition, on any date on which we submit a purchase notice to Aspire Capital in an amount equal to 100,000 shares, the Company also has the right, in its sole discretion, to present Aspire Capital with a volume-weighted average price purchase notice (each, a VWAP Purchase Notice) directing Aspire Capital to purchase an amount of stock equal to up to 30% of the aggregate shares of the Company s common stock traded on its principal market on the next trading day (the VWAP Purchase Date), subject to a maximum number of shares as the Company may determine. The purchase price per share pursuant to such VWAP Purchase Notice is generally 95% of the volume-weighted average price for the Company s common stock traded on its principal market on the VWAP Purchase Date.

As part of the agreement, Aspire Capital received 300,000 additional shares as compensation for its commitment, valued at approximately $276,000 or $0.92 per common share. This amount was recorded to additional paid-in capital as stock offering costs.

ATM Offering

On June 11, 2015, the Company entered into an at-the-market issuance (ATM) sales agreement with MLV & Co. LLC ("MLV"), pursuant to which the Company may issue and sell shares of its common stock from time to time through MLV as the Company's sales agent. The issuance and sale of shares by the Company under the sales agreement are registered shares under the Company's shelf registration statement on Form S-3, as filed with the Securities and Exchange Commission on June 11, 2015 and declared effective by the Securities and Exchange Commission. The ATM current total fundraising limit under the Company s shelf registration statement is $478,500. There have been 140,579 shares sold for total gross proceeds of approximately $155,000 through the ATM for the three month and nine month period ended September 30, 2015. On October 19, 2015 the Company sold 99,934 common shares for total gross proceeds of approximately $116,000, leaving approximately $207,000 remaining under the current limit, as of the date of this filing. The amount available under the Company s Form S-3 shelf registration statement, which may be used to register sales under the ATM sales agreement, will increase on December 1, 2015.

Registered Direct Offering and Outstanding Warrants

November 12, 2014 Offering

On November 12, 2014, we completed an offering (the Offering) with one existing institutional investor pursuant to which the Company sold an aggregate of 2,878,516 shares of its common stock and warrants to purchase a total of 2,734,590 shares of its common stock for aggregate gross proceeds, before deducting fees to the Placement Agent and other estimated offering expenses payable by the Company, of approximately $5 million. The common stock and warrants were sold in fixed combinations, with each combination consisting of one share of common stock and a warrant to purchase 0.95 shares of common stock. The purchase price was $1.75 per fixed combination. The warrants became exercisable six months and one day following the issuance date of the Offering, on May 18, 2015, and will remain exercisable for seven-and-a-half years from the date of issuance at an exercise price of $2.31 per share. The exercise price of the warrants is subject to adjustment in the case of stock splits, stock dividends, combinations of shares, and similar recapitalization transactions. The exercisability of the warrants may be limited if, upon exercise, the holder or any of its affiliates would beneficially own more than 4.99% of the Company's common stock. This limit may be increased to up to 19.99% upon no fewer than 60 days' notice to the Company.

We received net proceeds of approximately $4.5 million after payment of certain fees and expenses related to the Offering.

Outstanding Warrants

	September 30, 2015	2014
Issued to Investors on July 28, 2010, entitling the holders to purchase 1,034,996 common shares in the Company at an exercise price of $9.00 per common share up to and including July 27, 2017	1,034,996	1,034,996
Issued to Investors on October 25, 2013, entitling the holders to purchase 1,250,000 common shares in the Company at an exercise price of $2.30 per common share up to and including April 24, 2021	1,117,178	1,117,178
Issued to Investors on November 17, 2014, entitling the holders to purchase 2,734,590 common shares in the Company at an exercise price of $2.31 per common share up to and including May 16, 2022	2,734,590	-
Total	4,886,764	2,152,174

Exercise of Warrants Q3-2014

On September 3, 2014, we issued 132,822 shares of our common stock upon the exercise of warrants issued in conjunction with the October 21, 2013 stock offering. We received $2.30 for each share or approximately $306,000.

Stock-based Compensation Stock Options and Restricted Stock

Stock Plan

On March 25, 2015, the Compensation Committee and Board of Directors approved the 2015 Equity Incentive Plan (the Plan) to authorize grants of (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Stock Appreciation Rights, (d) Restricted Awards, (e) Performance Share Awards, and (f) Performance Compensation Awards to the employees, consultants, and directors of the Company. The Plan authorizes a total of 3,000,000 shares to be available for grant under the Plan. The Plan became effective upon ratification by the shareholders of the Company at the shareholders annual meeting on July 14, 2015. Other provisions are as follows:

(i) Any shares of common stock granted in connection with Options and Stock Appreciation Rights shall be counted against this limit as one share for every one Stock Option or Stock Appreciation Right awarded. Any shares of common stock granted in connection with Awards other than Options and Stock Appreciation Rights shall be counted against this limit as two shares of common stock for every one share of common stock granted in connection with such Award;

(ii) Subject to adjustment in accordance with the Plan, no Participant shall be granted, during any one year period, Stock Options to purchase Common Stock and Stock Appreciation Rights with respect to more than two hundred fifty thousand (250,000) shares of Common Stock in the aggregate. The Plan also separately limits other Equity Awards with respect to more than two hundred fifty thousand (250,000) shares of Common Stock in the aggregate. If an Award is to be settled in cash, the number of shares of Common Stock on which the Award is based shall count toward the individual share limit; and

(iii) A ten percent shareholder shall not be granted an Incentive Stock Option unless the Option exercise price is at least 110% of the fair market value of the common stock at the grant date and the option is not exercisable after the expiration of five years from the grant date.

Total stock options outstanding at September 30, 2015 and December 31, 2014, were 3,521,831 and 2,026,564, of which 2,476,159 and 1,564,257 of these options were vested at September 30, 2015 and December 31, 2014, respectively. Stock option expense was approximately $235,000 and $102,000 for the three months ended September 30, 2015 and 2014, respectively. Stock option expense was approximately $1,017,000 and $227,000 for the nine months ended September 30, 2015 and 2014, respectively.

2015 Short-Term Non-Qualified Option Grants

On April 8, 2015, the Compensation Committee and the Board of Directors granted short term non-qualified stock options totaling 463,192 and 148,845 stock options under the 2006 Stock Plan and the 2015 Equity Incentive Plan, respectively, to employees and consultants of the Company. On April 9, 2015, the Compensation Committee and the Board of Directors granted an additional 47,017 and 3,968 stock options under the 2006 Stock Plan and the 2015 Equity Incentive Plan, respectively, all with a strike price of $1.26. These stock options vested immediately but the grants under the 2015 Equity Incentive Plan were only exercisable upon ratification of the Plan at the annual meeting of shareholders, which took place on July 14, 2015.

On August 12, 2015, the Compensation Committee and the Board of Directors granted short term non-qualified stock options totaling 158,859 stock options under the 2015 Equity Incentive Plan to employees and consultants of the Company, all with a strike price of $1.26. These stock options vested immediately.

Also granted under the 2006 Stock Plan were 2,981, 1,775, and 1,310 non-qualified stock options on April 30, May 31, and June 30, 2015, respectively, as equity compensation in lieu of cash payroll with strike prices ranging from $1.12 to $1.23. Also granted under the 2015 Equity Incentive Plan were 1,812, 1,536, and 1,803 non-qualified stock options on July 31, August 31, and September 30, 2015, respectively, as equity compensation in lieu of cash payroll with strike prices ranging from $0.83 to $0.98.

These stock options have an expected life of 5 years, and a contractual term of 10 years, a fair value of between $0.76 and $0.86 per stock option, a risk free rate ranging between 1.37% to 1.63%, and volatility ranging between 86% to 88%, as measured on the grant date. The expected option term was calculated using the simplified method as we do not have sufficient historical option data to provide a better estimate of the expected option term. Under this method, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term of the option, which results in a reduction of the estimated option value and consequently the stock option expense. The risk free rate was based on the US Treasury Yield Curve for the expected life of the options on the grant date. Expected dividends are estimated at $0.0, as we have never issued dividends and we have no current plans to issue dividends in the future.

2015 Long-Term Incentive Option Grants

Employees and Consultants Option Grants

On April 8, 2015 and August 12, 2015, the Compensation Committee and the Board of Directors granted long term incentive stock options totaling 550,972 and 89,584, respectively, under the 2015 Equity Incentive Plan, the (Plan) to employees and consultants of the Company. These stock options vest 1/3 on each annual anniversary date over three years. These stock options have a strike price of $1.26, which was the closing price of the Company s stock on April 8, 2015, and the stock options have a fair value of $0.91 and $0.74 respectively, based on a risk free rate of 1.55% and 1.70% respectively, volatility of 87% and 87.5% respectively, and an expected life of six years, as measured on the grant date. The expected life is calculated using the simplified method as we do not have sufficient historical option data to provide a better estimate of the expected option term. These options have a 10 year contractual term. The risk free rate was based on the US Treasury Yield Curve for the expected life of the options on the grant date. Expected dividends are estimated at $0.0, as we have never issued dividends and we have no current plans to issue dividends in the future. Grants to our consultants were re-measured as of September 30, 2015, and the fair value of each option was $0.55 on the measurement date. This re-measured stock option expense for options issued to consultants was not significant. We estimated future pre-vest forfeitures to be 1.5%, based on historical information.

Director Option Grants

On April 8, 2015 and August 12, 2015, the Compensation Committee and the Board of Directors granted 112,996 and 23,024, respectively, of long term non-qualified stock options under the 2015 Equity Incentive Plan to the Board of Directors of the Company. These stock options fully vest on the first annual anniversary date of the grant. These stock options have a strike price of $1.26, which was the closing price of the Company s stock on April 8, 2015 and the stock options have a fair value of $0.88 and $0.71 respectively, based on a risk free rate of 1.46% and 1.61% respectively, volatility of 86% and 87.35% respectively, and an expected life of 5.5 years. The expected life is calculated using the simplified method as we do not have any history to provide a better estimate of the expected option term. These options have a 10 year contractual term. The risk free rate was based on the US Treasury Yield Curve for the expected life of the options on the grant date. Expected dividends are estimated at $0.0, as we have never issued dividends and we have no current plans to issue dividends in the future. Grants to our consultants were re-measured as of September 30, 2015, and the fair value of each option was $0.39 on the measurement date. This re-measured stock option expense for options issued to consultants was not significant. We estimated future pre-vest forfeitures to be 1.5%, based on historical information.

2014 Stock Option Grants

On May 5, 2014, we granted 579,429 stock options to our employees, directors, and consultants. These stock options vest over three years for employees and consultants, and over one year for our directors. The fair value of each option was $1.79 on the grant date, based on (1) The strike price of $2.55, the price of our stock at the close of the market on the grant date; (2) The expected life of the grant of 5 years which is equal to the term of the grant, as historically grants have only been exercised just before the term expires; (3) The risk free rate of 1.68% which is based on the treasury yield curve for a 5 year term as published by the U.S. Treasury for the grant date; (4) Volatility of 90.44%, as measured based on the expected life of the options, and (5) Expected dividends of $0.0, as we have never issued dividends and we have no current plans to issue dividends in the future. Grants to our consultants were re-measured as of September 30, 2015, and the fair value of each option was $0.58 on the measurement date. The re-measured stock option expense for options issued to consultants was not significant. We estimated future pre-vest forfeitures to be 1.5%, based on historical information.

Stock option transactions to the employees, directors and consultants are summarized as follows for the nine months ended September 30, 2015:

	Options Outstanding		Weighted Average Exercise Price		Weighted Average Grant Date Fair Value
Beginning of the period	2,026,564	$	9.19	$	10.61
Granted	1,609,674	$	1.26	$	0.84
Exercised	-		-		-
Forfeited	(114,407)	$	6.63	$	6.06
Expired	-	$	-	$	-
End of the period	3,521,831	$	5.65	$	5.04
Options exercisable	2,476,159	$	7.36	$	6.72

Stock option transactions to the employees, directors and consultants are summarized as follows for the year ended December 31, 2014:

	Options Outstanding		Weighted Average Exercise Price		Weighted Average Grant Date Fair Value
Beginning of the year	1,564,257	$	11.16	$	10.61
Granted	579,429	$	2.55	$	1.79
Exercised	-		-		-
Forfeited	(117,122)	$	2.55	$	1.79
Expired	-	$	-	$	-
End of the year	2,026,564	$	9.19	$	10.61
Options exercisable	1,564,257	$	11.16	$	10.61

The above tables include options issued and outstanding as of September 30, 2015, as follows:

i) A total of 255,202 non-qualified 10 year options have been issued, and are outstanding, to advisory board members at exercise prices of $4.50 to $14.40 per share.

ii) A total of 2,994,703 non-qualified 5-10 year options have been issued, and are outstanding, to our directors, officers, and employees at exercise prices of $0.83 to $23.85 per share. From this total, 1,277,754 options are outstanding to the Chief Executive Officer who is also a director, with remaining contractual lives of 0.2 years to 9.9 years. All other options issued to directors, officers, and employees have a remaining contractual life ranging from 0.8 years to 10.0 years.

iii) A total of 271,926 non-qualified 5-10 year options have been issued, and are outstanding, to our consultants at exercise prices of $1.26 to $15.30 per share.

The following table provides certain information with respect to the above-referenced stock options that are outstanding and exercisable at September 30, 2015:

	Stock Options Outstanding				Stock Options Vested			
	Weighted Average Remaining Contractual Life - Years	Number of Awards		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years	Number of Awards		Weighted Average Exercise Price
Exercise Prices								
$0.83 - $5.00	7.81	2,255,318	$	1.79	7.68	1,209,646	$	1.96
$5.01 - $12.90	3.30	668,177	$	7.59	3.30	668,177	$	7.59
$13.50-$18.90	0.56	358,336	$	14.17	0.56	358,336	$	14.17
$19.20-$23.85	0.38	240,000	$	23.85	0.38	240,000	$	23.85
Total	5.73	3,521,831	$	5.65	4.76	2,476,159	$	7.36

The following table provides certain information with respect to the above-referenced stock options that are outstanding and exercisable at December 31, 2014:

	Stock Options Outstanding				Stock Options Vested			
	Weighted Average Remaining Contractual Life - Years	Number of Awards		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years	Number of Awards		Weighted Average Exercise Price
Exercise Prices								
$2.55 - $5.00	4.26	645,644	$	3.10	4.06	183,337	$	4.50
$5.01 - $12.90	4.11	782,584	$	7.45	4.11	782,584	$	7.45
$13.50-$18.90	1.30	358,336	$	14.17	1.30	358,336	$	14.17
$19.20-$23.85	1.12	240,000	$	23.85	1.12	240,000	$	23.85
Total	3.31	2,026,564	$	9.19	3.00	1,564,257	$	11.16

The aggregate intrinsic value of stock options outstanding at September 30, 2015 and December 31, 2014, was $0. Intrinsic value is calculated based on the difference between the exercise price of the underlying awards and the quoted price of our common stock as of the reporting date ($0.83 and $1.55 per share as of the close on September 30, 2015 and December 31, 2014, respectively).

We use the historical volatility of our stock price over the number of years that matches the expected life of our stock option grants or we use the historical volatility of our stock price since January 5, 2006, the date we announced that we were becoming a public company, to estimate the future volatility of our stock. At this time we do not believe that there is a better objective method to predict the future volatility of our stock for options with an expected term that is greater than our stock trading history. Prior to January 1, 2015, we estimated the life of our option awards based on the full contractual term of the option grant. To date we have had very few exercises of our option grants, and those stock option exercises had occurred just before the contractual expiration dates of the option awards. Since the strike price of most of our outstanding awards is greater than the price of our stock, generally awards have expired at the end of the contractual term. For options granted after January 1, 2015, we have applied the simplified method to estimate the expected term of our option grants as it is more likely that these options may be exercised prior to the end of the term. We estimate the effect of future forfeitures of our option grants based on an analysis of historical forfeitures of unvested grants, as we have no better objective basis for that estimate. The expense that we have recognized related to our grants includes the estimate for future pre-vest forfeitures. We will adjust the actual expense recognized due to future pre-vest forfeitures as they occur. We have estimated that 1.5% of our option grants will be forfeited prior to vesting.

Weighted average assumptions used in the Black Scholes option-pricing model for the nine months ended September 30, 2015 and the year ended December 31, 2014, were as follows:

	Nine Months ended September 30, 2015	Year ended December 31, 2014
Average risk-free interest rate	1.48%	1.68%
Average expected life- years	5.4	5.0
Expected volatility	86.76%	90.44%
Expected dividends	0	0

Stock-based compensation expense includes the expense related to (1) Grants of stock options, (2) grants of restricted stock, (3) Stock issued as consideration for some of the services provided by our directors and strategic advisory council members, and (4) stock issued in lieu of cash to pay bonuses to our employees and contractors. Grants of stock options and restricted stock are awarded to our employees, directors, consultants, and board members and we recognize the fair value of these awards ratably as they are earned. The expense related to payments in stock for services is recognized as the services are provided.

Stock-based compensation expense is recorded under the financial statement captions cost of services provided, general and administrative expenses and research and development expenses in the accompanying condensed consolidated statements of operations. For the three months ended September 30, 2015 and 2014, we recognized stock-based compensation of approximately $0.2 million and $0.1 million, respectively. For the nine months ended September 30, 2015 and 2014, we recognized stock-based compensation of approximately $1.0 million and $0.2 million, respectively. Related income tax benefits were not recognized, as we incurred a tax loss for both years.

Note 10. Business Segment Results

We have two principal business segments, which are (1) our technology business and (2) our consulting services business. These business segments were determined based on the nature of the operations and the services offered. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief decision-makers, in deciding how to allocate resources and in assessing performance. Our Chief Executive Officer and Chief Financial Officer have been identified as the chief operating decision makers. Our chief operating decision makers direct the allocation of resources to operating segments based on the profitability, the cash flows, and the business plans of each respective segment.

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BUSINESS SEGMENT RESULTS THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Consulting		Technology		Corporate and Eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	234,163	275,158	0	0	0	0	234,163	275,158
Segment Profit (Loss) Pre Tax	(2,843)	201,954	(302,912)	(116,145)	131,484	10,187	(174,271)	95,996
Total Assets	255,035	138,026	893,187	801,447	2,113,912	1,313,364	3,262,134	2,252,837
Property Additions	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0

BUSINESS SEGMENT RESULTS NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Consulting		Technology		Corporate and Eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	656,220	878,396	0	0	0	0	656,220	878,396
Segment Profit (Loss) Pre Tax	(142,402)	284,994	(910,458)	(1,172,680)	(23,753)	(4,175,707)	(1,076,613)	(5,063,393)
Total Assets	255,035	138,026	893,187	801,447	2,113,912	1,313,364	3,262,134	2,252,837
Property Additions	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0

Note 11. Fair Value Measurements

The Company adopted the accounting guidance on fair value measurements for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

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 which are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following fair value hierarchy table presents information about each major category of the Company s financial assets and liability measured at fair value on a recurring basis as of September 30, 2015 and December 31, 2014:

($ rounded to nearest thousand)	Fair value measurement using Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Balance at Sept. 30, 2015				
Assets:				
Cash and cash equivalents	$ 1,676,000	$	$	$ 1,676,000
Liabilities:				
Warrant liability	$	$	$ 1,892,000	$ 1,892,000

($ rounded to nearest thousand)	Fair value measurement using Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Balance at December 31, 2014				
Assets:				
Cash and cash equivalents	$ 4,220,000	$	$	$ 4,220,000
Liabilities:				
Warrant liability	$	$	$ 4,633,000	$ 4,633,000

The reconciliation of warrant liability measured at fair value on a recurring basis using unobservable inputs (Level 3) is as follows:

($ rounded to nearest thousand)	Warrant Liability
Balance at December 31, 2013	$ 1,711,000
Issuance of additional warrants	4,416,000
Exercise of warrants	(331,000)
Change in fair value of warrant liability	(1,163,000)
Balance at December 31, 2014	4,633,000
Issuance of additional warrants	-
Exercise of warrants	-
Change in fair value of warrant liability	(2,741,000)
Balance at September 30, 2015	$ 1,892,000

The fair value of the warrant liability is based on Level 3 inputs. For this liability, the Company developed its own assumptions that do not have observable inputs or available market data to support the fair value. See Note 8 for further discussion of the warrant liability.

The Company believes that the fair values of its current assets and current liabilities approximate their reported carrying amounts. There were no transfers between Level 1, 2 and 3.

Note 12. Subsequent Events

On October 19, 2015 we sold 99,934 common shares for total gross proceeds of approximately $116,000 through the ATM financing arrangement we have in place (See Note 9 Stockholders Equity).

<u>Short-Term Non-Qualified Option Grants</u>

On November 20, 2015, the Compensation Committee of the Board of Directors granted short-term non-qualified stock options relating to approximately 1.1 million shares under the 2015 Equity Incentive Plan to employees and consultants of the Company. These stock options vested immediately, all with a strike price of $0.92, which was the closing price of the Company's stock on November 20, 2015. These options have a 10 year contractual term.

Long-Term Non-Qualified Option Grants

On November 20, 2015 the Compensation Committee of the Board of Directors granted long-term non-qualified stock options relating to approximately 2.9 million shares to employees, consultants and directors of the Company. Out of this total, approximately 2.5 million stock options issued to employees and consultants vest one-third on each anniversary of the grant date over three years. The remaining approximate 0.4 million stock options were issued to the directors of the Company and vest over a one year period on the anniversary date of the grant. These stock options have a strike price of $0.92, which was the closing price of the Company's stock on November 20, 2015. These options have a 10 year contractual term.

All such long-term non-qualified stock options issued in excess of the three million shares authorized under the 2015 Equity Stock Plan (which total approximately 2.2 million out of the total approximate 2.9 million options granted) were issued contingent upon shareholder approval of an increase in the number of shares available under the 2015 Equity Stock Plan (with such number of contingent options to be granted is granted pro-rata among the grantees). The Compensation Committee also amended the 2015 Equity Incentive Plan to permit grants of stock options, stock appreciation rights and other equity awards relating to up to 1.5 million shares to any one individual during any one year period.

FORWARD-LOOKING STATEMENTS

In addition to historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements other than statements of historical fact are statements that could be deemed forward-looking statements. We use words such as believe , expect , anticipate , project , target optimistic , intend , aim , will , or similar expressions which are intended to identify forward-looking statements. S statements include, among others, (1) those concerning market and business segment growth, demand and acceptance of our nuclear energy consulting services and nuclear fuel technology business, (2) any projections of sales, earnings, revenue, margins or other financial items, (3) any statements of the plans, strategies, objectives of management and timing for future operations and other developments, (4) any statements regarding future economic conditions or performance, (5) uncertainties related to conducting business in foreign countries, as well as (6) all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, as well as assumptions that if they were to ever materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties, among others, include:

- our ability to commercialize our nuclear fuel technology,
- our ability to attract new customers,
- our ability to employ and retain qualified employees and consultants that have experience in the Nuclear Industry,
- competition and competitive factors in the markets in which we compete,
- public perception of nuclear energy generally,
- general economic and business conditions in the local economies in which we regularly conduct business, which can affect demand for the Company s services,
- changes in laws, rules and regulations governing our business,
- development and utilization of our intellectual property,
- potential and contingent liabilities,
- other factors described elsewhere in this report and our other reports filed with the SEC.

Most of these factors are beyond our ability to predict or control. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements. Forward-looking statements speak only as of the date on which they are made. The Company assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management s Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, is intended to help the reader understand Lightbridge Corporation, our financial condition and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our condensed consolidated financial statements and the accompanying notes thereto contained in Part I, Item 1. Financial Statements of this report. This overview summarizes the MD&A, which includes the following sections:

- *Overview of Our Business* a general overview of our two business segments, the material opportunities and challenges of our business;
- *Critical Accounting Policies and Estimates* a discussion of accounting policies that require critical judgments and estimates;
- *Operations Review* an analysis of our consolidated results of operations for the two years presented in our condensed consolidated financial statements. Except to the extent that differences among our operating segments are material to an understanding of our business as a whole, we present the discussion in the MD&A on a consolidated basis; and
- *Liquidity, Capital Resources and Financial Position* an analysis of our cash flows; an overview of our financial position.

As discussed in more detail under Forward-Looking Statements above, the following discussion contains forward-looking statements that involve risks, uncertainties, and assumptions such as statements of our plans, objectives, expectations, and intentions. Our actual results may differ materially from those discussed in these forward-looking statements because of the risks and uncertainties inherent in future events.

Restatement

This MD&A has been amended and restated to give effect to the restatement of our consolidated financial statements and related disclosures for the three months and nine months ended September 30, 2014. The Company is restating its historical financial results for such periods to reclassify its warrants as derivative liabilities instead of equity on the Company s balance sheets, with changes to the fair market value of the issuance of the warrants in subsequent periods reported in the Company s statement of operations. The impact of the restatement is more fully described in Note 2 to the condensed consolidated financial statements contained elsewhere in this Quarterly Report.

OVERVIEW OF OUR BUSINESS

We are a leading nuclear fuel technology company, and participate in the nuclear power industry in the US and internationally. Our business operations can be categorized into two segments: (i) our technology segment, which is a developer of next generation nuclear fuel technology, and (ii) our consulting segment, which provides nuclear power consulting and strategic advisory services to commercial and governmental entities worldwide, both in nuclear power generation and nuclear regulation.

Technology Business Segment

Our primary business segment, based on future revenue potential, is the development and commercialization of innovative, proprietary nuclear fuel designs which we expect will significantly enhance the nuclear power industry s economics and increase power output. We are currently focusing our development efforts primarily on the metallic fuel with a power uprate of up to 10% and a 24-month operating cycle in existing Westinghouse-type four-loop pressurized water reactors.

Fiscal 2015 highlights include the following for the nine months ended September 30, 2015:

- Nuclear fuel managers at Dominion Generation, Duke Energy, Exelon Generation and Southern Company sent a letter to the U.S. Nuclear Regulatory Commission (NRC) asking the NRC to prepare to review Lightbridge s patented fuel design, in advance of an expected application in 2017 to use the Company s fuel in a U.S. commercial reactor as early as 2020. The NRC relies on communications from U.S. utilities to adjust Commission staffing levels and budgets in anticipation of regulatory review of licensing applications. These four utilities continue to advise Lightbridge on our nuclear fuel program, recently expanding their support to include expert technical advice in the area of NRC regulatory licensing activities. We expect to restart our discussions with the NRC in the coming months in preparation for regulatory licensing approval of lead test assembly operation with our metallic fuel in commercial reactors in the United States in the 2020-2021 timeframe. The letter is publicly available on the NRC website at http://pbadupws.nrc.gov/docs/ML1513/ML15134A092.pdf;
- The Company entered into a Comprehensive Nuclear Services Agreement with Canadian Nuclear Laboratories (CNL) for fabrication of Lightbridge's patented next generation metallic nuclear fuel test samples at CNL facilities at Chalk River, Ontario, Canada. This enabling agreement provides the framework to proceed with Phases 2 and 3 of the test fuel sample fabrication at CNL's facilities in Chalk River as envisioned in an October 2014 Initial Cooperation Agreement. The initial scope of work under the comprehensive nuclear services agreement involves development of a fabrication plan in 2015. Subsequent activities will include fabrication and characterization in early 2016 of prototype fuel test samples using depleted uranium, to be followed by fabrication in late 2016 of irradiation fuel test samples using low enriched uranium for loop irradiation testing under prototypic commercial reactor operating conditions in a pressurized water loop of the 25MW nuclear research reactor operated by the Institute for Energy Technology (IFE) at Halden, Norway;

- The Company entered into a binding, 10-year service agreement with the IFE, operator of the 25MW Halden research reactor, southeast of Oslo, Norway. Beginning in 2017, Lightbridge expects its fabricated fuel samples to undergo full irradiation under prototypic commercial reactor operating conditions in a pressurized water loop of the Halden reactor. The project s pre-irradiation scope includes irradiation-rig mechanical design, detailed neutronic and thermal-hydraulic calculations, and safety analyses with necessary regulatory approvals. The initial phase of irradiation testing is expected to continue for about three years to reach the burnup necessary for insertion of lead test assemblies (LTAs) in a commercial power reactor. The final phase of irradiation testing necessary for batch reloads and full cores operating with a 10% power uprate and a 24-month cycle is expected to take an additional two years and be completed while LTAs have begun operating in the core of a commercial power reactor. Post-irradiation examination of Lightbridge s partially irradiated fuel samples also is planned to begin at Halden in 2018;

- IFE was granted an export license by the Norwegian Ministry of Foreign Affairs covering all planned activities relating to the Company's nuclear fuel in Norway. Planned activities include irradiation testing of Lightbridge's advanced metallic fuel samples under prototypic commercial reactor operating conditions, as well as discharge of irradiated fuel samples from IFE's Halden research reactor. The export license is valid for a standard initial term of 3 years through October 31, 2018, and is extendable. Post-irradiation examination of irradiated fuel samples at Studsvik in Sweden requires a separate Norwegian export license, for which IFE plans to apply;

- IFE's Safety Committee approved Lightbridge's planned loop irradiation experiment in the Halden research reactor. As a next step, IFE plans to submit a safety report on the Lightbridge-designed metallic fuel samples to the Norwegian Radiation Protection Authority, as part of an application for regulatory approval of the loop irradiation experiment in the Halden reactor;

- Initial task and purchase orders have been issued under the recently signed agreements with CNL and IFE. Work is currently underway on both projects in accordance with the overall project plan;

- The Korean Intellectual Property Office approved and issued to Lightbridge a key patent covering the Company's multi-lobed metallic fuel rod design and fuel assemblies. Patent No. 10-151116 Nuclear Reactor (Variants), Fuel Assembly Consisting of Driver-Breeding Modules for a Nuclear Reactor (Variants) and a Fuel Cell for a Fuel Assembly - expands international protection of Lightbridge's proprietary fuel technology;

- In addition to the above key Korean patent, the Company has been granted Korean and Australian patents covering its thorium-based seed and blanket fuel assembly design for Western-type pressurized water reactors. The new patents are valid until December 2028.

Upcoming Critical Path Milestones Fiscal 2015 and Fiscal 2016

- Complete preliminary design of the first irradiation rig for the Halden irradiation experiment, including neutronics, thermal-hydraulics, preliminary mechanical design, preliminary safety assessment by Q4 2015;
- Secure regulatory approval of an IFE application for the loop irradiation experiment in the Halden research reactor by the Norwegian Radiation Protection Authorization by Q1 2016;
- Have a detailed plan for fabrication of semi-scale metallic fuel samples completed by Q2 2016;
- Complete detailed mechanical design of the first irradiation rig for the Halden irradiation experiment by Q3 2016;
- Complete fabrication of depleted uranium fuel samples to validate fabrication process parameters by Q3 2016;
- Complete fabrication and deliver low enriched uranium fuel samples to Norway for loop irradiation testing in the Halden research reactor by Q4 2016.

In addition to the above major fuel development and commercialization efforts, we have been meeting with large companies that fabricate nuclear fuel for the global market. We have planned to have a teaming agreement in place with one of these companies in 2017-2018 but current progress may lead to such an arrangement sooner than that.

Consulting Business Segment

Our consulting business segment consists of assisting commercial and governmental entities with developing and expanding their nuclear industry capabilities and infrastructure. We provide integrated strategic advice across a range of expertise areas including, for example, regulatory development, nuclear reactor site selection, procurement and deployment, reactor and fuel technology, international relations and regulatory affairs. Our consulting services are expert and relationship-based, with particular emphasis on key decision makers in senior positions within governments or companies, as well as focus on overall management of nuclear energy programs. To date, substantially all of our revenues have been derived from our consulting business segment, which primarily provides nuclear consulting services to entities within the United Arab Emirates, our first significant consulting and strategic advisory client. The future revenue to be earned and recognized will depend upon agreed upon work plans, which can differ from the revenue amounts initially planned to be earned under these agreements. While the Company continues to provide consulting services pursuant to existing agreements, the Company has not entered into any additional material agreements in 2015, and the revenues from the consulting business segment have declined when compared to prior years.

Economics of Nuclear Power

In certain markets with a diversified energy base, decisions on new build power plants are largely affected by the economics of various energy sources. If prices of non-nuclear energy sources, in particular natural gas, fall below or remain below the cost of electricity from new nuclear generation facilities, it could limit the deployment of new build nuclear power plants in such markets. This could reduce the size of the potential markets for our fuel technology. If prices or production costs of non-nuclear energy increase, there may be increased demand for the deployment of new build nuclear power plants.

In the U.S., future growth in nuclear generation is likely to emerge from clean-air initiatives, like the U.S. Environmental Protection Agency s Clean Power Plan that mandates the U.S. utility industry reduce carbon emissions 32% by 2030. New U.S. reactor builds are a clear choice in meeting environmental goals and requirements with reliable, ready-power and stable fuel costs. Currently, about 2/3 of the U.S. carbon free electricity is generated from nuclear power. We believe the global climate-change push for carbon reduction, and critical air pollution concerns, like those in China, likely leaves nuclear power as the primary alternative for new, base load, 24-7 generation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make a variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements. For a discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our financial statements, please see Critical Accounting Policies and Estimates under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K/A filed on November 23, 2015, incorporated herein by reference. There have been no significant changes in our critical accounting policies and estimates during the nine months ended September 30, 2015.

Our management expects to make judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increase, these judgments become even more subjective and complex. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operations and/or financial condition.

Recent Accounting Standards and Pronouncements

Refer to Note 1 of the Notes to our condensed consolidated Financial Statements for a discussion of recent accounting standards and pronouncements.

OPERATIONS REVIEW

Business Segments and Periods Presented

We have provided a discussion of our results of operations on a consolidated basis and have also provided certain detailed segment information for each of our business segments below for the three months and nine months ended September 30, 2015 and 2014, in order to provide a meaningful discussion of our business segments. We have organized our operations into two principal segments: Consulting and Technology Business segments. We present our segment information along the same lines that our chief executives review our operating results in assessing performance and allocating resources. Refer to Note 8 of the Notes to our condensed consolidated financial statements for the presentation of our business segments financials for the above mentioned reporting periods.

Technology Business

Over the next 12 to 15 months, we expect to incur approximately $3 million in research and development expenses related to the development of our proprietary nuclear fuel designs. We spent approximately $0.3 million and $0.1 million for research and development during the three months ended September 30, 2015 and 2014, respectively. We spent approximately $0.9 million and $1.2 million for research and development during the nine months ended September 30, 2015 and 2014, respectively.

Over the next 2-3 years, we expect that our research and development activities will increase and will be primarily focused on testing and demonstration of our metallic fuel technology for Western-type water-cooled reactors. The main objective of this research and development phase is to prepare for full-scale demonstration of our fuel technology in an operating commercial power reactor.

Consulting Services Business

At the present time, all of our revenue for the three months and nine months ended September 30, 2015 and 2014 is from our consulting services business segment and is derived by offering services to governments outside of the US planning to create or expand electricity generation capabilities using nuclear power plants. The fee type and structure that we offer for each client engagement is dependent on a number of variables, including the complexity of the services, the level of the opportunity for us to improve the client s electricity generation capabilities using nuclear power plants, and other factors.

Consolidated Results of Operations Three Months Ended September 30, 2015 and 2014(Restated)

The following table presents our historical operating results as a percentage of revenues for the three month periods ended September 30, 2015 and September 30, 2014 (As restated):

		2015		2014 (As restated)		(Decrease) Change $	(Decrease) Change %
Consulting Revenues	$	234,163	$	275,158	$	(40,995)	(15)%
Cost of services provided							
Consulting expenses	$	118,954		136,061	$	(17,107)	(13)%
% of total revenues		51%		49%			
Gross profit	$	115,209	$	139,097	$	(23,888)	(17)%
% of total revenues		49%		51%			
Operating Expenses							
General and administrative	$	1,067,166	$	783,570	$	283,596	36%
% of total revenues		456%		285%			
Research and development expenses	$	302,912	$	116,146	$	186,766	161%
% of total revenues		129%		42%			
Total Operating Loss	$	(1,254,869)	$	(760,619)	$	494,250	65%
% of total revenues		-536%		-276%			
Other Income and (Expenses)	$	1,080,598	$	856,615	$	223,983	26%
% of total revenues		461%		311%			
Net income (loss) - before income taxes	$	(174,271)	$	95,996	$	(270,267)	-282%
% of total revenues		-74%		35%			

Revenue

The following table presents our revenues, by business segment, for the three months presented (rounded in millions):

	Three Months Ended September 30, 2015	2014
Consulting Segment Revenues:		
ENEC and FANR (UAE)	$ 0.2	$ 0.2
Other (other countries)	0.0	0.1
Total	0.2	0.3
Technology Segment Revenues	0.0	0.0
Total Revenues	$ 0.2	$ 0.3

The decrease in our revenues in 2015 from 2014 resulted from the net decrease in the work performed for our FANR, ENEC and other consulting projects. Our consulting projects with ENEC and FANR are being performed pursuant to ongoing requests to work on specific projects on a time and expense basis as needed. The FANR contract was extended to December 31, 2016. The ENEC contract has been extended through 2015. The future revenue to be earned and recognized under both the ENEC and FANR agreements will depend upon agreed upon work plans that are under current discussion, which can differ from the revenue amounts initially planned to be earned under these agreements.

The market for nuclear industry consulting services is competitive, fragmented, and subject to rapid change. We believe that our independence, experience, expertise, reputation and segment focus enable us to compete effectively in this marketplace.

See Note 1 and Note 4 of the Notes to our condensed consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q for additional information about our revenue.

Costs and Expenses

The following table presents our cost of services provided, by business segment, for the three months presented (rounded in millions):

	Three Months Ended September 30, 2015	2014
Consulting	$ 0.1	$ 0.1
Technology	0.0	0.0
Total	$ 0.1	$ 0.1

Cost of Services Provided

Cost of services remained primarily the same for the three months ended September 30, 2015 and 2014. Cost of services provided is comprised of expenses related to the consulting, professional, administrative, and other support costs and stock-based compensation allocated to our consulting projects labor, which were incurred to perform and support the work done for our consulting projects with ENEC, FANR and our other contracts. The billing rates to us from our consultants who provide services under our consulting contracts predominantly remained the same in 2015 and 2014. If consulting revenues increase in future periods, we expect cost of services provided will increase in dollar amount and may increase as a percentage of revenues due to increased pricing competition for consulting contracts.

Total reported gross profit margin for the three months ended September 30, 2015 was 49% compared to 51% for the three months ended September 30, 2014. See Note 1 and Note 4 of the Notes to our condensed consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q for additional information about our cost of services provided.

Research and Development

The following table presents our research and development expenses, (rounded in millions):

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
Research and development expenses	$ 0.3	$ 0.1

Research and development expenses consist mostly of compensation and related costs for personnel responsible for the research and development of our fuel. The increase of $0.2 million in 2015 was primarily due to an increase in research and development labor costs, which was offset by a decrease in related overhead expenses. Total stock-based compensation, included in research and development expenses, was approximately $58,000 and $15,000 for the three months ended September 2015 and 2014, respectively.

All of our reported research and development activities were conducted in Russia and the United States. We expense research and development costs as they are incurred. Research and development expenses will increase in dollar amount and may increase as a percentage of revenues in future periods because we expect to invest $3 million in the development of our nuclear fuel products over the next 12-15 months.

See Note 7 of the notes to our condensed consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q for additional information about our research and development costs.

General and Administrative Expenses

The following table presents our general and administrative expenses, (rounded in millions):

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014
General and administrative expenses	$ 1.1	$ 0.8

General and administrative expenses consist mostly of compensation and related costs for personnel and facilities, stock-based compensation, finance, human resources, information technology, and fees for consulting and other professional services. Professional services are principally comprised of outside legal, audit, strategic advisory services and outsourcing services.

There was an increase in stock-based compensation of $0.1 million due to stock options granted in 2015. This was also an increase in payroll expenses and payroll related benefits of $0.2 million, which was primarily due to a reversal of a first quarter 2014 and second quarter 2014 payroll bonus accrual in the third quarter of 2014 of approximately $0.7 million (when it was determined that no cash bonuses would be paid for 2014), which reduced the reported payroll expense for the third quarter of 2014 by approximately $0.7 million. Not factoring in the reversal of this payroll bonus accrual, there was a decrease in payroll in 2015 of approximately $0.5 million due to employee staff reductions in 2015 and an overall decrease in total general and administrative costs for the three months ended September 30, 2015 of approximately $0.4 million. There was an increase in consulting and professional fees of $0.1 million which was offset by a decrease in other general and administrative expenses of $0.1 million.

See Note 9 of the notes to our condensed consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q for additional information about our stock-based compensation costs.

Other Income (Expenses), Net

Other income and expenses, for the three months ended September 30, 2015 as compared to the three months ended September 30, 2014, was substantially the same.

Change in Revaluation of Warrant Liability

During three months ended September 30, 2015 and 2014, we recorded non-cash income of $1.1 million of $0.9 million, respectively, for warrant revaluation in our statements of operations due to a change in the fair value of the warrant liability as a result of a change in our stock price and a change in the contractual life of the warrants.

See Note 8 of the Notes to our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for information regarding our warrant liability.

Provision for Income Taxes

The following table presents our provision for income taxes. Our effective tax rate for the periods presented is 38%.

	Three Months Ended September 30, 2015	2014
Provision for income taxes	$ 0.0	$ 0.0

We incurred a net loss for both 2015 and 2014, and took a 100% valuation allowance against all deferred tax assets. Therefore we did not have a provision for taxes for either of the three months ended September 30, 2015 and 2014.

Consolidated Results of Operations Nine Months Ended September 30, 2015 and 2014(Restated)

The following table presents our historical operating results as a percentage of revenues for the nine month periods ended September 30, 2015 and September 30, 2014 (as restated):

	2015	**2014** (As restated)	**(Decrease) Change $**	**(Decrease) Change %**
Consulting Revenues	$ 656,220	$ 878,396	$ (222,176)	% (25)%
Cost of services provided				
Consulting expenses	$ 452,008	492,047	$ (40,039)	% (8)%
% of total revenues	69%	56%		
Gross profit	$ 204,212	$ 386,349	$ (182,137)	% (47)%
% of total revenues	31%	44%		
Operating Expenses				
General and administrative	$ 3,106,265	$ 3,064,309	$ 41,956	% 1%
% of total revenues	473%	349%		
Research and development expenses	$ 910,458	$ 1,172,680	$ (262,222)	% (22)%
% of total revenues	139%	134%		
Total Operating Loss	$ (3,812,511)	$ (3,850,640)	$ (38,129)	% (1)%
% of total revenues	-581%	-438%		
Other Income and (Expenses)	$ 2,735,897	$ (1,212,753)	$ 3,948,650	% -326%
% of total revenues	417%	-138%		
Net loss - before income taxes	$ (1,076,613)	$ (5,063,393)	$ 3,986,780	% (79)%
% of total revenues	-164%	-576%		

Revenue

The following table presents our revenues, by business segment, for the nine months presented (rounded in millions):

	Nine Months Ended September 30, 2015	2014
Consulting Segment Revenues:		
ENEC and FANR (UAE)	$ 0.5	$ 0.7
Other (other countries)	0.2	0.2
Total	0.7	0.9

Technology Segment Revenues		0.0		0.0
Total Revenues	$	0.7	$	0.9

The decrease in our revenues in 2015 from 2014 of $0.2 million resulted from the net decrease in the work performed for our FANR and ENEC projects of approximately $0.2 million. Our consulting projects with ENEC and FANR are being performed pursuant to ongoing requests to work on specific projects on a time and expense basis as needed. The FANR contract was extended to December 31, 2016. The ENEC contract has been extended through 2015. The future revenue to be earned and recognized under both the ENEC and FANR agreements will depend upon agreed upon work plans that are under current discussion, which can differ from the revenue amounts initially planned to be earned under these agreements.

The market for nuclear industry consulting services is competitive, fragmented, and subject to rapid change. We believe that our independence, experience, expertise, reputation and segment focus enable us to compete effectively in this marketplace.

See Note 1 and Note 4 of the Notes to our condensed consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q for additional information about our revenue.

Costs and Expenses

The following table presents our cost of services provided, by business segment, for the nine months presented (rounded in millions):

	Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2014	
Consulting	$	0.5	$	0.5
Technology		0.0		0.0
Total	$	0.5	$	0.5

Cost of Services Provided

There was a decrease in cost of services provided was due to the decrease in revenue, which was offset by an increase in stock-based compensation allocated to cost of services provided. Cost of services provided is comprised of expenses related to the consulting, professional, administrative, and other support costs and stock-based compensation allocated to our technology and consulting projects, which were incurred to perform and support the work done for our consulting projects with ENEC, FANR and our other contracts. The billing rates to us from our consultants who provide services under our consulting contracts predominantly remained the same in 2015 and 2014. If consulting revenues increase in future periods, we expect cost of services provided will increase in dollar amount and may increase as a percentage of revenues due to increased pricing competition for consulting contracts.

Total reported gross profit margin for the nine months ended September 30, 2015 was 31% compared to 44% for the nine months ended September 30, 2014. This decrease is primarily due to the increase in stock-based compensation in 2015.

See Note 1 and Note 4 of the Notes to our condensed consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q for additional information about our cost of services provided.

See Note 9 of the Notes to our condensed consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q for additional information about our stock-based compensation.

Research and Development

The following table presents our research and development expenses, (rounded in millions):

	Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2014	
Research and development expenses	$	0.9	$	1.2

Research and development expenses consist mostly of compensation and related costs for personnel responsible for the research and development of our fuel. The decrease of $0.3 million in 2015 was due to a decrease in research and development labor costs and related overhead expenses. Total stock-based compensation, included in research and development expenses, was approximately $244,000 and $32,000 for the nine months ended September 2015 and 2014, respectively.

All of our research and development activities were conducted in Russia and the United States. We expense research and development costs as they are incurred.

Research and development expenses will increase in dollar amount and may increase as a percentage of revenues in future periods because we expect to invest $3 million in the development of our nuclear fuel products over the next 12-15 months.

See Note 7 of the Notes to our condensed consolidated financial statements included in Part I Item 1 of this Quarterly Report on Form 10-Q for additional information about our research and development costs.

General and Administrative Expenses

The following table presents our general and administrative expenses, (rounded in millions):

	Nine Months Ended September 30,	
	2015	2014
General and administrative expenses	$ 3.1	$ 3.1

General and administrative expenses consist mostly of compensation and related costs for personnel and facilities, stock-based compensation, finance, human resources, information technology, and fees for consulting and other professional services. Professional services are principally comprised of outside legal, audit, strategic advisory services and outsourcing services.

The general and administrative expenses decrease was due to a decrease in payroll expenses and payroll related benefits of $0.1 million, which was due to a decrease in employees due to staff reductions; a decrease in consulting and professional fees of $0.1 million; a decrease in travel expenses of $0.1 million and a decrease in our other general and administrative expenses of $0.1 million. This decrease was offset by an increase in stock-based compensation of $0.4 million. Total stock-based compensation, included in general and administrative expenses, was $0.6 million and $0.2 million for the nine months ended September 30, 2015 and September 30, 2014, respectively. Total general and administrative expenses, without including stock-based compensation expense, was approximately $2.5 million and $2.9 million for the nine months ended September 30, 2015 and September 30, 2014, respectively, a decrease of $0.4 million.

See Note 9 of the Notes to our condensed consolidated financial statements included in Part 1 Item 1 of this Quarterly Report on Form 10-Q for information regarding our stock-based compensation.

Other Income (Expenses), Net

Other income and expenses, for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014, was substantially the same.

Change in Revaluation of Warrant Liability

During nine months ended September 30, 2015 and 2014, we recorded non-cash income of $2.7 million and non-cash expense of $1.2 million, respectively, for warrant revaluation in our statements of operations due to a change in the fair value of the warrant liability as a result of a change in our stock price and a change in the contractual life of the warrants.

See Note 8 of the Notes to our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for information regarding our warrant liability.

Provision for Income Taxes

The following table presents our provision for income taxes. Our effective tax rate for the periods presented is 38%.

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Provision for income taxes	$ 0.0	$ 0.0

We incurred a net loss for both 2015 and 2014, and took a 100% valuation allowance against all deferred tax assets. Therefore we did not have a provision for taxes for both the nine months ended September 30, 2015 and 2014.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

As of September 30, 2015, we had total cash and cash equivalents and restricted cash of approximately $2.0 million. Our working capital at September 30, 2015, was approximately $1.8 million. Our current monthly cash flow shortfall, based on our current operations, is averaging approximately $300,000 per month. Our current monthly cash flow shortfall will increase as we increase spending on research and development. Based on our September 30, 2015 working capital amount and our current projected monthly operating cash flow shortfall, our current working capital is not sufficient to fund our operations for the next 12 months. We are working to reduce our monthly cash flow shortfall and will also seek new sources of financing. We may delay incurring some operating expenses, which will reduce our cash flow shortfall for the next 12 months, if needed.

We have also put in place an ATM financing arrangement with MLV and an equity purchase agreement with Aspire Capital to fund our future research and development expenses and overhead expenses over the next 12 months. Based on the anticipated future equity fundraises from our ATM and equity purchase agreement, we expect to have sufficient working capital for the next 12 months of operations. The following table provides detailed information about our net cash flow for the nine month financial statement periods presented in this report.

Cash Flow (rounded in millions)

	Nine Months Ended September 30,			
		2015		2014
Net cash used in operating activities	$	(2.5)	$	(3.4)
Net cash used in investing activities	$	(0.1)	$	(0.1)
Net cash provided by (used in) financing activities	$	0.1	$	0.3
Net cash outflow	$	(2.5)	$	(3.2)

The primary potential sources of cash available to us are equity investments and new consulting contracts. We have no debt or bank credit lines and we have financed our operations to date through our consulting revenue and the sale of our common stock.

Operating Activities

The decrease in our cash used in operating activities in 2015 was primarily due to the decrease in our operating expenses in 2015, as explained above in the consolidated results of operations for the nine months ended September 30, 2015 and 2014 and the change in working capital items as explained below.

Cash used in operating activities in the nine months ended September 30, 2015, consisted of net loss adjusted for non-cash (income) expense items such as stock-based compensation and warrant revaluation, as well as the effect of changes in working capital. Cash used in operating activities for the nine months ended September 30, 2015, consisted of a net loss of $1.1 million and net adjustments for non-cash expense items totaling $1.6 million, consisting of stock-based compensation of $1.1 million and warrant revaluation of ($2.7) million. Total cash provided by working capital was $0.2 million.

Cash used in operating activities for the nine months ended September 30, 2014, consisted of net loss adjusted for non-cash (income) expense items such as stock-based compensation and warrant revaluation, as well as the effect of changes in working capital. Cash used in operating activities for the nine months ended September 30, 2014, consisted of a net loss of $5.1 million and net adjustments for non-cash expense items totaling $1.4 million, consisting of stock-based compensation of $0.2 million and warrant revaluation of $1.2 million. Total cash provided by working capital totaled $0.3 million. The cash provided by working capital was due to a net increase in accounts payable, accrued expenses and other current liabilities of $0.4 million. This increase was offset by an increase in prepaid expenses and other assets of $0.1 million.

Investing Activities

Net cash used by our investing activities for the nine months ended September 30, 2015, as compared to net cash used by our investing activities in 2014 are substantially the same. Patent applications costs are also part of our investing activities. These applications are filed for the new developments resulting from our research and development activities in our technology business segment. We anticipate these patent costs to increase in the future periods due to the continuing research and development work we plan to perform on our all-metal fuel design.

Financing Activities

Net cash provided by our financing activities for the nine months ended September 30, 2015, as compared to net cash provided by our financing activities for the nine months ended September 30, 2014 was a decrease in $0.2 million. We incurred approximately $0.1 million in cash stock offering costs by putting in place our ATM financing agreement and Equity Line financings in fiscal 2015. There was a decrease in the net proceeds from the issuance of our common stock of approximately $0.1 million.

On September 4, 2015, we entered into an equity purchase agreement with Aspire Capital, which provides that Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of our common stock over a two-year term, subject to our election to sell any such shares.

On June 11, 2015, we entered into an ATM issuance sales agreement with MLV & Co. LLC, pursuant to which the Company may issue and sell shares of its common stock from time to time through MLV as the Company s sales agent, up to a maximum amount of approximately $0.5 million. We have approximately $0.2 million remaining under the current Form S-3 shelf fundraising limit, as of the date of this filing. The amount available under the Company s Form S-3 shelf registration statement, which may be used to register sales under the ATM sales agreement, will increase on December 1, 2015.

Sales of the Company s common stock through MLV, if any, will be made by any method that is deemed to be an at-the-market equity offering as defined in Rule 415 promulgated under the Securities Act, including sales made directly on The NASDAQ Stock Market, on any other existing trading market for the common stock or to or through a market maker. MLV may also sell the common stock in privately negotiated transactions, subject to the Company s prior approval.

Short-Term and Long-Term Liquidity Sources

We will seek new financing or additional sources of capital available, depending on the capital market conditions, over the next 12 months. There can be no assurance that some of these additional sources of capital will be made available to us. The primary potential sources of cash available to us are as follows:

1. Equity investment from investors by selling shares of our common stock through the ATM, Equity Purchase Agreement and other equity offerings;

2. Strategic investment through alliances with major fuel vendors, fuel fabricators and/or other strategic parties during the next two years, to support the remaining research and development activities required to further enhance and complete the development of our fuel products to a commercial stage; and

3. New consulting contracts.

In support of our long-term business plan with respect to our fuel technology business, we endeavor to create strategic alliances with major fuel vendors, fuel fabricators and/or other strategic parties during the next two years, to support the remaining research and development activities required to further enhance and complete the development of our fuel products to a commercial stage. We may be unable to form such strategic alliances on terms acceptable to us or at all.

Although we anticipate securing new consulting work, we cannot determine as of the date of this filing if and when a new consulting contract will be awarded to us. If we do enter into any new consulting or strategic technology agreements to provide working capital to support our business plan regarding our planned research and development activities for developing our fuel designs, we will still need to raise additional capital in 2015 by way of an offering of equity securities, an offering of debt securities, a financing through a bank, or a strategic alliance with another entity, options which we are currently exploring. We believe that if we are awarded new consulting contracts, the margin earned on these new contracts will favorably impact our short-term and long-term liquidity and will supplement some of the funding required for our anticipated research and development expenses of our nuclear fuel technologies of $3 million over the next 12-15 months.

See Note 9 of the Notes to our condensed consolidated financial statements included in Part 1 Item 1 of this Quarterly Report on Form 10-Q for information regarding our ATM financing and Equity Purchase Agreement financing arrangements.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity or capital expenditures or capital resources that is material to an investor in our securities.

Seasonality

Our business has not been subject to any material seasonal variations in operations, although this may change in the future.

Inflation

Our business, revenues, and operating results have not been affected in any material way by inflation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Required.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as of the end of the period covered by this report on Form 10-Q. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures are not effective, because of a material weakness in our internal control over financial reporting related to the accounting for the warrants, to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to management (including our Chief Executive Officer and Chief Financial Officer) to allow timely decisions regarding required disclosure and that our disclosure controls and procedures are effective to give reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

To respond to this material weakness, we have devoted, and plan to continue to devote, significant effort and resources to the remediation and improvement of our internal control over financial reporting. While we have processes to identify and intelligently apply developments in accounting, we plan to enhance these processes to better evaluate our research and understanding of the nuances of increasingly complex accounting standards. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time and we can offer no assurance that these initiatives will ultimately have the intended effects.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this report that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. For a description of legal proceedings involving the Company, see the information set forth under Litigation in Note 6, Commitments and Contingencies, of the Notes to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

We have identified a material weakness in our internal control over financial reporting. This material weakness could continue to adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles (GAAP). Our management is likewise required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses in those internal controls. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company s annual or interim financial statements will not be prevented or detected on a timely basis.

As described elsewhere in this Quarterly Report on Form 10-Q, we identified a material weakness in our internal control over financial reporting related to our previous interpretation of ASC 815 and our initial classification and subsequent accounting of warrants as either liabilities or equity instruments. As a result of this material weakness, our management concluded that our internal control over financial reporting was not effective as of September 30, 2015. This material weakness resulted in a misstatement of our liabilities, non-cash expense relating to the changes in fair value of common stock warrants, additional paid-in capital, accumulated deficit accounts and related financial disclosures.

To respond to this material weakness, we have devoted, and plan to continue to devote, significant effort and resources to the remediation and improvement of our internal control over financial reporting. While we have processes to identify and intelligently apply developments in accounting, we plan to enhance these processes to better evaluate our research and understanding of the nuances of increasingly complex accounting standards. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time and we can offer no assurance that these initiatives will ultimately have the intended effects. For a discussion of management s consideration of the material weakness identified, related to our warrant accounting, see Note 2, Restatement of Previously Issued Condensed Consolidated Financial Statements to the condensed consolidated financial statements, as well as Part I, Item 4, Controls and Procedures included in this Quarterly Report on Form 10-Q.

Any failure to maintain such internal controls could adversely impact our ability to report our financial results on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis as required by the SEC and NASDAQ, we could face severe consequences from those authorities. In either case, there could result a material adverse effect on our business. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock. We can give no assurance that the measures we have taken and plan to take in the future will remediate the material weaknesses identified or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements.

In addition to the information set forth in this Form 10-Q, you should carefully consider the risk factors discussed in Part II, Item 1A of the Company s Form 10-Q/A for the quarter ended March 31, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES OR USE OF PROCEEDS

On September 4, 2015, we entered into an equity purchase agreement with Aspire Capital, which provides that Aspire Capital is committed to purchase up to an aggregate of $10.0 million of shares of our common stock over a two-year term, subject to our election to sell any such shares and certain other conditions. In consideration for entering into the purchase agreement and concurrently with the execution of the purchase agreement, the Company issued to Aspire Capital 300,000 shares of the Company s common stock. The issuance of such commitment shares was exempt from registration under the Securities Act of 1933, as amended, pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a) (2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

As more fully described in Note 12 to the condensed consolidated financial statements contained elsewhere in this Quarterly Report, the Company's Compensation Committee approved, and the Board of Directors approved and ratified, an amendment to the 2015 Equity Incentive Plan to permit grants of stock options, stock appreciation rights and other equity awards relating to up to 1.5 million shares to any one individual during any one year period. A copy of the amendment is attached as Exhibit 10.3 hereto.

ITEM 6. EXHIBITS

Exhibit Number	***Description***
4.1	Registration Rights Agreement dated September 4, 2015 by and between Lightbridge Corporation and Aspire Capital Fund, LLC (incorporated by reference to Exhibit 4.1 to the Company s Form 8-K filed on September 8, 2015)
10.1	Lightbridge Corporation 2015 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company s Form 8-K filed on July 17, 2015)
10.2	Common Stock Purchase Agreement, dated September 4, 2015, by and between Lightbridge Corporation and Aspire Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the Company s Form 8-K filed on September 8, 2015)
10.3	Amendment to Lightbridge Corporation 2015 Equity Incentive Plan.
31.1	Rule 13a-14(a)/15d-14(a) Certification - Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification - Principal Financial Accounting Officer
32*	Section 1350 Certifications
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Furnished herewith.

SIGNATURES

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

Date: November 23, 2015

LIGHTBRIDGE CORPORATION

By: /s/ Seth Grae
Name: Seth Grae
Title: President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Linda Zwobota
Name: Linda Zwobota
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

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31.1	Rule 13a-14(a)/15d-14(a) Certification - Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification - Principal Financial Accounting Officer
32*	Section 1350 Certifications
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Furnished herewith.