LIGHTBRIDGE Corp
Form 10-K
March 15, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended **December 31, 2015**

OR

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

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. Employer Identification No.)

11710 Plaza America Drive, Suite 2000
Reston, VA 20190
(Address of principal executive offices) (Zip Code)

(571) 730-1200
(Registrant s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.001 par value	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [ ] No [X]

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 [ ] (do not check if smaller reporting company)	Smaller reporting company [X]

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

At June 30, 2015, the aggregate market value of shares held by non-affiliates of the registrant (based upon the closing sale price of such shares on the Nasdaq Capital Market on June 30, 2015) was $18,041,545.

At March 8, 2016 there were 20,328,957 shares of the registrant s common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s Proxy Statement for the 2016 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant s fiscal year ended December 31, 2015.

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For the Fiscal Year Ended December 31, 2015
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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 and objectives of management for future operations, (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, and
- the risks identified in Item 1A. Risk Factors included herein.

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.

PART I

Item 1. Description of Business

OVERVIEW OF OUR TWO BUSINESS SEGMENTS

When used in this annual report, the terms Lightbridge , Company , we , our , and us refer to Lightbridge Corpo and its wholly-owned subsidiaries Thorium Power, Inc. (a Delaware corporation) and Lightbridge International Holding, LLC (a Delaware limited liability company).

Lightbridge is a leading nuclear fuel technology company and we participate in the nuclear power industry in the United States and internationally. Our mission is to be a world leader in the design and licensing of nuclear fuels that we anticipate will be economically attractive, enhance reactor safety, proliferation resistant, and produce less waste than current generation nuclear fuels, and to provide world-class strategic advisory services to governments and utilities seeking to develop or expand civil nuclear power programs.

Our business operations can be categorized in two segments:

(1) Our nuclear fuel technology business segment - we develop next generation nuclear fuel technology that has the potential to significantly increase the power output of commercial reactors, reducing the cost of generating electricity and the amount of nuclear waste on a per-megawatt-hour basis and enhancing reactor safety and the proliferation resistance of spent fuel. Our main focus is on our nuclear fuel technology business segment.

(2) Our nuclear energy consulting business segment - we provide nuclear power consulting and strategic advisory services to commercial and governmental entities worldwide. Our nuclear consulting business operations are intended to help defray a portion of the costs relating to the development of our nuclear fuel technology.

Financial information about our business segments is included in Part II Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, and Note 12 Business Segment Results, of the Notes to the Consolidated Financial Statements, included in Part II Item 8, Financial Statements of this Annual Report on Form 10-K.

Fuel Technology Business Segment Overview

Since the founding of our company, we have been engaged in the design and development of proprietary, innovative nuclear fuels. This effort has led us to develop a metallic fuel rod design that is at the heart of each of our nuclear fuel products. The Company s efforts are focused on the success of our nuclear fuel.

We are currently focusing our development efforts on all-metal fuel (i.e., non-oxide fuel) for currently operating as well as new build reactors. The Company also owns fuel assembly designs for all-uranium seed and blanket fuel for existing plants and new build reactors and thorium-based seed and blanket fuel for both existing and new build reactors. Each of the fuel designs utilizes our metallic fuel rod technology, and each design advances our mission to improve the cost competitiveness, safety, proliferation resistance, and performance of nuclear power generation. The Company s focus on metallic fuel is based on input from nuclear utilities that have expressed interest in the improved economics and enhanced safety that metallic fuel can provide.

In response to the challenges associated with conventional oxide fuels, we believe our innovative, proprietary metallic fuels will be capable of significantly higher burnup and power density compared to conventional oxide fuels. The fuel in a nuclear reactor generates heat energy. That heat is then converted through steam into electricity that is sold. Burnup is the total amount of electricity generated per unit mass of nuclear fuel, and is a function of the power density of a nuclear fuel and the amount of time the fuel operates in the reactor. Power density is the amount of heat power

generated per unit volume of nuclear fuel. Conventional oxide fuel used in existing commercial reactors is approaching the limits of its burnup and power density capability. As a result, further optimization to increase power output from the same core size and improve the economics and safety of nuclear power generation using conventional oxide fuel technologies is limited. As the industry prepares to meet the increasing global demand for electricity production, longer operating cycles and higher reactor power outputs have become a much sought-after solution for the current and future reactor fleet.

We believe our proprietary nuclear fuel designs have the potential to significantly enhance the nuclear power industry s economics and increase power output by:

- providing an increase in power output of up to 10% while simultaneously extending the operating cycle length from 18 to 24 months in existing pressurized water reactors (which are currently constrained to an 18-month operating cycle by oxide fuel); or increasing the power up to 17% while retaining an 18-month operating cycle;
- enabling increased reactor power output (up to 30% increase) without changing the core size in new build pressurized water reactors (PWRs); and
- reducing the volume of spent fuel per kilowatt-hour as well as enhancing proliferation resistance of spent fuel.

There are significant technology synergies among our primary fuel products due to utilization of the proprietary metallic fuel rod technology that is at the core of each of them. Once completed, a full-scale demonstration and qualification of the metallic fuel rod technology will simultaneously advance all of our product families currently under development. Due to the significantly lower fuel operating temperature, our metallic nuclear fuel rods are expected to provide major improvements to safety margins during off-normal events.

We are currently focusing our development efforts 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 a large segment of the global market and comprise our initial 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, Canada Deuterium Uranium (CANDU) heavy water reactors, as well as water-cooled small modular reactors.

US Nuclear Regulatory Commission licensing processes require engineering analysis of a large break loss-of-coolant accident (LOCA), as well as many other scenarios. The LOCA scenario assumes failure of a large water pipe in the reactor coolant system. Under LOCA conditions, the fuel and cladding temperatures rise due to reduced cooling capacity. Preliminary analytical modeling shows that under a design-basis LOCA scenario, unlike conventional uranium dioxide fuel, the cladding of the Lightbridge-designed metallic fuel rods would stay at least 200 degrees below the 850-900 degrees Celsius temperature at which steam begins to react with the zirconium cladding to generate hydrogen gas. Buildup of hydrogen gas in a nuclear power plant can lead to detonation of the hydrogen. Lightbridge fuel is designed to prevent hydrogen gas generation in design-basis LOCA situations, which is a major safety benefit.

We believe our fuel designs will allow current and new build nuclear reactors to safely increase power production and reduce operations and maintenance costs on a per kilowatt-hour basis. New build nuclear reactors could also benefit from the reduced upfront capital investment per kilowatt of generating capacity. In addition to the projected electricity production cost savings, we believe that our technology can result in utilities or countries needing to deploy fewer new reactors to generate the same amount of electricity, resulting in significant capital cost savings. For utilities or countries that already have operating reactors, our technology could be utilized to increase the power output of those reactors as opposed to building new reactors. Further, we believe that the fuel fabrication or manufacturing process for this new fuel design is simpler, which we expect could lower fuel fabrication costs.

Consulting Business Segment Overview

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 FANR contract has been extended to December 31, 2016. These contracts can each continue to be extended upon agreement

by both parties. Substantially all of our consulting business segment revenue is from foreign sources. We have also signed other consulting contracts in 2013 and 2014 with governmental and non-governmental entities to provide various consulting services that ended in 2015.

NEXT GENERATION NUCLEAR FUEL FOR THE NUCLEAR INDUSTRY

Recent Developments

- ***AREVA Agreements***

  On December 18, 2015, we entered into a letter of agreement with AREVA NP (AREVA) setting out the principal terms of the potential formation of one or more joint ventures between Lightbridge and AREVA to further develop, manufacture, commercialize, and fund Lightbridge s next generation metallic nuclear fuel technology. The letter of agreement established a framework for the future collaboration between Lightbridge and AREVA. The letter of agreement, as amended, also granted AREVA an exclusivity period for negotiations with us regarding formation of joint ventures to develop, manufacture, commercialize, and fund our next generation metallic nuclear fuel technology, which exclusivity period will expire on March 14, 2016 or the later expiration of the joint development agreement.

  On March 14, 2016, we entered into a joint development agreement (JDA) with AREVA which will define the different steps (including, without limitation, a feasibility study, a business plan, and an implementation action plan), working groups, and methodology to determine the feasibility and opportunity of future joint ventures between the parties. The joint development agreement provides the process by which the parties will execute definitive documentation for the joint ventures, including a term sheet that will set forth the main terms of the definitive joint venture agreements.

  As part of the definitive joint venture agreements, based on successful completion of the scope of work under the JDA, Lightbridge and AREVA will agree on: (1) terms and conditions to complete the remaining scope of work to demonstrate and commercialize the fuel assemblies based on Lightbridge s metallic nuclear fuel, and (2) a technology licensing arrangement and other agreements needed to form and operate the joint venture company. The companies have agreed to work exclusively together in the area covered by the JDA, which will remain in force until the formation of the joint venture or December 31, 2016 at the latest.
- On March 4, 2016, we won the CleanEquity Monaco Award in Excellence in Technology Research for our innovation in nuclear fuel. The award is presented annually by His Serene Highness Prince Albert II of Monaco after the winner is selected by a panel of independent judges.
- On December 16, 2015, we entered into an initial services agreement with BWXT Nuclear Energy, Inc., a wholly owned subsidiary of BWX Technologies, Inc., to evaluate the ability to fabricate and prepare a preliminary plan for fabrication of Lightbridge-designed partial length nuclear fuel samples at BWXT facilities in the United States.
- On January 12, 2016 we announced that, the Institute for Energy Technology (IFE), which operates the Halden Research Reactor in Norway, received formal regulatory approval from the Norwegian Radiation Protection Authority for all planned irradiation of Lightbridge metallic fuel at the Halden Research Reactor in Norway.

- 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 licensees to adjust Commission staffing levels and budgets in anticipation of future regulatory reviews of applications submitted to the agency. 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;
- On September 9, 2015, we signed a Comprehensive Nuclear Services Agreement with Canadian Nuclear Laboratories (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 the first half of 2016.
- We entered into a binding, 10-year service agreement with the IFE, operator of the 25 MW Halden Research Reactor, southeast of Oslo, Norway. Beginning in 2017, we expect our fabricated fuel samples to undergo full irradiation under prototypic commercial reactor operating conditions in a pressurized water loop of the Halden Research 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 our 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 our 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 our 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 Research 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 us a key patent covering our 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 our proprietary fuel technology.

- In addition to the above key Korean patent, we have been granted Korean and Australian patents covering our thorium-based seed and blanket fuel assembly design for Western-type pressurized water reactors. The new patents are valid until December 2028.
- The Lightbridge Quality Assurance Program has been formulated to meet the requirements of 10 CFR 50 Appendix B, 10 CFR Part 21 and the applicable requirements of NQA-1: 2008 Edition, 2009 Addenda.

Research and Development Project Schedule

We currently anticipate that we, working in collaboration with our development partners/vendors and in certain cases contingent upon execution of collaborative research and development agreements with them will be able to:

- Have semi-scale metallic fuel samples fabricated in late 2016-early 2017 for irradiation testing in a test reactor environment under prototypic commercial reactor conditions;
- Perform in-reactor and out-of-reactor experiments in 2016-2020;
- Establish a pilot-scale fuel fabrication facility and demonstrate full-length fabrication of our metallic fuel rods in 2017-2018;
- Develop analytical models in 2016-2018 for our metallic fuel technology that can be used for reactor analysis and regulatory licensing; and
- Begin LTA operation in a full-size commercial light water reactor as soon as 2020-2021, which involves testing a limited number of full-scale fuel assemblies in the core of a commercial nuclear power plant over three 18-month cycles.

Accordingly, based on our current estimated schedule, a purchase order for an initial reload batch placed by a utility is expected as soon as 2023-2024 (after two 18-month cycles of LTA operation), with final qualification (i.e., deployment of fuel in the first reload batch) in a commercial reactor expected as soon as 2025-2026. In the interim, once we have the initial fuel performance data from loop irradiation of our fuel samples in a research reactor under prototypic operating conditions of a commercial power reactor, which is currently anticipated by late 2017-early 2018, we will target entry into a commercial arrangement with one or more major fuel fabricators that may include upfront technology access fees and/or engineering support or consulting payments to us.

OUR BUSINESS STRATEGY NUCLEAR FUEL TECHNOLOGY BUSINESS SEGMENT

We intend to license our intellectual property for nuclear fuel designs to existing major nuclear fuel fabricators who have fuel supply contracts with utilities that own and operate nuclear power plants worldwide. We believe that such partnering will allow us to take advantage of the existing customer base of fuel fabricators, thus enabling our fuel products to achieve higher market penetration rates in a relatively short period of time. We are currently pursuing a research, development, and demonstration strategy aimed at generating sufficient interest and confidence in our fuel technology among major fuel fabricators with a view to entering into a commercial arrangement with one or more of them near the completion of the first half of our loop irradiation testing program. We believe there may be opportunities for licensing our fuel fabrication technology and engineering support fees from fuel fabricators.

We anticipate that the following factors will play a key role in structuring a technology license agreement with a major fuel supplier:

- Sharing of future fuel development costs;
- An upfront technology access fee payable to us;
- Ongoing royalty fees from future fuel product sales payable to us based on a cost sharing formula; and
- Potential engineering support or consulting payments payable to us.

Our commercialization efforts are based on a multi-prong approach that we believe will increase the likelihood of success:

1. Approach major fuel fabricators (push marketing strategy to our direct licensing customers)

2. Early outreach to nuclear power utilities (pull marketing strategy to the customers of the fuel fabricators)

3. Generate public, industry, and government awareness of our fuel technologies

We are putting a significant amount of effort into reaching out to major fuel fabricators. Our ultimate commercial success depends on how soon and what kind of a commercial arrangement we are able to negotiate with one or more of these potential partners. As a result, building relationships with these potential partners and keeping them up-to-date on our fuel technology demonstration progress through ongoing dialogue are the essential elements of our commercialization strategy.

COMPETITION, CURRENT STATUS AND CHALLENGES OF OUR NUCLEAR FUEL RESEARCH AND DEVELOPMENT WORK

COMPETITION

To our knowledge, our nuclear fuel development project is the only program that we believe could be commercially viable to increase, in a safe and economically attractive way, power output by up to 17% in existing PWRs and up to 30% in new build PWRs. Due to long product development timelines, significant nuclear regulatory requirements, and our intellectual property, we believe that the barriers to entry are very high for a competitor to our nuclear fuel technology segment.

Competition with respect to the design of commercially viable nuclear fuel products is limited to conventional uranium oxide fuels, which, as discussed above, are reaching the limits in terms of their capability to provide increased power output or longer fuel cycles. We believe that the industry needs fuel products that can provide these benefits. While we believe conventional uranium oxide fuel may be capable of achieving power uprates of up to 10% in existing PWRs, doing so would require uranium-235 enrichment levels above 5% (as is also the case with our metallic fuel), higher reload batch sizes, or a combination thereof. The alternative route of increasing reload batch sizes while keeping uranium enrichment levels below 5% for power uprates up to 10% using conventional uranium oxide fuel raises the cost of each fuel reload, resulting in a significant fuel cycle cost penalty to the nuclear utility. The cost penalty could have a dramatic adverse impact on the economics of existing plants whose original capital cost has already been written off (most US nuclear power plants fall into this category).

Due to poor economics, nuclear utilities may be reluctant to embrace that route as a way to increase power output by up to 10%, which could lead to greater opportunities for use of Lightbridge s nuclear fuel.

There are several major companies that collectively fabricate a large majority of the fuel used in the world s commercial nuclear power plants, including both Western-type PWRs and boiling water reactors (BWRs), as well as Russian-type VVERs. To the extent that these companies currently own and may in the future develop new nuclear fuel designs that can be used in the same types of reactors as those targeted by us, they can be viewed as potential competitors. However, our commercialization strategy is not to compete with these major fuel fabricators, but rather to partner with one or more of these companies through technology license arrangements to extend their fuel offerings to their customers with our fuel technologies. For this reason, we consider these companies as potential partners or licensees as opposed to competitors.

CURRENT STATUS

Government Approvals and Relationships with Critical Development Partners/Vendors

The sales and marketing of our services and technology internationally may be subject to US export control regulations and the export control laws of other countries. Governmental authorizations may be required before we can export our services or technology or collaborate with foreign entities. If authorizations are required and not granted, our international business plans could be materially affected. Furthermore, the export authorization process is often time consuming. Violation of export control regulations could subject us to fines and other penalties, such as losing the ability to export for a period of years, which would limit our revenue growth opportunities and significantly hinder our attempts to expand our business internationally.

In 2015, we received our export controls approval from the US Department of Energy for all of our planned work in Canada, Norway, and Sweden.

The testing, fabrication and use of nuclear fuels by our future partners, licensees and nuclear power generators will be heavily regulated. The test facilities and other locations where our fuel designs may be tested before commercial use require governmental approvals from the host country s nuclear regulatory authority. The responsibility for obtaining the necessary regulatory approvals will lie with our research and development contractors that conduct such tests and experiments. Nuclear fuel fabricators, which will ultimately fabricate fuel using our technology under commercial licenses from us, are similarly regulated. Utilities that operate nuclear power plants that may utilize the fuel produced by these fuel fabricators require specific licenses relating to possession and use of nuclear materials as well as numerous other governmental approvals for the ownership and operation of nuclear power plants.

Separately, some of the planned critical path research, development, and demonstration activities require access to certain highly specialized technical expertise and licensed facilities where such development and demonstration work can be carried out. There are a limited number of commercial entities or government research laboratories in the world that possess this kind of technical expertise and have a licensed operating facility, including a limited number in the United States. We are currently focusing our fuel development efforts with both domestic and overseas development partners/vendors. Beginning in 2017, we expect our fabricated fuel samples to undergo full irradiation under prototypic commercial reactor operating conditions in a pressurized water loop of the Halden Research Reactor in Norway. However, the National Nuclear Security Administration (NNSA) of the U.S. Department of Energy, has informed us that a transfer of our fuel samples to Norway would not be possible until the bilateral agreement for peaceful nuclear cooperation, or a so-called 123 Agreement between the U.S. and Norway was renewed. Under Section 123 of the U.S. Atomic Energy Act of 1954, as amended, a bilateral agreement for peaceful nuclear cooperation between the United States and another country must be in place before significant transfers of nuclear material, equipment, or components from the United States to the other country. The previous Section 123 Agreement with Norway has expired. The State Department and Norway have finalized the terms for the renewal of the 123 Agreement. Once the new 123 Agreement has been signed by both governments, , the U.S. President transmits the proposed agreement to both houses of Congress for a 90-day review process. The agreement will become effective unless Congress adopts a joint resolution of disapproval. If the 123 Agreement between the United States and Norway is not renewed by the time our fuel samples are fabricated and ready for shipment (currently expected around the end of 2016), we may risk program schedule delays. Such delays could disrupt our fuel technology development plans, which may have a detrimental impact on the results of our operations.

A domestic partner/vendor may eliminate the need to seek a separate US export license authorization for this work and eliminate the risk of the 123 Agreement with Norway not being in place in time to support our current schedule. If we proceed with a US national laboratory, any agreement will be subject to DOE s review and approval. Any delay in such approval of our proposed agreement by DOE could cause program schedule slippage. If we proceed with a US commercial entity, some aspects of the development and demonstration work may still require certain US regulatory approvals (e.g., relating to 19.7% enriched uranium). Any delay in such regulatory approvals could have an adverse impact on our program schedule and future financial results.

CHALLENGES

- Collaboration with a fuel fabricator that can fabricate the LTAs and a nuclear utility that is willing to accept the LTAs is required for LTA demonstration in a commercial reactor. In the US, the fabricator and the utility will be primarily responsible for securing necessary regulatory licensing approvals for the LTA operation. To this end, in 2011, we established a Nuclear Utility Fuel Advisory Board (NUFAB) to further strengthen dialogue with global nuclear utilities. Separately, we are also pursuing discussions with major fuel fabricators relating to collaboration on our nuclear fuel designs. As disclosed recently in an 8-K filing, we have entered into a Letter of Agreement with AREVA relating to our nuclear fuel designs.

- There is a lack of publicly available experimental data on our metallic fuel. As a result, we will need to conduct various irradiation experiments to confirm fuel performance under normal and off-normal events. Loop irradiation in a test reactor environment prototypic of commercial reactor operating conditions and other experiments on unirradiated and irradiated metallic fuel samples will be essential to demonstrate the performance and advantages of our metallic fuel. We are currently planning loop irradiation testing of our metallic fuel samples in a research reactor as part of this effort.

- Existing analytical models may be inadequate. New analytical models, capable of accurately predicting the behavior of our metallic fuel during normal operation and off-normal events may be required. Experimental data measured from our planned irradiation demonstrations will help to identify areas where new analytical models or modifications to existing ones may be required.

- Demonstration of a fabrication process both for semi-scale irradiation fuel samples and subsequently for full-length (12-14 feet) metallic fuel rods for PWR LTAs is required. Past operating experience with similar metallic fuel composition involved fabrication of metallic fuel rods up to 3 feet in length in Russia. In 2015, we entered into separate agreements with CNL, a wholly owned subsidiary of Atomic Energy of Canada Limited, and BWXT Nuclear Energy, Inc., a wholly owned subsidiary of BWX Technologies, Inc. to demonstrate feasibility of fabrication of semi-scale irradiation fuel samples at their existing facilities in Canada and the United States, respectively. Our current plan is for these fabricated semi-scale irradiation fuel samples to be irradiated to their target burnup in a pressurized water loop of the Halden Research Reactor located in Halden, Norway and for post- irradiation examination of the irradiated fuel samples to be 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.

SOURCES AND AVAILABILITY OF RAW MATERIALS

We intend that our fuel technology development business will become a licensing business, as we plan to license our metallic fuel technology to fuel fabricators. We do not plan to utilize any raw materials in the conduct of our operations. The fuel fabricators which will ultimately fabricate our fuel products will require zirconium and uranium, and additional raw materials that are required for the production of nuclear fuel assemblies that go into the reactor core. Uranium and zirconium are available from various suppliers at market prices.

OVERVIEW OF THE NUCLEAR POWER INDUSTRY

Potential Market

Presently, nuclear power provides approximately 7% of the world s energy, including approximately 11% of the world s electricity. According to the World Nuclear Association, as of January 1, 2016 there were approximately 439 operable nuclear power plants worldwide, mostly light water reactors, with the most common types being PWRs, BWRs, and VVER reactors (a Russian equivalent of PWRs). Nuclear power provides a non-fossil fuel, low-carbon energy solution that can meet baseload electricity needs.

Due to substantial project risks and the significant upfront capital commitment associated with building new reactors, many nuclear utilities in deregulated markets choose to optimize their existing generating capacity through increasing their capacity utilization factor, power uprates and plant life extensions. We expect this trend to continue, particularly in the mature nuclear markets with significant existing nuclear capacity. We expect most of the new build activity to occur in emerging nuclear markets.

Of the world s existing reactors currently in operation, PWRs (including Russian-designed VVERs) account for more than half of the net operating capacity, with BWRs being second accounting for another 20%.

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Of the nuclear reactors currently under construction, over 80% are either PWRs or VVERs with a rated electric power output of 1,000 megawatts (MWe) or greater.

Utilities have utilized power uprates since the 1970 s as a way to increase the power output of their nuclear plants. Typically, more highly enriched uranium fuel and/or more fresh fuel is needed to increase power output. This enables the reactor to produce more thermal energy and therefore more steam to drive the turbine generator and produce electricity. In order to accomplish this, components such as pipes, valves, pumps, heat exchangers, electrical transformers and generators, must be able to accommodate the conditions that would exist at the higher power level. For example, a higher power level usually involves higher steam and water flow through the systems used to convert thermal power into electric power. These systems must be capable of accommodating the higher flows.

In some instances, utilities will modify and/or replace components in order to accommodate a higher power level. Technical analyses must demonstrate that the proposed plant configuration remains safe and that measures to protect the health and safety of the public continue to be effective. These analyses, which span many technical disciplines, are reviewed and approved by the regulator before a power uprate can be performed.

The utility will conduct an economic analysis to evaluate the potential financial benefits of the proposed uprate. Typically, power uprates enable utilities to increase their generating capacity at a cost significantly less than the cost of building a new plant. In many cases, power uprates can be completed in months as opposed to the several years required for new build, thus the invested dollars begin producing revenue shortly after they are spent. Power uprates, therefore, represent an efficient use of capital.

Utilities have embraced power uprates as a cost effective way to increase their generation capacity. While the efforts thus far have occurred mostly in the United States, there is a large, untapped worldwide market for power uprates. There are about 150 PWRs operating outside the United States. If all of these plants had their power increased by 10%, the aggregate generating capacity would increase by about 14,500 MWe. This is equivalent to about 12 new 1,200 MWe reactors. The incentive to proceed with power uprates at the 10% level is significant since there are few changes required to implement the power uprate, and the changes that are required are relatively inexpensive. The limiting factor at the moment is the fuel. We believe that our metallic fuel rod technology will enable the 10% increase in power along with extending the fuel cycle to 24 months, and can be used to support even greater power increases up to 30%.

Most nuclear power plants originally had a licensed lifetime of 25 to 40 years, but engineering assessments have established that many can operate much longer. In the US, approximately 60 reactors have been granted license extensions to continue operating for a total of 60 years. Most of the plants that have not already requested a license extension are expected to apply in the near future. A license extension at about the 30-year mark requires additional capital expenditure for the replacement of worn equipment and outdated control systems.

The technical and economic feasibility of replacing major reactor components, such as steam generators in PWRs, has been demonstrated. The increased revenue generated from extending the lifetime of existing plants is attractive to utilities, especially in view of the difficulties in obtaining public acceptance of constructing replacement nuclear capacity.

The loss of generating capacity by old plants being retired is balanced by new plants coming on line. There are no firm projections for retirements over the next two decades, however the World Nuclear Association (WNA), estimates that at least 60 of those now operating will close by 2030, most being small plants. Using conservative assumptions about license renewal, the 2009 WNA Market Report anticipates that approximately 143 reactors will be decommissioned by 2030.

Almost all of the new build reactor designs are either Generation III or Generation III+ type reactors. The primary difference from second-generation designs is that many incorporate passive or inherent safety features which require

no active controls or operational intervention to avoid accidents in the event of malfunction. Many of these passive systems rely on gravity, natural convection, or resistance to high temperatures.

Influence of Natural Gas Prices in the United States

Natural gas is currently the cheapest option for power generation in the US, which is causing some utilities to abandon plans for nuclear and other power sources. The abundance of cheap natural gas may adversely affect the markets for nuclear power uprates.

Influence of the Accident at Fukushima, Japan and New International Nuclear Build

The major nuclear accident at the Fukushima nuclear power plant in Japan following the strong earthquake and massive tsunami that occurred on March 11, 2011, increased public opposition to nuclear power in some countries, resulting in a slowdown in, or, in some cases, a complete halt to, new construction of nuclear power plants and an early shut down of existing power plants in certain countries. As a result, some countries that were considering launching new domestic nuclear power programs before the Fukushima accident have delayed or cancelled preparatory activities they were planning to undertake as part of such programs. This has diminished the number of consulting opportunities that we could compete for globally, at least in the near-term. In addition, the Fukushima accident appears to have shrunk the projected size of the global nuclear power market in 2025-2030 as reflected in the most recent reference case projections published by the World Nuclear Association. At the same time, the event has brought a greater emphasis on safety to the forefront that may be beneficial to our metallic fuel that provides improved safety and fuel performance during normal operation and design-basis accidents.

Our Initial Target Market

Presently, we are targeting Western-type PWR reactors with a net capacity of 900 MWe or more that will be under 40 years of age by 2021. These reactors represent the largest market segment, both in terms of operating reactors and new build units under construction or planned. Our technology is applicable to many more reactors than those included in our initial target market. The initial target market was selected as we believe that it represents the largest commercial market segment with the highest potential for return on investment in the near-term.

Based on the WNA s reactor database, we estimate that the current size of our initial target market is approximately 127 gigawatts electric, or GWe, of net generating capacity. We estimate the size of our target market to expand to 249 GWe by 2025 and 261 GWe by 2030.

Within the identified potential target market, France, China, United States, and Korea represent the largest market segment, accounting for over 80% of the total projected target market size in 2030. We believe that it is important for us, through technology license arrangements with major fuel vendors, to ultimately secure a footing in one or more of these countries in order to achieve meaningful market penetration rates.

OUR INTELLECTUAL PROPERTY

Our nuclear fuel technologies are protected by multiple US and international patents. Our current patent portfolio is comprised of the following patents:

Granted U.S. Patents:

- Patent No. 8,654,917 for Nuclear reactor (alternatives), fuel assembly of seed-blanket subassemblies for nuclear reactor (alternatives), and fuel element for fuel assembly (expiring September 3, 2030);
- Patent No. 8,116,423 for a NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED-BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY (expiring February 1, 2030);

Granted International Patents:

- Australian Patent No. 2007363064, based on PCT Patent Application No. PCT/RU2007/000732, filed December 26, 2007, titled NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED-BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY (expires December 26, 2027)
- Australian Patent No. 2008365658, based on PCT Patent Application No. PCT/RU2008/000801, filed on December 25, 2008, titled FUEL ASSEMBLY FOR A LIGHT-WATER NUCLEAR REACTOR (EMBODIMENTS), LIGHT-WATER NUCLEAR REACTOR AND FUEL ELEMENT OF THE FUEL ASSEMBLY (expires December 2028)
- Australian Patent No. 2011250906, based on PCT International Patent Application No. PCT/US2011/036034, filed May 11, 2011, titled Fuel Assembly (expires May 2031)
- Japanese Patent No. 5585883, based on PCT Patent Application No. PCT/RU2007/000732, filed December 26, 2007, titled NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED-BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY (expires December 26, 2027)
- Japanese Patent No. 5755568, based on PCT patent application No. PCT/RU2008/000801 filed on December 25, 2008 entitled A Light Water Reactor Fuel Assembly (Alternatives), A Light Water Reactor and A Fuel Assembly Fuel Element (expires December 2028)
- S. Korean Patent No. 10-1474864, based on PCT Patent Application No. PCT/RU2007/000732, filed December 26, 2007, titled NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED-BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY (expires December 26, 2027)
- S. Korean Divisional Patent No. 10-1515116, based on PCT Patent Application No. PCT/RU2007/000732, filed December 26, 2007, titled NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED-BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY (expires December 26, 2027)
- S. Korean Patent No. 10-1546814, based on PCT patent application No. PCT/RU2008/000801 filed on December 25, 2008 entitled A Light Water Reactor Fuel Assembly (Alternatives), A Light Water Reactor and A Fuel Assembly Fuel Element (expires December 2028)
- Eurasian Patent No. EA015019 (B1), based on PCT Patent Application No. PCT/RU2007/000732, filed December 26, 2007, titled NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED-BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY (expires December 26, 2027);
- Ukrainian Patent No. 102716, based on PCT Patent Application No. PCT/RU2008/000801 filed on December 25, 2008 entitled A Light Water Reactor Fuel Assembly (Alternatives), A Light Water Reactor and A Fuel Assembly Fuel Element (expires December 26, 2027).
- Ukrainian Patent No. 98370, based on PCT Patent Application No. PCT/RU2007/000732, filed December 26, 2007, titled NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED-BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY (expires December 26, 2027).

- Chinese Patent No. ZL 20078102099.4, based on PCT Patent Application No. PCT/RU2007/000732, filed December 26, 2007, titled NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED-BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY (expires December 26, 2027).

Pending Patent Applications:

Patent Applications Based On PCT Patent Application No. PCT/RU2007/000732, filed December 26, 2007, titled NUCLEAR REACTOR (ALTERNATIVES), FUEL ASSEMBLY OF SEED- BLANKET SUBASSEMBLIES FOR NUCLEAR REACTOR (ALTERNATIVES), AND FUEL ELEMENT FOR FUEL ASSEMBLY:

- Canadian Application No. 2,710,432;
- Indian Application No. 5244/DELNP/2010 ;
- Divisional Eurasian Application No. 201301253;
- Divisional Japanese Application No. 2014-114955;
- Divisional Chinese Application No. 201410042725.7;
- European Application No. 8142834.7;
- European Application No. 10166457.1;
- Divisional Australian Application No. 2014202305; and
- When and if these applications are allowed and granted as patents, they are expected to expire on December 26, 2027.

Patent Applications Based On PCT patent application No. PCT/RU2008/000801 filed on December 25, 2008 entitled A Light Water Reactor Fuel Assembly (Alternatives), A Light Water Reactor and A Fuel Assembly Fuel Element:

- Canadian Application No. CA20082748367;
- Chinese Application No. CN20088132741;
- Indian Application No. 5521/DELNP/2011;
- Eurasian Application No. 201100729;
- European Application No. EP20080879222;
- Divisional European Application No. 16153633.9;
- US Application No. 13/139,677.
- When and if these applications are allowed and granted as patents, they are expected to expire on December 25, 2028.

Patent Applications Based On PCT International Patent Application No. PCT/US2011/036034, filed May 11, 2011, titled Fuel Assembly:

- Japanese Application No. JP2013-510271;
- S. Korean Application No. 10-2012-7029003;
- Canadian Application No. 2,798,539;
- Chinese Application No. 201180023785.9;
- Indian Application No. 9326/DELNP/2012;
- European Application No. 11735927.3;
- US Application No. 13/695,792;
- Eurasian Application No. 201201481;
- Divisional European Application No. 16154148.7
- Divisional Australian Application No. 2015202628; and
- Divisional Japanese Application No. 2015-094071;

- Ukrainian Application No. a201213992.
- When and if these applications are allowed and granted as patents, they are expected to expire on May 11, 2030.

Patent Applications Based On PCT International Patent Application No. PCT/US2014/036437, filed May 1, 2014, titled Fuel Assembly:

- Australian Application No. 2014262983;
- Canadian Application No. 2911608;
- EU Application No. 14733408.0;
- Indian Application No. 11062/DELNP/2015;
- S. Korean Application No. 10-2015-7035028;
- US Application No. 14/081056; and
- Chinese Application No. 201480036401.0.

Patent Applications Based On PCT International Patent Application No. PCT/US2015/050454, filed September 16, 2015, titled Fuel Assembly:

- Eurasian Application No. 201592147;
- US Application No. 14/856084;

In addition to our patent portfolio, we also own the following trademarks:

Registered US Trademarks:

LIGHTBRIDGE corporate name (Registration No. 3933449)
Lightbridge s corporate logo (word and design) (Registration No. 3933450)
THORIUM POWER corporate name (Registration No. 3791726)

Registered International Trademarks:

LIGHTBRIDGE corporate name:
European Union (Registration No. 8773988)
France (Registration No. (08)3573606)
United Kingdom (Registration No. 2486858)
Russia (Registration No. 434229)
Lightbridge s corporate logo:
European Union (Registration No. 8771875)
Russia (Registration No. 434228)
THORIUM POWER corporate name:
Russia (Registration No. 426009)

Pending Trademark Applications:

LIGHTBRIDGE corporate name (US Application No. 86171723)
Lightbridge s corporate logo design mark (US Application No. 86171750)

We are continually executing a strategy aimed at further expanding our intellectual property portfolio.

OUR CONSULTING BUSINESS SEGMENT

The Nature of Our Consulting Services

This segment is primarily engaged in the business of assisting commercial and governmental entities globally 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, program management and infrastructure development.

Due to the relatively limited growth in the nuclear energy industry during the 1980 s and 1990 s, and corresponding limited recruitment into the industry, the cadre of engineers, managers and other nuclear energy industry experts is aging. In any nuclear renaissance, we believe that the industry will be challenged in acquiring and retaining sufficient qualified expertise. In countries studying the potential of establishing new nuclear energy programs, the number of qualified nuclear energy personnel is limited, and we believe that those countries will need to rely on significant support from non-domestic service providers and experts to ensure success in those programs.

Our emergence in the field of nuclear energy consulting is in direct response to the need for independent assessments and highly qualified technical consulting services from countries looking to establish nuclear energy programs, by providing a blueprint for safe, secure, reliable, and cost-effective nuclear power. We offer full-scope strategic planning and advisory services for new and growing existing markets. Furthermore, we only engage with commercial entities and governments that are dedicated to non-proliferative and transparent nuclear programs.

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, nearly all of our revenues have been derived from our consulting and strategic advisory services business segment, which primarily provides nuclear consulting services to entities within the United Arab Emirates, our first significant consulting and strategic advisory client. We have also provided nuclear safety consulting advice to US nuclear utilities. We expect to be working both directly and as a subcontractor to larger companies for our new consulting contracts in 2016 and beyond and utilizing less outside consulting firms to provide us with consulting services in the future.

Competition in Nuclear Industry Consulting

In general, the market for nuclear industry consulting services is competitive, fragmented and subject to rapid change. The market includes a large number of participants with a variety of skills and industry expertise, including local, regional, national, and international firms that specialize in political assessment, legal and regulatory framework, nuclear technology, or program implementation. Some of these companies are global in scope and have greater personnel, financial, technical, and marketing resources than we do. The larger companies offering similar services as we do typically are also active in the delivery of nuclear power plant equipment and/or provision of engineering design services. We believe that our independence, experience, expertise, reputation and segment focus, enable us to compete effectively in this marketplace as a strategic advisor for those governments wishing to develop a new civil nuclear program.

Our major challenge in pursuing our business is that the decision making process for nuclear power programs typically involves careful consideration by many parties and therefore requires significant time. Many of the potential clients that could benefit from our services are in regions of the world where tensions surrounding nuclear energy are high, or in countries where public opinion plays an important role. Domestic and international political pressure and public opposition to nuclear power may hinder our efforts to provide nuclear energy consulting services.

Employees

Our business model is to limit the number of our full-time employees and to rely on individual independent contractors, outside agencies and technical facilities with specific skills to assist with various business functions including, but not limited to: corporate overhead personnel, research and development, and government relations. This model limits overhead costs and allows us to draw upon resources that are specifically tailored to our internal and external (client) needs. As of December 31, 2015, we had seven full-time employees and two part-time employees. We utilize a network of independent contractors available for deployment for specialized consulting assignments. We believe that our relationship with our employees and contractors is satisfactory.

History and Corporate Structure

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We were incorporated under the laws of the State of Nevada on February 2, 1999. On October 6, 2006, we acquired our wholly-owned subsidiary Thorium Power, Inc. and changed our name to Thorium Power, Ltd. Thorium Power, Inc. was incorporated on January 8, 1992. In 2008, we formed Lightbridge International Holding, LLC (a Delaware limited liability company) to be a holding company for our foreign branch offices. Our foreign branch offices were set up to facilitate our international operations. We registered a branch office in England in 2008 called Lightbridge Advisors Limited and a branch office in Moscow, Russia in July 2009, which we are in the process of closing. On September 21, 2009, we changed our name from Thorium Power Ltd. to Lightbridge Corporation to more accurately reflect the varied nature of our business operations. Thorium Power, Inc. remains a wholly-owned subsidiary of Lightbridge Corporation.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits, and amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act, are available free of charge on our website at *www.ltbridge.com* as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). Copies of these reports may also be obtained free of charge by sending written requests to Investor Relations, Lightbridge Corporation, 11710 Plaza America Drive, Suite 2000, Reston VA, 20190. You may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. You can get information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at *www.sec.gov*. The information posted on our web site is not incorporated into this Annual Report on Form 10-K, and any reference to our website is intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

Risks Related to the Company

There is substantial doubt about our ability to continue as a going concern.

The accompanying consolidated financial statements have been prepared assuming the company will continue as a going concern. This assumes continuing operations and the realization of assets and liabilities in the normal course of business.

As noted above, we have incurred recurring losses since inception and expect to continue to incur losses as a result of costs and expenses related to our research and continued development of our nuclear fuel and our corporate general and administrative expenses. Our limited capital resources and operations to date have been funded through sales of our equity securities. As of December 31, 2015, we had working capital of approximately $0.1 million, cash of approximately $0.6 million, stockholders deficit of approximately $1.5 million and an accumulated deficit of approximately $74.4 million. As a result, we have included a discussion about our ability to continue as a going concern in our consolidated financial statements, and our auditor s report for year ended December 31, 2015 includes an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern. In the event that we are unable to generate sufficient cash from our operating activities or raise additional funds, we may be required to delay, reduce or severely curtail our operations or otherwise impede our on-going business efforts, which could have a material adverse effect on our business, operating results, financial condition and long-term prospects.

Our inability to comply with the listing requirements of the Nasdaq Capital Market could result in our common stock being delisted, which could affect its market price and liquidity and reduce our ability to raise capital.

We have received notice from The Nasdaq Stock Market that we are not in compliance with certain requirements for continued listing of our common stock on the Nasdaq Capital Market. If we are not able to regain compliance with such requirements within the timeframe set by Nasdaq, or if we otherwise fail to comply with continued listing requirements, our common stock may be delisted.

On November 27, 2015, we received a letter from the Listing Qualifications staff of The Nasdaq Stock Market notifying us that we are no longer in compliance with the minimum stockholders equity requirement for continued listing on the Nasdaq Capital Market. Nasdaq initially provided us with 45 calendar days to submit a plan to regain compliance with the minimum stockholders equity standard. Our plan to regain compliance was accepted and Nasdaq granted an extension of 180 calendar days from the date of the notification letter or May 25, 2016 to regain compliance with the minimum stockholders equity requirement. There can be no assurance that we will be able to regain compliance with the applicable Nasdaq listing requirements.

Subsequently, on December 11, 2015, we received a letter from the Listing Qualifications staff of The Nasdaq Stock Market notifying us that for the preceding 30 consecutive business days our common stock did not maintain a minimum closing bid price of at least $1.00 per share as required by Nasdaq Listing Rule 5550(a)(2). We have a grace period of 180 calendar days, or until June 8, 2016, to regain compliance with the minimum closing bid price requirement for continued listing. In the event we do not regain compliance by June 8, 2016, we may be provided an additional 180-day compliance period, subject to certain requirements. If we are unable to regain compliance with the minimum closing bid price requirement, the Nasdaq staff could provide notice that our common stock is subject to delisting. There can be no assurance that we will regain compliance with the minimum closing bid requirement.

If we fail to regain compliance with, or otherwise fail to comply with, all applicable continued requirements, Nasdaq may determine to delist our common stock, which could substantially decrease trading in our common stock and adversely affect the market liquidity of our common stock and cause the market price of our common stock to decline. In addition, our ability to raise additional capital, including through future at-the-market offerings and other offerings utilizing short-form registration statements on Form S-3, would be substantially impaired.

We will need to raise significant additional capital in the future to expand our operations and continue our research and development and we may be unable to raise such funds when needed and on acceptable terms.

We will need to raise significant additional capital in order to continue our research and development activities and fund our operations. Our current plan is to seek external funding from third party sources to support a large portion of the remaining development, testing and demonstration activities relating to our metallic nuclear fuel technology. The extent to which we utilize the Purchase Agreement with Aspire Capital as a source of funding will depend on a number of factors, including the prevailing market price of our common stock, the volume of trading in our common stock and the extent to which we are able to secure funds from other sources. The number of shares that we may sell to Aspire Capital under the Purchase Agreement on any given day and during the term of the Purchase Agreement is limited. See Note 11 of the Notes to our Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K for additional information about our Aspire Capital Transaction. Additionally, we and Aspire Capital may not affect any sales of shares of our common stock under the Purchase Agreement during the continuance of an event of default or on any trading day that the closing sale price of our common stock is less than $0.10 per share. Even if we are able to access the full $10.0 million under the Purchase Agreement, we will still need additional capital to fully implement our business, operating and development plans.

When we elect to raise additional funds or additional funds are required, we may raise such funds from time to time through public or private equity offerings, debt financings or other financing alternatives, as well as through sales of common stock to Aspire Capital under the Purchase Agreement. Additional equity or debt financing or other alternative sources of capital may not be available to us on acceptable terms, if at all.

If we raise additional funds by issuing equity securities, our stockholders will experience dilution. Debt financing, if available, would result in substantial fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences, which are not favorable to us or our stockholders. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may not be able to fully develop our nuclear

fuel designs, our future operations will be limited, and our ability to generate revenues and achieve or sustain future profitability will be substantially harmed.

If we are unable to enter into one or more commercial agreements with nuclear fuel fabricators and/or fuel development partners, we may not be able to raise money on terms acceptable to us or at all.

We are currently in discussions with potential development partners regarding entry into agreements to support our research and development activities and further enhance the development of our fuel products. We are unable to provide a reliable estimate as to the likelihood or timing of any such agreements at this time. If we are unable to demonstrate meaningful progress towards entry into these agreements or other strategic arrangements to further the development of our fuel products, it may be difficult for us to raise additional capital on terms acceptable to us or at all. If we are unable to raise additional capital, it is unlikely that we may be able to execute our current business plan.

If the price of non-nuclear energy sources falls, there could be an adverse impact on new build nuclear reactor activities in certain markets, which would have a material adverse effect on our operations.

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 fall, it could limit the deployment of new build nuclear power plants in such markets. This could reduce the size of the potential markets for both our fuel technology and our consulting services.

We have previously identified a material weakness in our internal control over financial reporting, and if we cannot maintain an effective system of internal control over financial reporting in the future, we may need to restate our financial statements and we may be delayed or prevented from accessing the capital markets.

We are subject to the requirements of the Sarbanes-Oxley Act of 2002, particularly Section 404, and the applicable SEC rules and regulations that require an annual management report on our internal controls over financial reporting. The management report includes, among other matters, management's assessment of the effectiveness of our internal controls over financial reporting.

We previously identified a material weakness in our internal control over financial reporting and we may not be capable of maintaining an effective system of internal control in the future. The material weakness relates to our previous interpretation of ASC 815 and our initial classification and subsequent accounting for warrants. 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. Management took steps during the fourth quarter of 2015 to ensure that the Company's accounting staff is knowledgeable about ASC 815 and its application to the Company. Based on the measures taken and implemented, the Company's management has tested the newly implemented control activities and found them to be effective and has concluded that the material weakness described above has been remediated as of December 31, 2015.

Our ability to identify and remediate any material weaknesses in our internal controls could affect our ability to prepare financial reports in a timely manner, control our policies, procedures, operations, and assets, assess and manage our operational, regulatory and financial risks, and integrate any acquired businesses. Any failures to ensure full compliance with internal control and financial reporting requirements in the future could result in a restatement, cause us to fail to timely meet our reporting obligations, delay or prevent us from accessing the capital markets, and harm our reputation and the market price for our common stock.

We may be adversely affected by uncertainty in the global financial markets and worldwide economic downturn.

Our future results may be adversely affected by the worldwide economic downturn, continued volatility or further deterioration in the debt and equity capital markets, inflation, deflation, or other adverse economic conditions that may negatively affect us. At present, it is likely that we will require additional capital in the near future in order to fund our operations. Due to the above listed factors, we cannot be certain that additional funding will be available on terms that are acceptable to us, or at all.

Our limited operating history makes it difficult to judge our prospects.

Prior to 2008, we were a development stage company. We have commenced the provision of nuclear consulting services and currently have only a limited number of clients in this area of our business. Similarly, our fuel design patents and technology have not been commercially used and we have not received any royalty or sales revenue from this area of our business. We are subject to the risks, expenses and problems frequently encountered by companies in the early stages of development.

We rely upon certain members of our senior management, including Seth Grae, and the loss of Mr. Grae or any of our senior management would have an adverse effect on the Company.

Our success depends upon certain members of our senior management, including Seth Grae, our Chief Executive Officer. Mr. Grae s knowledge of the nuclear power industry, his network of key contacts within that industry and in governments and, in particular, his expertise in the potential markets for our technologies, is critical to the implementation of our business model. Mr. Grae is likely to be a significant factor in our future growth and success. The loss of services by Mr. Grae would likely have a material adverse effect on us.

Competition for highly skilled professionals could have a material adverse effect on our success.

We rely heavily on our contractor staff and management team. Our success depends, in large part, on our ability to hire, retain, develop, and motivate highly skilled professionals. Competition for these skilled professionals is intense and our inability to hire, retain and motivate adequate numbers of consultants and managers could adversely affect our ability to meet client needs and to continue the development of our fuel designs. A loss of a significant number of our employees could have a significant negative effect on us. Any significant volatility or sustained decline in the market price of our common stock could impair our ability to use equity-based compensation to attract, retain, and motivate key employees and consultants.

Successful execution of our business model is dependent upon public support for nuclear power and overcoming public opposition to nuclear energy as a result of the major nuclear accident at Fukushima.

Successful execution of our business model is dependent upon public support for nuclear power in the United States and other countries. Nuclear power faces strong opposition from certain competitive energy sources, individuals, and organizations. The major nuclear accident that occurred at the Fukushima nuclear power plant in Japan beginning on March 11, 2011 increased public opposition to nuclear power in some countries, resulting in a slowdown in, or, in some cases, a complete halt to, new construction of nuclear power plants, an early shut down of existing power plants, or a dampening of the favorable regulatory climate needed to introduce new nuclear technologies. In addition, the Fukushima accident appears to have shrunk the projected size of the global nuclear power market in 2025-2030 as reflected in the most recent reference case projections published by the World Nuclear Association. As a result of the Fukushima accident, some countries that were considering launching new domestic nuclear power programs have delayed or cancelled preparatory activities they were planning to undertake as part of such programs. This has diminished the number of consulting opportunities that we could compete on globally, at least in the near-term. Furthermore, nuclear fuel fabrication and the use of new nuclear fuels in reactors must be licensed by the US Nuclear Regulatory Commission and equivalent governmental authorities around the world. In many countries, the licensing process includes public hearings in which opponents of the use of nuclear power might be able to cause the issuance of required licenses to be delayed or denied.

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We may not be able to receive or retain authorizations that may be required for us to sell our services, or license our technology internationally.

The sales and marketing of our services and technology internationally may be subject to US export control regulations and the export control laws of other countries. Governmental authorizations may be required before we can export our services or technology. If authorizations are required and not granted, our international business plans could be materially affected. The export authorization process is often time consuming. Violation of export control regulations could subject us to fines and other penalties, such as losing the ability to export for a period of years, which would limit our revenue growth opportunities and significantly hinder our attempts to expand our business internationally.

Risks Relating to Our Securities

The sale of our common stock to Aspire Capital may cause substantial dilution to our existing shareholders and the sale of the shares of common stock acquired by Aspire Capital could cause the price of our common stock to decline.

We have registered the resale of up to 5,730,200 shares that we may sell to Aspire Capital under the purchase agreement. It is anticipated that Aspire Capital will sell such shares over a period of up to approximately 24 months from January 2016, when the registration statement covering such shares became effective. The number of shares ultimately offered for sale by Aspire Capital is dependent upon the number of shares we elect to sell to Aspire Capital under the purchase agreement. Depending upon market liquidity at the time, sales of shares of our common stock under the purchase agreement may cause the trading price of our common stock to decline.

Aspire Capital may ultimately purchase all, some or none of the $10.0 million of common stock that, together with the 300,000 commitment shares issued under the purchase agreement, we registered for resale by Aspire Capital. Aspire Capital may sell all, some or none of our shares that it holds or comes to hold under the purchase agreement. Sales by Aspire Capital of shares acquired pursuant to the purchase agreement under the registration statement may result in dilution to the interests of other holders of our common stock. The sale of a substantial number of shares of our common stock by Aspire Capital, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales. However, we have the right to control the timing and amount of sales of our shares to Aspire Capital, and the purchase agreement may be terminated by us at any time at our discretion without any penalty or cost to us.

There may be volatility in our stock price, which could negatively affect investments, and stockholders may not be able to resell their shares at or above the value they originally purchased such shares.

The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control, including:

- quarterly variations in operating results;
- changes in financial estimates by securities analysts;
- changes in market valuations of other similar companies;
- limited liquidity in our common stock;
- announcements by us or our competitors of new products or of significant technical innovations, contracts, receipt of (or failure to obtain) government funding or support, acquisitions, strategic partnerships or joint ventures;

- additions or departures of key personnel;
- any deviations in net sales or in losses from levels expected by securities analysts, or any reduction in political support from levels expected by securities analysts;
- future sales of common stock; and
- nuclear accidents or other adverse nuclear industry events.

The stock market may experience extreme volatility that is often unrelated to the performance of particular companies. These market fluctuations may cause our stock price to fall regardless of its performance.

Risks Related to Our Fuel Technology Business

Our fuel designs have never been tested in an existing commercial reactor and actual fuel performance, as well as the willingness of commercial reactor operators and fuel fabricators to adopt a new design, is uncertain.

Nuclear power research and development entails significant technological risk. New designs must undergo extensive development and testing necessary for regulatory approval. Our fuel designs are still in the research and development stage and while certain testing on our fuel technologies has been completed, further testing and experiments will be required in test facilities. Furthermore, the fuel technology has yet to be demonstrated in operating conditions analogous to those found in an existing commercial reactor. Until we are able to successfully demonstrate operation of our fuel designs in commercial reactor conditions, we will not be certain about the ability of the fuel we design to perform as expected. In addition, there is also a risk that suitable testing facilities may not be available to us on a timely basis or at a reasonable cost, which could cause development program schedule delays.

We will also have to enter into a commercial arrangement with a fuel fabricator to produce fuel using our designs.

If our fuel designs do not perform as anticipated in commercial reactor conditions, we will not realize revenues from licensing or other use of our fuel designs.

Potential competitors could limit opportunities to license our technology.

Part of our strategy is to partner with major fuel fabricators through technology licensing arrangements. However, these fuel fabricators may potentially develop new nuclear fuel designs that can be used in the same types of reactors as those that we target. Existing fuel fabricators also have established commercial connections to nuclear power facilities that we do not have. If these types of companies were to compete with our nuclear fuel design technology, opportunities to license our technology would be limited.

Moreover, many of these fuel fabricators have substantially greater financial, technological, managerial and research and development resources and experience than we do. These larger companies may be better able to handle the corresponding long-term financial requirements.

We serve the nuclear power industry, which is highly regulated. Our fuel designs differ from fuels currently licensed and used by commercial nuclear power plants. The regulatory licensing and approval process for nuclear power plants to use our fuels may be delayed and made more costly, and industry acceptance of our fuels may be hampered.

The nuclear power industry is a highly regulated industry. All entities that operate nuclear facilities and transport nuclear materials are subject to the jurisdiction of the US Nuclear Regulatory Commission, or its counterparts around the world.

Our fuel designs differ significantly in some aspects from the fuel used today by commercial nuclear power plants. These differences will likely result in more prolonged and extensive review by the US Nuclear Regulatory Commission or its counterparts around the world that could cause development program schedule delays. Entities within the nuclear industry may be hesitant to be the first to use our fuel, which has little or no history of successful commercial use. Furthermore, our fuel development timeline relies on the relevant nuclear regulator to accept and approve technical information and documentation about our fuel that is generated during the research and development program. There is a risk that regulators may require additional information regarding the fuel s behavior or performance that necessitates additional, unplanned analytical and/or experimental work which could cause program schedule delays and require more research and development funding.

Existing commercial nuclear infrastructure in many countries is limited to uranium material enrichments up to 5%. Our metallic fuel is enriched to higher levels which would require modifications to existing commercial nuclear infrastructure and could impede commercialization of our technology.

Existing commercial nuclear infrastructure, including conversion facilities, enrichment facilities, fabrication facilities, fuel storage facilities, fuel handling procedures, fuel operation at reactor sites, used fuel storage facilities and shipping containers, were designed and are currently licensed to handle uranium enrichment up to 5%. Our fuel designs are expected to have enrichment levels up to 19.7% and would therefore require certain modifications to existing commercial nuclear infrastructure to enable commercial nuclear facilities to handle our fuels. Those nuclear facilities will need to go through a regulatory licensing process and obtain regulatory approvals to be able to handle uranium with enrichment levels up to 19.7% and operate commercial reactors using our fuel. There is a risk that some relevant entities within the nuclear power industry may be slow in making any required facility infrastructure modifications or obtaining required licenses or approvals to handle our fuel or operate commercial reactors using our fuel. There is also a risk associated with possible negative perception of uranium enrichment greater than 5% that could potentially delay or hinder regulatory approval of our nuclear fuel designs.

Our nuclear fuel designs rely on fabrication technologies that in certain material ways are different from the fabrication techniques presently utilized by existing commercial fuel fabricators. In particular, our metallic fuel rods must be produced using a co-extrusion fabrication process. Presently, most commercial nuclear fuel is produced using a pellet fabrication technology, whereby uranium oxide is packed into small pellets that are stacked and sealed inside metallic tubes. Our co-extrusion fabrication technology involves extrusion of a single-piece solid fuel rod from a metallic matrix containing uranium and zirconium alloy. Fabrication of full-length (approximately 3.5 to 4.5 meters) PWR metallic fuel rods has yet to be demonstrated. There is a risk that the fuel fabrication process utilized to produce one meter long metallic fuel rods may not be adaptable to the fabrication of full-length metallic fuel rods used in commercial reactors.

Our plans to develop our fuel designs depend on our ability to acquire the rights to the designs, data, processes, and methodologies that are used or may be used in our business in the future. If we are unable to obtain such rights on reasonable terms in the future or develop our own know-how necessary for fabrication of our nuclear fuel designs, our ability to exploit our intellectual property may be limited.

We do not currently possess all of the necessary know-how or have licensing or other rights to acquire or utilize certain designs, data, methodologies, or processes required for the fabrication of our fuel assemblies. If we, or a fuel fabricator to which we license our fuel technology, desires to utilize such existing processes or methodologies in the future, a license or other right to use such technologies from other entities that previously developed and own such technologies would be required. Alternatively, we would have to develop our own know-how necessary for fabrication of our metallic fuel rods and fuel assembly components. Nuclear operators typically seek diversity of fuel supply and may be hesitant to use a fuel product that is only available from a single supplier. If we are unable to obtain a license or other right to acquire or utilize certain processes or develop our own know-how required for the fabrication of our metallic fuel rods and fuel assembly components, or there is only a single supplier of our fuel assemblies, then we may not be able to fully exploit our intellectual property and may be hindered in the sale of our

fuel products and services.

Our plans to develop our fuel technology depend on the renewal of the 123 Agreement between the United States and Norway. If the 123 Agreement is not renewed by late 2016, we may suffer program schedule delays, which could have a detrimental impact on our operations.

In October 2014, we announced the signing of an Initial Cooperation Agreement with CNL in Canada to perform fabrication and loop irradiation testing of Lightbridge-designed fuel samples at CNL s existing facilities at Chalk River, ON, Canada. At the time of the announcement of the Initial Cooperation Agreement, our preference was for all of the proposed work to take place at a single location in Chalk River, Ontario, Canada. Subsequently, on February 9, 2015, the Canadian government made an official decision to extend the operating life of the National Research Universal reactor at Chalk River from 2016 through March 31, 2018. This shorter than expected operating life extension would not be able to accommodate all of our anticipated schedule for irradiation testing of our metallic fuel samples. Shipping partially irradiated fuel samples from Canada to another research reactor in a different country would entail significantly higher shipping costs, longer timelines, and more challenging transportation logistics. As a result, our current 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 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 would allow us to maintain our proposed irradiation testing schedule. Our current plan is to have post-irradiation examination of the irradiated fuel samples performed on the same site in Norway or to utilize additional nearby hot cell facilities located in Studsvik, Sweden that are operated by the Swedish company Studsvik AB.

In February 2015, in response to our request for guidance, the National Nuclear Security Administration of the US Department of Energy, or NNSA, confirmed that the proposed activities relating to fabrication, irradiation testing and post-irradiation examination of our fuel samples as outlined in our revised plan are generally authorized. However, the NNSA supplementally stated that a transfer of our fuel samples to Norway would not be possible until the bilateral agreement for peaceful nuclear cooperation, a so-called 123 Agreement between the United States and Norway was renewed. Under Section 123 of the U.S. Atomic Energy Act of 1954, as amended, a bilateral agreement for peaceful nuclear cooperation between the United States and another country must be in place before significant transfers of nuclear material, equipment, or components from the United States to such other country. The U.S. Department of State and Norway are presently negotiating the renewal of the 123 Agreement. Once the terms of the Section 123 Agreement are agreed to by the State Department, the proposed agreement must be submitted to the President for review and approval. After presidential approval, the President transmits the proposed agreement to both houses of Congress for a 90-day review process. The agreement will become effective unless Congress adopts a joint resolution of disapproval. If the 123 Agreement between the United States and Norway is not renewed by the time our fuel samples are fabricated and ready for shipment (currently expected around the end of 2016), we may risk program schedule delays. Such delays could disrupt our fuel technology development plans, which may have a detrimental impact on the results of our operations.

If the US Department of Energy (DOE) were to successfully assert that an invention claimed within our 2007 or 2008 Patent Cooperation Treaty, or PCT, patent applications was first conceived or actually reduced to practice under a contract with the DOE, then our intellectual property rights in that invention could become compromised and our business model could become significantly impeded.

Work on finite aspects and/or testing of some subject matter disclosed in our 2007 and 2008 Russian PCT patent applications was done under a government contract with the DOE. If the DOE asserted that an invention claimed in the 2007 and/or 2008 Russian PCT applications was first conceived or actually reduced to practice under such a contract, and a US court agreed, the DOE could gain an ownership interest in such an invention outside of the Russian Federation and our intellectual property rights in that claimed invention could become compromised and our business model may then be significantly impeded.

If we are unable to obtain or maintain intellectual property rights relating to our technology, the commercial value of our technology may be adversely affected, which could in turn adversely affect our business, financial condition and results of operations.

Our success and ability to compete depends in part upon our ability to obtain protection in the United States and other countries for our nuclear fuel designs by establishing and maintaining intellectual property rights relating to or incorporated into our fuel technologies and products. We own a variety of patents and patent applications in the United States, as well as corresponding patents and patent applications in several other jurisdictions. We have not obtained patent protection in each market in which we plan to compete. We do not know how successful we would be should we choose to assert our patents against suspected infringers. Our pending and future patent applications may not issue as patents or, if issued, may not issue in a form that will be advantageous to us. Even if issued, patents may be challenged, narrowed, invalidated, or circumvented, which could limit our ability to stop competitors from marketing similar products or limit the length of term of patent protection we may have for our products. Changes in either patent laws or in interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property or narrow the scope of our patent protection, which could in turn adversely affect our business, financial condition and results of operations.

If we infringe or are alleged to infringe intellectual property rights of third parties, our business, financial condition and results of operations could be adversely affected.

Our nuclear fuel designs may infringe, or be claimed to infringe, patents or patent applications under which we do not hold licenses or other rights. Third parties may own or control these patents and patent applications in the United States and elsewhere. Third parties could bring claims against us that would cause us to incur substantial expenses and, if successfully asserted against us, could cause us to pay substantial damages. If a patent infringement suit were brought against us, we could be forced to stop or delay commercialization of the fuel design or a component thereof that is the subject of the suit. As a result of patent infringement claims, or in order to avoid potential claims, we may choose or be required to seek a license from the third party and be required to pay license fees, royalties, or both. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be forced to cease some aspect of our business operations if, as a result of actual or threatened patent infringement claims, we are unable to enter into licenses on acceptable terms. This could significantly and adversely affect our business, financial condition, and results of operations. In addition to infringement claims against us, we may become a party to other types of patent litigation and other proceedings, including interference proceedings declared by the United States Patent and Trademark Office regarding intellectual property rights with respect to our nuclear fuel designs. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

Our nuclear fuel process is dependent on outside suppliers of nuclear and other materials and any difficulty by a fuel fabricator in obtaining these materials could be detrimental to our ability to eventually market our fuel through a fuel fabricator.

Production of fuel assemblies using our nuclear fuel designs is dependent on the ability of fuel fabricators to obtain supplies of nuclear material utilized in our fuel assembly design. Fabricators will also need to obtain metal for components, particularly zirconium or its alloys. These materials are regulated and can be difficult to obtain or may have unfavorable pricing terms. Any difficulties in obtaining these materials by fuel fabricators could have a material adverse effect on their ability to market fuel based on our technology.

Applicable Russian intellectual property law may be inadequate to protect some of our intellectual property, which could have a material adverse effect on our business.

Intellectual property rights are evolving in Russia, and are trending towards international norms, but are by no means fully developed. We have worked closely with employees in Russia and other Russian contractors and entities to

develop some of our material intellectual property. Some of our earlier intellectual property rights originate from our patent filings in Russia. Our worldwide rights in some of this intellectual property, therefore, may be affected by Russian intellectual property laws. If the application of Russian laws to some of our intellectual property rights proves inadequate, then we may not be able to fully avail ourselves of all of our intellectual property, and our business model may be impeded.

Risks Associated With Our Consulting Activities

Our inability to attract business from new clients, maintain current levels of business, or retain our existing clients could have a material adverse effect on us.

We expect that many of our future client engagement agreements will be terminable by our clients with little or no notice and without penalty. Some of our work may involve multiple engagements or stages. In those engagements, there is a risk that a client may choose not to retain us for additional stages of an engagement or that a client will cancel or delay additional planned engagements. In addition, a small number of existing clients account for a majority of our consulting revenues, the loss of any one of which would have a material adverse effect on our results of operations. Some of our existing clients reduced their utilization of our consulting services beginning in 2013. Our current consulting clients are not contractually obligated to purchase a certain level of services from us and may significantly reduce their utilization of our services, resulting in a material reduction in revenue.

Our future profitability will suffer if we are not able to maintain current pricing and utilization rates.

Our revenue, and our profitability, will be largely based on the billing rates charged to clients and the number of hours our professionals work on client engagements, which we define as the utilization of our professionals. Accordingly, if we are not able to maintain the pricing for our services or an appropriate utilization rate for our professionals, revenues, project profit margins and our future profitability will suffer.

Bill rates and utilization rates are affected by a number of factors, including:

- our ability to predict future demand for services and maintain the appropriate headcount and minimize the number of underutilized personnel;
- our clients perceptions of our ability to add value through our services;
- our competitors pricing for similar services;
- the market demand for our services; and
- our ability to manage significantly larger and more diverse workforces as we increase the number of our professionals and execute our growth strategies.

Unsuccessful future client engagements could result in damage to our professional reputation or legal liability, which could have a material adverse effect on us.

Our professional reputation and that of our personnel is critical to our ability to successfully compete for new client engagements and attract or retain professionals. Any factors that damage our professional reputation could have a material adverse effect on our business.

Any client engagements that we obtain will be subject to the risk of legal liability. Any public assertion or litigation alleging that our services were negligent or that we breached any of our obligations to a client could expose us to significant legal liabilities, could distract our management, and could damage our reputation. We carry professional liability insurance, but our insurance may not cover every type of claim or liability that could potentially arise from our engagements. The limits of our insurance coverage may not be enough to cover a particular claim or a group of claims, and the costs of defense.

Our results of operations could be adversely affected by disruptions in the marketplace caused by economic and political conditions.

Global economic and political conditions affect our clients businesses and the markets they serve. A severe and/or prolonged economic downturn or a negative or uncertain political climate could adversely affect our clients financial condition and the levels of business activity engaged in by our clients and the industries we serve. Clients could determine that discretionary projects are no longer viable or that new projects are not advisable. This may reduce demand for our services, depress pricing for our services, or render certain services obsolete, all of which could have a material adverse effect on our results of operations. Changes in global economic conditions or the regulatory or legislative landscape could also shift demand to services for which we do not have competitive advantages, and this could negatively affect the amount of business that we are able to obtain. Although we have implemented cost management measures, if we are unable to appropriately manage costs or if we are unable to successfully anticipate changing economic and political conditions, we may be unable to effectively plan for and respond to those changes, and our business could be negatively affected.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Description of Property

Starting December 22, 2015 our office space is located at 11710 Plaza America Drive, Suite 2000 Reston, VA 20190. The term of the lease for our new offices expires on December 31, 2016. We are obligated to pay approximately $6,500 per month for office rent and approximately another $300 per month for other fees for this rented office space. This space is used by our executives, employees, and contractors for administrative purposes, consulting work and research and development activities.

On January 1, 2015 we entered into a lease for our prior office space for a 38 month term, 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. On December 17, 2015 we entered into a sublease agreement for this prior office space with a third party with a lease term starting January 1, 2016 to February 28, 2018. For more description of this sublease, see the information set forth under Operating Leases in Note 7, Commitments and Contingencies, of the Notes to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

Item 3. 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 7, Commitments and Contingencies, of the Notes to our consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities
Market Information

Our common stock is quoted on the Nasdaq Capital Market under the symbol LTBR .

The following table sets forth the highest and lowest intraday sales prices of our common stock on the Nasdaq Capital Market during each quarter of the two most recent years.

Fiscal Year	Quarter Ending	High	Low
2015	December 31	$ 1.32	$ 0.75
	September 30	$ 1.41	$ 0.75
	June 30	$ 2.92	$ 1.09
	March 31	$ 1.84	$ 1.03
2014	December 31	$ 2.37	$ 1.52
	September 30	$ 3.54	$ 2.25
	June 30	$ 2.88	$ 1.94
	March 31	$ 3.79	$ 1.47

Holders

As of March 1, 2016, our common stock was held by approximately 99 stockholders of record, including Cede & Co., the nominee for the Depository Trust & Clearing Corporation and consequently that number does not include beneficial owners of our common stock who hold their stock in street name through their brokers.

Dividends

We have never paid dividends. While any future dividends will be determined by our directors after consideration of the earnings, financial condition, and other relevant factors, it is currently expected that available cash resources will be utilized in connection with our ongoing operations for the foreseeable future.

Transfer Agent

Our transfer agent and registrar for our common stock is Computershare Trust Company, 8742 Lucent Blvd., Suite 225, Highlands Ranch, Colorado, 80129. Its telephone number is 800-962-4284 and facsimile is 303-262-0604.

Recent Sales of Unregistered Securities

We did not sell any securities without registration under the Securities Act of 1933 during the fiscal year ended December 31, 2015 other than as previously disclosed in the Company s quarterly reports on Form 10-Q and current reports on Form 8-K.

Item 6. Selected Financial Information.

Not applicable

Item 7. 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 operations and our present business environment. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes thereto contained in Item 8. Financial Statements and Supplementary Data of this report. This MD&A consists of 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 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; and an overview of our financial position.

As discussed in more detail at the beginning of this Annual Report, 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.

Overview of Our Business

Fuel Technology Business Segment

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 that has the potential to significantly improve the economics of existing and new nuclear power plants by uprating the power output of reactors, reducing the per-unit of electricity cost of generating energy, and also improving the reactor safety margins and reducing nuclear waste and proliferation potential, 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.

Climate Change and Nuclear Energy Fuel Market

We see an increasing trend globally toward addressing climate change, which causes us to focus more closely on our nuclear fuel technology as a means for doing so.

Nuclear power is useful as a means to reduce greenhouse gas emissions since reactors emit no carbon dioxide. Lightbridge metallic nuclear fuel technology is well-suited to be used as a means to prevent climate change since the fuel can be used in existing reactors, as well as in new reactors that will be deployed. Increased electricity generation resulting from use of Lightbridge fuel will be a low-cost option to add base load electricity to the electric grid of any country that already has a reactor that can use Lightbridge fuel. In our analysis, the world can only meet its growing energy and climate goals with increased use of nuclear power, and commercialization of Lightbridge metallic fuel will be facilitated by the fuel s climate change benefits.

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.

Research and Development Activities

We are currently working under separate agreements with CNL and BWXT Nuclear Energy, Inc. to demonstrate feasibility of fabrication of semi-scale irradiation fuel samples at their existing facilities in Canada and the United States, respectively. Once the initial phase of work involving development of a fabrication plan is completed in the first half of 2016, we plan to select one of these two entities as our primary vendor for fabrication of the fuel samples for irradiation testing in Norway, with the other entity serving as a back-up option.

As previously stated, preparatory work for irradiation testing is also underway at IFE, operator of the 25 MW Halden Research Reactor, southeast of Oslo, Norway.

We currently expect to incur approximately $3-3.5 million in research and development costs over the next 12-15 months.

In support of our long-term business plan with respect to our fuel technology business, we endeavor to create strategic alliances with major nuclear fuel vendors, fuel fabricators and/or other strategic parties during the next three 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. On January 12, 2016, we issued a press release announcing our entry into an initial services agreement with BWXT Nuclear Energy, Inc., a wholly owned subsidiary of BWX Technologies, Inc., to evaluate the ability to fabricate and prepare a preliminary plan for fabrication of Lightbridge-designed partial length nuclear fuel samples at BWXT facilities in the United States. This arrangement can provide us with an alternative vendor and site to CNL for fabrication of our patented next generation metallic nuclear fuel test samples for irradiation testing at the Halden Research Reactor.

Consulting Activities

Our consulting projects are performed pursuant to ongoing requests to work on specific projects on a time and expense basis as needed. 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.

Critical Accounting Policies and Estimates

The SEC issued Financial Reporting Release No. 60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies suggesting that companies provide additional disclosure and commentary on their most critical accounting policies. In Financial Reporting Release No. 60, the SEC has defined the most critical accounting policies as the ones that are most important to the portrayal of a company s financial condition and operating results, and require management to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the following significant policies as critical to the understanding of our financial statements.

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.

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 operation and/or financial condition. We have identified certain accounting policies that we believe are most important to the understanding of our current financial

condition and results of operations.

Derivative Instruments

Our issued and outstanding warrants to purchase Common Stock contain provisions whereby the warrants do not meet the requirements for classification as equity and are recorded as derivative warrant liabilities. We used valuation methods and assumptions that consider among other factors the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates consistent with those discussed in Note 10, "Warrant Liability" in the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K in estimating the fair value for these warrants. Such derivative warrant liabilities are initially recorded at fair value with subsequent changes in fair value charged (credited) to operations in each reporting period. The fair value of the derivative warrant liability is most sensitive to changes in the fair value of the underlying Common Stock and the estimated volatility of our Common Stock. The nature of the warrant liability is such (i.e., the warrant holders receive more value when the Company s stock price is higher) that increases in the Company s stock price during the period result in losses on the Company s statement of operations while decreases in the Company s stock price result the Company recording income.

Accounting for Stock Based Compensation, Stock Options and Stock Granted to Employees and Non-employees

We adopted the requirements for stock-based compensation, where all forms of share-based payments to employees or non-employees, including stock options and stock purchase plans, are treated the same as any other form of compensation by recognizing the related cost in the statement of operations.

Under these requirements, stock-based compensation expense for employees is measured at the grant date based on the fair value of the award, and the expense is recognized ratably over the award s vesting period.

The stock-based compensation expense incurred by Lightbridge in connection with its employees is based on the employee model of ASC 718. 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 US tax regulations. Our advisory board members and consultants do not meet the employer-employee relationship as defined by the IRS and therefore stock-based compensation to them is accounted for under ASC 505-50. Under these requirements, stock-based compensation expense for non-employees is based on the fair value of the award on the measurement date which is the earlier of the date at which a commitment for performance by the counterparty to earn the equity instruments is reached (a performance commitment), or the date at which the counterparty s performance is complete. For all grants made, we recognize compensation cost under the straight-line method.

We measure the fair value of stock options on the measurement date using the Black-Scholes option-pricing model which requires the use of several estimates, including:

- the volatility of our stock price;
- the expected life of the option;
- risk free interest rates; and
- expected dividend yield.

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. The expected life of options is based on internal studies of historical experience and projected exercise behavior. We estimate expected forfeitures of stock-based awards at the grant date and recognize compensation cost only for those awards expected to vest. The forfeiture assumption is ultimately adjusted to the actual forfeiture rate. Estimated forfeitures are reassessed in subsequent periods and may change based on new facts and circumstances. We utilize a risk-free interest rate, which is based on the yield of US treasury securities with a maturity equal to the expected life of the options. We have not

and do not expect to pay dividends on our common shares for the foreseeable future.

Revenue Recognition from Consulting Contracts

One of our critical accounting policies is revenue recognition from our consulting contracts. We are currently primarily deriving our revenue from fees by offering consulting and strategic advisory services to commercial and government owned entities outside the US planning to create or expand electricity generation capabilities, using nuclear power plants. Our fee type and structure for each client engagement depend 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 electricity generation capabilities using nuclear power plants, and other factors.

We entered into two consulting agreements in August 2008 with the Emirates Nuclear Energy Corporation (ENEC) and the Federal Authority for Nuclear Regulation (FANR). We recognize revenue associated with these contracts in accordance with the time and expense billed to our customer, which is subject to their review and approval. When a loss is anticipated on a contract, the full amount of the anticipated loss is recognized immediately. Our management uses its judgment concerning the chargeable number of hours to bill under each contract considering a number of factors, including the experience of the personnel that are performing the services, the value of the services provided and the overall complexity of the project. Should changes in management's estimates be required, due to business conditions that cause the actual financial results to differ significantly from management's present estimates, revenue recognized in future periods could be adversely affected.

We recognize revenue in accordance with SEC Staff Accounting Bulletin or SAB, No. 104, Revenue Recognition. We recognize revenue when all of the following conditions are met:

(1) There is persuasive evidence of an arrangement;
(2) The service has been provided to the customer;
(3) The collection of the fees is reasonably assured; and
(4) The amount of fees to be paid by the customer is fixed or determinable.

Intangibles

As presented on the accompanying balance sheet, we had patents with a net book value of approximately $1.0 million and $0.8 million as of December 31, 2015 and December 31, 2014, respectively. There are many assumptions and estimates that may directly impact the results of impairment testing, including an estimate of future expected revenues, earnings and cash flows, and discount rates applied to such expected cash flows in order to estimate fair value. We have the ability to influence the outcome and ultimate results based on the assumptions and estimates we choose for testing. To mitigate undue influence, we set criteria that are reviewed and approved by various levels of management. The determination of whether or not intangible assets have become impaired involves a significant level of judgment in the assumptions.

Changes in our strategy or market conditions could significantly impact these judgments and require adjustments to recorded amounts of intangible assets.

Recent Accounting Standards and Pronouncements

Refer to Note 1 of the Notes to our 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 years ended December 31, 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 Nuclear Fuel Technology. We present our segment information along the same lines that our chief executives review our operating results in assessing performance and allocating resources.

BUSINESS SEGMENT RESULTS - YEARS ENDED DECEMBER 31, 2015 AND 2014

	Consulting		Technology		Corporate and Eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	$ 910,531	$ 1,310,199	$ -	$ -	$ -	$ -	$ 910,531	$ 1,310,199
Segment Profit (Loss)- Pre Tax	$ (267,671)	$ 406,078	$ (1,484,164)	$ (1,534,605)	$ (2,566,315)	$ (2,525,787)	$ (4,318,150)	$ (3,654,314)
Total Assets	$ 139,797	$ 469,086	$ 950,594	$ 833,560	$ 1,117,045	$ 4,750,591	$ 2,207,436	$ 6,053,237

Technology Business

Over the next 12 to 15 months, we expect to incur approximately $3 million to $3.5 million in research and development expenses related to the development of our proprietary nuclear fuel designs, contingent on us raising additional equity capital in 2016. We spent approximately $1.5 million for research and development during each of the years ended December 31, 2015 and 2014.

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 years ended December 31, 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

The following table presents our historical operating results as a percentage of revenues for the years indicated:

	Year Ended December 31, 2015	2014	(Decrease) Change $	(Decrease) Change %
Consulting Revenues	$ 910,531	$ 1,310,199	$ (399,668)	-31%
Cost of services provided				
Consulting expenses	$ 694,292	$ 756,277	$ (61,985)	-8%
% of total revenues	76%	58%		
Gross profit	$ 216,239	$ 553,922	$ (337,683)	-61%
% of total revenues	24%	42%		
Operating Expenses				
General and administrative	$ 5,350,285	$ 3,834,935	$ 1,515,350	40%
% of total revenues	588%	293%		
Research and development	$ 1,484,164	$ 1,534,605	$ (50,441)	-3%
% of total revenues	163%	117%		
Total Operating Expenses	$ 6,834,449	$ 5,369,540	$ 1,464,909	27%
% of total revenues	751%	410%		
Total Operating Loss	$ (6,618,210)	$ (4,815,618)	$ (1,802,592)	37%
% of total revenues	-727%	-368%		
Other Income	$ 2,300,060	$ 1,161,304	$ 1,138,756	98%
% of total revenues	253%	89%		
Net loss - before taxes	$ (4,318,150)	$ (3,654,314)	$ 663,836	18%
% of total revenues	-474%	-279%		

Revenue

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

	Year Ended December 31, 2015	2014
Consulting Segment Revenues:		
ENEC and FANR (UAE)	$ 0.5	$ 1.1
Other (other countries)	0.4	0.2
Total	0.9	1.3
Technology Segment Revenues	-	-
Total Revenues	$ 0.9	$ 1.3

The decrease in our revenues from 2014 to 2015 of $0.4 million resulted from the net decrease in the work performed for our FANR and ENEC projects of approximately $0.6 million. This decrease was partially offset by an increase in our consulting revenues from Lloyds Register 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 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. We see a declining future trend in our nuclear consulting business segment.

See Note 1 and Note 3 of the Notes to our Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K for additional information about our revenue.

Costs and Expenses

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

	Year Ended December 31,	
	2015	2014
Consulting	$ 0.7	$ 0.8
Technology	-	-
Total	$ 0.7	$ 0.8

Cost of Services Provided

The decrease in our cost of services provided for the years ended December 31, 2015 and 2014 resulted from less revenue and margins earned due to increased pricing competition in 2015, which was offset by an increase in stock-based compensation in 2015. 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 years ended December 31, 2015 was 24% compared to 42% for the years ended December 31, 2014, because of increased stock-based compensation in 2015 and increased pricing competition for consulting contracts.

See Note 1 and Note 3 of the Notes to our Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K for additional information about our cost of services provided.

Research and Development

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

	Year Ended December 31, 2015	2014
Research and development expenses	$ 1.5	$ 1.5

Research and development expenses consist mostly of compensation and related overhead costs for personnel responsible for the research and development of our fuel. Total research and development labor and rent decreased by approximately $0.5 million in 2015 due to the transition of projects from Russia to Canada and the closing of our Russia office. Total stock-based compensation included in research and development expenses increased by approximately $0.4 million due to the issuance of stock options in 2015.

All of our reported research and development activities were conducted in the United States, Canada, Norway, and Russia. 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 to $3.5 million in the development of our nuclear fuel products over the next 12-15 months.

See Note 8 of the Notes to our Consolidated Financial Statements included in Part II Item 8 of this Annual Report Form on 10-K 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):

	Year Ended December 31, 2015	2014
General and administrative expenses	$ 5.4	$ 3.8

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 $0.9 million due to stock options granted in 2015. This was also an increase in payroll expenses and payroll related benefits of $0.1 million; increase in professional fees due to the restatement of the prior periods financial statements for the derivative warrant liabilities and other matters of $0.4 million and an increase in rent expenses of $0.1 million. During the year ended December 31, 2015 we recorded an abandonment loss of $0.5 million for the loss over the term of the sublease of our prior office space in Mclean Virginia. These increases were offset by a decrease in travel to conferences and other of $0.1 million and a decrease in corporation promotion expenses, including professional fees for public relations work, of $0.2 million.

See Note 11 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K for information regarding our stock-based compensation.

Other Income (Expenses), Net

The following table presents our other income (expenses), net (rounded in millions):

	Year Ended December 31,

	2015	2014
Warrant revaluation	$ 2.3	$ 1.2
Other income, net	$ 2.3	$ 1.2

Change in Revaluation of Warrant Liability

During the years ended December 31, 2015 and 2014, we recorded non-cash warrant revaluation income of $2.3 million and warrant income of $1.2 million, respectively, for the 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 10 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K 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%.

	Year Ended December 31,	
	2015	2014
Provision for income taxes	$ 0.0	$ 0.0

We incurred a pre-tax net loss for both 2015 and 2014. We reviewed all sources of income for purposes of recognizing the deferred tax assets and concluded a full valuation allowance for 2015 and 2014 was necessary. Therefore we did not have a provision for taxes for both years ended December 31, 2015 and 2014.

See Note 9 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K for information regarding our Income Taxes.

Liquidity, Capital Resources and Financial Position

To date, our consulting revenue has not provided sufficient cash flow to cover both our research and development expenses and corporate overhead expenses.

The primary potential sources of cash available to us are equity investments through our purchase agreement with Aspire Capital and our ATM agreement with MLV. We have no debt or debt credit lines and we have financed our operations to date through our consulting revenue and the sale of our common stock. We raised approximately $0.2 million in 2015 from our ATM financing agreement, and as of the date of this filing, we have raised approximately $1.2 million in 2016 through our equity purchase agreement with Aspire. On November 17, 2014, we raised approximately $4.5 million after payment of certain fees and expenses in a registered direct offering.

As of December 31, 2015, we had total cash and cash equivalents of approximately $0.6 million and approximately $0.3 million in restricted cash. Our working capital at December 31, 2015, was approximately $0.1 million. Our current average monthly cash flow shortfall based on our current operations, is averaging approximately $300,000 per month, and we expect this shortfall to increase to approximately $400,000 per month through the remainder of 2016 as we increase spending on research and development. Based on our December 31, 2015 working capital amount and our current projected monthly operating cash flow shortfall, our current working capital without additional financing 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 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 fund raises from our ATM and equity purchase agreement and others, we expect to

have sufficient working capital for the next 12 months of operations. The following table provides detailed information about our net cash flows for the years ended December 31, 2015 and 2014.

Cash Flow (in millions)

	Year Ended December 31,	
	2015	2014
Net cash used in operating activities	$ (3.7)	$ (4.3)
Net cash used in investing activities	$ (0.1)	$ (0.1)
Net cash provided by financing activities	$ 0.2	$ 5.0
Net cash inflow (outflow)	$ (3.6)	$ 0.6

Operating Activities

The decrease in our cash used in operating activities in 2015 was primarily due to the change in revenue and operating expenses as explained above and the change in working capital items as explained below.

Cash used in operating activities in the year ended December 31, 2015, consisted of net loss adjusted for non-cash (income) expense items such as depreciation and amortization and warrant revaluation, as well as the effect of changes in working capital. Cash used in operating activities in the year ended December 31, 2015, consisted of a net loss of $4.3 million and net adjustments to net loss for non-cash income items totaling $0.0 million, consisting of non-cash adjustments or decrease to net loss for stock-based compensation of $1.9 million and abandonment loss of $0.4 million and a non-cash adjustment or increase to net loss for the warrant revaluation income of $2.3 million. Total cash provided by working capital totaled $0.7 million. The cash provided by working capital was due primarily to the increase in accounts payable and accrued expenses of $0.3 million, due to the decrease in our cash balances and a decrease in accounts receivable and other of $0.4 million, primarily due to the decrease in our revenue in 2015.

Cash used in operating activities in the year ended December 31, 2014, consisted of net loss adjusted for non-cash (income) expense items such as depreciation and amortization and warrant revaluation, as well as the effect of changes in working capital. Cash used in operating activities in the year ended December 31, 2014, consisted of a net loss of $3.7 million and net positive adjustments or increases to net loss for non-cash income items totaling $0.9 million, consisting of negative non-cash adjustment or reduction to net loss for stock-based compensation of $0.3 million and a positive adjustment or increase non-cash adjustment to net loss for warrant revaluation income of $1.2 million. Total cash provided by working capital totaled $0.2 million. The cash provided by working capital was due primarily to the increase in accounts payable and accrued expenses and decrease in our prepaid and other assets of $0.2 million, primarily due to the decrease in our cash balances.

Investing Activities

Net cash used by our investing activities for the year ended December 31, 2015, as compared to net cash used by our investing activities in 2014, was primarily the same. Patent applications costs are 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 year ended December 31, 2015, as compared to net cash provided by our financing activities for the year ended December 31, 2014 was a decrease in $4.8 million. There was a decrease in the net proceeds from the issuance of our common stock of approximately $4.6 million. This was also a decrease in the change in our restricted cash balance of $0.2 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. We have approximately $8.8 million of remaining availability under the purchase agreement; however, pursuant to Nasdaq rules, the aggregate number of shares that we can issue to Aspire Capital under the purchase agreement may in no case exceed 3,614,766 shares of our common stock (of which we have sold 2.1 million shares as of the date of this report), unless (i) stockholder approval is obtained to issue more, in which case this 3,614,766 share limitation will not apply, or (ii) stockholder approval has not been obtained and at any time the 3,614,766 share limitation is reached and at all times thereafter the average price paid for all shares issued under the purchase agreement (including 300,000 commitment shares issued thereunder) is equal to or greater than $0.95 per share, a price equal to the closing sale price of our common stock on the business day before the execution of the purchase agreement. We have not received shareholder approval to exceed this 3,614,766 share Nasdaq limitation.

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. On December 2, 2015 we filed a prospectus supplement which increased the maximum amount registered for sale pursuant to the ATM sales agreement to approximately $5.6 million. The amount available under the Company s Form S-3 shelf registration statement, which may be used to register additional sales under the ATM sales agreement, will increase upon an increase in the company s stock price.

Short-Term and Long-Term Liquidity Sources

In addition to the ATM financing and equity purchase agreement financing arrangements discussed above, we may seek new financing or additional sources of capital, 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; and

2. Strategic investment or cost-sharing contributions through alliances with major fuel vendors, fuel fabricators and/or other strategic parties during the next [three 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.

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 three 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.

We will need to raise additional capital in 2016 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.

See Note 11 of the Notes to our financial statements included in Part II Item 8 of this Annual Report on Form 10-K 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 7A. Quantitative and Qualitative Disclosure About Market Risk

Not applicable.

Item 8. Financial Statements

The full text of our audited consolidated financial statements as of and for the years ended December 31, 2015 and 2014 begins on page F-1 of this Report.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There have been no disagreements regarding accounting and financial disclosure matters with our independent certified public accountants.

Item 9A. Controls and Procedures Evaluation of Disclosure Controls and Procedures

Our management, including our principal executive officer and principal financial officer, evaluated the disclosure controls and procedures related to the recording, processing, summarization and reporting of information in the periodic reports that we file with the SEC. These disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (a) recorded, processed, summarized and reported, within the time periods specified in the SEC s rules and forms , and (b) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2015.

Management s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in the *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance

regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. Based on this assessment, management, with the participation of our Chief Executive Officer and Chief Financial Officer, determined that as of December 31, 2015, the Company s internal control over financial reporting was effective.

This Annual Report on Form 10-K does not include an attestation report of the Company s independent public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Company s independent public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this Annual Report on Form 10-K.

Remediation of Previous Material Weakness

In connection with the restatement discussed in Note 2 to the consolidated financial statements in Amendment No. 2 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2014, management identified a material weakness in our internal control over financial reporting. 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 annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness relates to our previous interpretation of ASC 815 and our initial classification and subsequent accounting for warrants. 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. This material weakness resulted in the restatement of the Company's consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014 and 2013.

The Company's management believes that this incident was related to the interpretation of ASC 815 and specific accounting literature under GAAP and is isolated. Management took steps during the fourth quarter of 2015 to ensure that the Company's accounting staff is knowledgeable about ASC 815 and its application to the Company. Based on the measures taken and implemented, the Company's management has tested the newly implemented control activities and found them to be effective and has concluded that the material weakness described above has been remediated as of December 31, 2015.

Changes in Internal Controls

Other than as described under Remediation of Previous Material Weakness above, there were no changes in the Company s internal control over financial reporting during the fourth quarter of 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by Item 10 of Part III will be included in our Proxy Statement relating to the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Item 11 of Part III will be included in our Proxy Statement relating to the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholders The information required by Item 12 of Part III will be included in our Proxy Statement relating to the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by Item 13 of Part III will be included in our Proxy Statement relating to the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information required by Item 14 of Part III will be included in our Proxy Statement relating to the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following exhibits are filed with this report, except those indicated as having previously been filed with the Securities and Exchange Commission and are incorporated by reference to another report, registration statement or form. As to any shareholder of record requesting a copy of this report, we will furnish any exhibit indicated in the list below as filed with this report upon payment to us of our expenses in furnishing the information.

Exhibit Number	Description
3.1*	Articles of Incorporation of the Company, as amended.
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the current report on 8-K filed by the Company on July 9, 2007)
4.1	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K filed by the Company on July 23, 2010)
4.2	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K filed by the Company on October 22, 2013)
4.3	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K filed by the Company on November 18, 2014)
4.4	Registration Rights Agreement, dated September 4, 2015, between the Company and Aspire Capital Fund, LLC (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K filed by the Company on September 8, 2015)
10.1	Common Stock Purchase Agreement, dated September 4, 2015, between the Company and Aspire Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by the Company on September 8, 2015)
10.2	At-the-Market Issuance Sales Agreement, dated June 11, 2015, between the Company and MLV & Co. LLC (incorporated by reference to Exhibit 1.2 to the registration statement on Form S-3 (File No. 333-204889) filed by the Company on June 11, 2015)
10.3**	2006 Stock Plan (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by the Company on February 21, 2006)
10.4**	Lightbridge Corporation 2015 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by the Company on July 17, 2015)
10.5**	Amendment to the Lightbridge Corporation 2015 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the quarterly report on Form 10-Q filed by the Company on November 23, 2015)
10.6**	Employment Agreement, dated as of February 14, 2006, between the Company and Seth Grae (incorporated by reference to Exhibit 10.2 of the current report on Form 8-K filed by the Company on February 21, 2006).

10.7**	Employment Agreement, dated July 27, 2006, between the Company and Andrey Mushakov (incorporated by reference to Exhibit 10.1 of the current report on Form 8-K filed by the Company on August 4, 2006).

10.8**	Independent Director Contract, dated August 21, 2006, between the Company and Victor Alessi (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by the Company on August 25, 2006).
10.9**	Independent Director Contract, dated October 10, 2013, between the Company and Kathleen Kennedy Townsend (incorporated by referenced to Exhibit 10.5 to the annual report on Form 10-K filed by the Company on March 27, 2014)
10.10**	Independent Director Contract, dated October 23, 2006, between the Company and Daniel B. Magraw (incorporated by reference to Exhibit 10.2 to the current report on Form 8-K filed by the Company on October 23, 2006).
10.11**	Restricted Stock Grant Agreement, dated July 14, 2009, between Seth Grae and the Company (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by the Company on July 20, 2009).
10.12**	Stock Option Agreement, dated July 14, 2009, between Seth Grae and the Company (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by the Company on July 20, 2009).
10.13	Agreement No. EDC10017, dated January 1, 2010, between Emirates Nuclear Energy Corporation and the Company (incorporated by referenced to Exhibit 10.13 to the annual report on Form 10- K/A filed by the Company on November 23, 2015)
10.14	Change Order No. 4 to Agreement No. EDC10017 (incorporated by referenced to Exhibit 10.14 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.15	Change Order No. 5 to Agreement No. EDC10017 (incorporated by referenced to Exhibit 10.15 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.16	Change Order No. 6 to Agreement No. EDC10017 (incorporated by referenced to Exhibit 10.16 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.17	Change Order No. 7 to Agreement No. EDC10017 (incorporated by referenced to Exhibit 10.17 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.18	Consultancy Services Agreement, dated November 1, 2013, between Emirates Nuclear Energy Corporation and the Company (incorporated by referenced to Exhibit 10.18 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.19	Change Order No. 1 to Consultancy Services Agreement (incorporated by referenced to Exhibit 10.19 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.20	Change Order No. 2 to Consultancy Services Agreement (incorporate by reference to Exhibit 10.1 to the quarterly report on Form 10-Q/A filed by the Company on November 23, 2015).
10.21	Consultancy Agreement, dated July 15, 2012, between the Federal Authority for Nuclear Regulation (UAE) and the Company (incorporated by referenced to Exhibit 10.20 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.22	

	Amendment No. 1 to Consultancy Agreement, dated January 1, 2013, between the Federal Authority for Nuclear Regulation (UAE) and the Company (incorporated by referenced to Exhibit 10.21 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.23	Amendment No. 2 to Consultancy Agreement, dated January 1, 2014, between the Federal Authority for Nuclear Regulation (UAE) and the Company (incorporated by referenced to Exhibit 10.22 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)

10.24	Amendment No. 3 to Consultancy Agreement, dated November 10, 2014, between the Federal Authority for Nuclear Regulation (UAE) and the Company (incorporated by referenced to Exhibit 10.23 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.25	Consultancy Agreement, dated June 1, 2014, among the Federal Authority for Nuclear Regulation (UAE), Lloyd s Register EMEA and the Company (incorporated by referenced to Exhibit 10.24 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.26	Relationship Deed, dated June 22, 2014, between Lloyd s Register EMEA and the Company (incorporated by referenced to Exhibit 10.25 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.27	Strategic Alliance Agreement, dated August 16, 2012, between Lloyd s Register EMEA and the Company (incorporated by referenced to Exhibit 10.26 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
10.28	Subcontracted Services Agreement Order Form, dated October 12, 2013, between Lloyd s Register Asia and the Company (incorporated by referenced to Exhibit 10.27 to the annual report on Form 10-K/A filed by the Company on November 23, 2015)
21.1*	Subsidiaries of the Company
23.1*	Consent of BDO USA, LLP
23.2*	Consent of Anderson Bradshaw
31.1*	Rule 13a-14(a)/15d-14(a) Certification Principal Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification Chief Financial Officer and Principal 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

* Filed or furnished herewith

** Indicates management contract or compensatory plan or arrangement.

Certain portions of this exhibit have been omitted be redacting a portion of text (indicated by asterisks in the text). This exhibit has been filed separately with the U.S. Securities and Exchange Commission pursuant to a request for confidential treatment.

SIGNATURES

In accordance with section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereto duly authorized individual.

LIGHTBRIDGE CORPORATION

Date: March 15, 2016

By: /s/ Seth Grae
Seth Grae
Chief Executive Officer,
President and Director

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities on March 15, 2016.

Signature	**Title**
/s/ Seth Grae Seth Grae	Chief Executive Officer, President and Director (Principal Executive Officer)
/s/ Linda Zwobota Linda Zwobota	Chief Financial Officer, and Treasurer (Principal Financial and Accounting Officer)
/s/ Thomas Graham, Jr. Thomas Graham, Jr.	Director
/s/ Victor Alessi Victor Alessi	Director
/s/ Kathleen Kennedy Townsend Kathleen Kennedy Townsend	Director
/s/ Daniel B. Magraw, Jr. Dan Magraw	Director

LIGHTBRIDGE CORPORATION
December 31, 2015 and 2014
TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Lightbridge Corporation
Reston, Virginia

We have audited the accompanying consolidated balance sheet of Lightbridge Corporation as of December 31, 2015 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has an accumulated deficit that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lightbridge Corporation at December 31, 2015, and the results of its operations and its cash flows for the year then ended**,** in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

Philadelphia, Pennsylvania
March 15, 2016

Russell E. Anderson, CPA
Russ Bradshaw, CPA
William R. Denney, CPA
Kristofer Heaton, CPA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Stockholders of
Lightbridge Corporation

We have audited the accompanying consolidated balance sheet of Lightbridge Corporation (the Company) as of December 31, 2014, and the related consolidated statements of operations, cash flows, and changes in stockholders equity for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lightbridge Corporation as of December 31, 2014, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 of the financial statements included in the Company s 2014 Form 10-K/A filed on November 23, 2015, the Company determined it was necessary to restate the 2014 consolidated financial statements.

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Salt Lake City, Utah

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/s/Anderson Bradshaw PLLC

Salt Lake City, Utah

March 25, 2015 except for the effects of the matters described in Note 2, Note 9, Note 12, Note 14, and Note 15 of the financial statements included in the Company s 2014 Form 10-K/A filed on November 23, 2015, as to which are dated November 23, 2015.

Lightbridge Corporation
Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 623,184	$ 4,220,225
Restricted cash	325,832	325,181
Accounts receivable - project revenue and reimbursable project	139,797	469,086
Prepaid expenses and other current assets	168,029	205,185
Total Current Assets	1,256,842	5,219,677
Other Assets		
Patent costs	950,594	833,560
Total Assets	$ **2,207,436**	$ **6,053,237**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,182,371	$ 653,669
Total Current Liabilities	1,182,371	653,669
Long-Term Liabilities		
Deferred lease abandonment liability	196,938	-
Derivative warrant liability	2,327,195	4,633,312
Total Liabilities	3,706,504	5,286,981
Commitments and contingencies - note 7		
Stockholders' Equity (Deficiency)		
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, 18,628,957 shares outstanding at December 31, 2015 and 18,082,874 at December 31, 2014	18,629	18,083
Additional paid-in capital	72,853,744	70,801,464
Accumulated Deficit	(74,371,441)	(70,053,291)
Total Stockholders' Equity (Deficiency)	(1,499,068)	766,256
Total Liabilities and Stockholders' Equity (Deficiency)	$ **2,207,436**	$ **6,053,237**

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

Lightbridge Corporation
Consolidated Statements of Operations

	Years Ended December 31,	
	2015	**2014**
Revenue:		
Consulting Revenue	$ 910,531	$ 1,310,199
Cost of Consulting Services Provided	694,292	756,277
Gross Margin	216,239	553,922
Operating Expenses		
General and administrative	5,350,285	3,834,935
Research and development expenses	1,484,164	1,534,605
Total Operating Expenses	6,834,449	5,369,540
Operating Loss	(6,618,210)	(4,815,618)
Other Income and (Expenses)		
Warrant revaluation	2,306,117	1,162,730
Interest income	705	1,951
Other income (expenses)	(6,762)	(3,377)
Total Other Income and (Expenses)	2,300,060	1,161,304
Net loss before income taxes	(4,318,150)	(3,654,314)
Income taxes	-	-
Net loss	$ (4,318,150)	$ (3,654,314)
Net Loss Per Common Share,		
Basic and Diluted	$ (0.24)	$ (0.24)
Weighted Average Number of Shares Outstanding	18,239,302	15,463,392

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

Lightbridge Corporation
Consolidated Statements of Cash Flows

	Years Ended December 31, 2015	2014
Operating Activities:		
Net Loss	$ (4,318,150)	$ (3,654,314)
Adjustments to reconcile net loss from operations to net cash used in operating activities:		
Stock-based compensation	1,881,326	282,276
Abandonment loss	433,467	-
Loss on marketable securities	-	1,297
Warrant revaluation	(2,306,117)	(1,162,730)
Changes in operating working capital items:		
Accounts receivable - fees and reimburseable project costs	329,289	(43,170)
Prepaid expenses and other assets	37,156	83,754
Accounts payable and accrued liabilities	292,173	177,040
Net Cash Used In Operating Activities	(3,650,856)	(4,315,847)
Investing Activities:		
Proceeds from the sale of marketable securities	-	14,434
Patent costs	(117,034)	(134,392)
Net Cash Used In Investing Activities	(117,034)	(119,958)
Financing Activities:		
Net proceeds from the issuance of common stock	171,500	4,753,326
Restricted cash	(651)	229,827
Net Cash Provided by Financing Activities	170,849	4,983,153
Net Increase (Decrease) In Cash and Cash Equivalents	(3,597,041)	547,348
Cash and Cash Equivalents, Beginning of Year	4,220,225	3,672,877
Cash and Cash Equivalents, End of Year	$ 623,184	$ 4,220,225
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Non-Cash Financing Activity:		
Warrant liability - fair value of warrants exercised	$ -	$ 331,144

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

Lightbridge Corporation
Consolidated Statement of Changes in Stockholders Equity (Deficiency)
For The Years Ended December 31, 2015 and 2014

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders Equity (Deficiency)
Balance - December 31, 2013	15,057,243	$ 15,057	$ 69,853,600	$ (66,398,977)	$ 3,469,680
Shares issued- registered offerings and stock grants	2,892,809	2,893	4,750,300		4,753,193
Fair value of warrants issued with financing			(4,415,855)		(4,415,855)
Warrants exercised	132,822	133	331,143		331,276
Net loss				(3,654,314)	(3,654,314)
Stock-based compensation			282,276		282,276
Balance -December 31, 2014	18,082,874	$ 18,083	$ 70,801,464	$ (70,053,291)	$ 766,256
Shares issued registered offerings	546,083	546	170,954		171,500
Net loss				(4,318,150)	(4,318,150)
Stock-based compensation			1,881,326		1,881,326
Balance - December 31, 2015	18,628,957	$ 18,629	$ 72,853,744	$ (74,371,441)	$ (1,499,068)

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

LIGHTBRIDGE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Company was 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 (subsequently referred to as "we" or the "Company"). We are engaged in two operating business segments: our Technology Business Segment and our Consulting Business Segment (see Note 12-Business Segment Results).

Going Concern

We have incurred recurring losses since inception and expect to continue to incur losses as a result of costs and expenses related to our research and continued development of our nuclear fuel and our corporate general and administrative expenses. Our limited capital resources and operations to date have been funded through sales of our equity securities. As of December 31, 2015, we had working capital of approximately $0.1 million, cash of approximately $0.6 million, stockholders deficit of approximately $1.5 million and an accumulated deficit of approximately $74.4 million. As a result, there is substantial doubt about our ability to continue as a going concern. In the event that we are unable to generate sufficient cash from our operating activities or raise additional funds, we may be required to delay, reduce or severely curtail our operations or otherwise impede our on-going business efforts, which could have a material adverse effect on our business, operating results, financial condition and long-term prospects. The Company expects to seek to obtain additional funding through future equity issuances. There can be no assurance as to the availability or terms upon which such financing and capital might be available.

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 25 MW 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 had 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, 2015. These branch offices will be closed in 2016. Translation gains and losses for the years ended December 31, 2015 and 2014 were not significant. Foreign branches are winding down as of December 31, 2015.

Use of Estimates and Assumptions

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant Estimates

These accompanying consolidated financial statements include some amounts that are based on management s best estimates and judgments. The most significant estimates relate to valuation of stock grants and stock options, derivative liability for the stock purchase warrants, the valuation allowance on deferred tax assets, and various contingent liabilities. It is reasonably possible that these above-mentioned estimates and others may be adjusted as more current information becomes available, and any adjustment could be significant in future reporting periods. It is also reasonably possible that the actual grant date value of the stock options vested might have been materially different than the estimated value.

Fair Value of Financial Instruments

The Company s financial instruments consist principally of cash and cash equivalents, accounts receivable, accounts payable, and derivative warrant liabilities. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value of the derivative warrant liabilities were determined based on Level 3 inputs. See note 10 for more information on the Level 3 inputs and valuation of the derivative warrant liability and note 13 for more information on fair value measurements.

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 December 31, 2015 and 2014, as we have not incurred any credit losses from our customers to date.

Approximately 56% and 81% of the total revenues reported for the years ended December 31, 2015 and 2014, respectively, were from the ENEC and FANR contracts. Contracts with one other customer constituted approximately 34% and 15% of the total revenues reported for the years ended December 31, 2015 and 2014, respectively.

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.

We recognize revenue in accordance with SEC Staff Accounting Bulletin or SAB, No. 104, “Revenue Recognition.” We recognize revenue when all of the following conditions are met:

(1) There is persuasive evidence of an arrangement;
(2) The service has been provided to the customer;
(3) The collection of the fees is reasonably assured; and
(4) The amount of fees to be paid by the customer is fixed or determinable.

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.

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 consolidated balance sheets, totaled approximately $0.6 million

and $4.2 million at December 31, 2015 and 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 December 31, 2015 and 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 December 31, 2015 and 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 years ended December 31, 2015 and 2014.

Patents and Legal Costs

Patents are stated on the accompanying 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 years ended December 31, 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 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 years ended December 31, 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 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 10 - Warrant Liability.

Commitments and Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company s consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. The Company s legal costs associated with contingent liabilities are recorded to expense as incurred.

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 minimum 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.

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 12 - Business Segment Results).

Recent Accounting Pronouncements

Leases In February 2016, the FASB issued ASU 2016-02 which amends existing lease accounting guidance, including the requirement to recognize most lease arrangements on the balance sheet. The adoption of this standard will result in the Company recognizing a right-of-use asset representing its rights to use the underlying asset for the lease term with an offsetting lease liability. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the potential impact of the adoption of this accounting pronouncement to its consolidated financial statements.

During November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes , which simplifies the presentation of deferred income taxes. This ASU requires that deferred tax assets and liabilities be classified on a net basis as non-current in a statement of financial position. Adoption of this ASU did not have an effect on our deferred tax assets and deferred tax liabilities in our consolidated balance sheet as of December 31, 2015.

Consolidation In February, 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis . This will improve certain areas of consolidation guidance for reporting organizations that are required to evaluate whether to consolidate certain legal entities such as limited partnerships, limited liability corporations, and securitization structures. ASU 2015-02 simplified and improves GAAP by: eliminating the presumption that a general partner should consolidate a limited partnership, eliminating the indefinite deferral of FASB Statement No. 167, thereby reducing the number of Variable Interest Entity (VIE) consolidation models from four to two (including the limited partnership consolidation model), and clarifying when fees paid to a decision maker should be a factor to include in the consolidation of VIEs. ASU 2015-02 will be effective for periods beginning after December 15, 2015. The Company is currently evaluating the potential impact of the adoption of this guidance on its financial statements.

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.

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 permitted but not sooner than the annual reporting periods beginning after December 15, 2016). The guidance permits the use of either a retrospective or cumulative effect transition method. The Company is currently evaluating the revenue recognition provisions 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. 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, restricted stock units, and warrants is not reflected in diluted earnings per share because we incurred net losses for the years ended December 31, 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.

The following table sets forth the computation of the basic and diluted loss per share (rounded in millions except shares outstanding and per share amounts):

	2015	2014
Numerator:		
Net loss	$ (4.3)	$ (3.7)
Denominator:		
Weighted-average common shares outstanding	18,239,302	15,463,392
Basic and diluted net loss per share	$ (0.24)	$ (0.24)

Note 3. Accounts Receivable Project Revenue and Reimbursable Project Costs

FANR and ENEC Projects

The total accounts receivable from the FANR and ENEC contracts was approximately $31,000 and $0.5 million at December 31, 2015 and 2014, respectively. These amounts due from FANR and ENEC represent approximately 23% of the accounts receivable reported at December 31, 2015 and approximately 92% of the accounts receivable at December 31, 2014. There were two other customers that represented approximately 77% of the total accounts receivable at December 31, 2015.

Total unbilled accounts receivable was $0.1 million at December 31, 2015 and not significant at December 31, 2014. Foreign currency transaction exchange losses and translation gains and losses for the year ended December, 2015 and 2014, were not significant.

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

Under these agreements with ENEC and FANR, revenue will be recognized on a time and expense basis and fixed contract 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 4. Prepaid Expenses and Other Current Assets

Prepaid expenses consist primarily of prepayments made for various insurance policies, travel, rent, and other miscellaneous prepayments. Total prepaid expenses and other current assets reported on the accompanying

consolidated balance sheets at December 31, 2015 and 2014, were approximately $0.2 million and $0.2 million, respectively.

One month of rent or approximately $33,000 represents the one month advance rent placed on the prior McLean, Virginia corporate offices (see note 7). A security deposit of approximately $15,000 was placed for the new corporate offices in Reston Virginia (see note 7). The security deposits at December 31, 2015 and 2014, are reported under the balance sheet caption prepaid expenses and other current assets.

Note 5. Patents

Patents represent legal fees and filing costs that are capitalized and amortized over their estimated useful lives of 17 to 20 years or their remaining legal lives, whichever is shorter, after they are placed in service. In both 2015 and 2014, we capitalized approximately $0.1 million for patent filing costs, for a total investment in patents of approximately $1.0 million and $0.8 million as of December 31, 2015 and 2014, respectively.

No amortization expense of patents was recorded in either of the years ended December 31, 2015 and 2014. These patents were not placed in service for the years ended December 31, 2015 and 2014, or in prior years.

Note 6. Accounts Payable and Accrued Liabilities

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

	December 31, 2015		December 31, 2014
Trade payables	5		
Hot Rolled	505	565	559
Cold Rolled	197	203	209
Galvanized	256	284	308
Tin Plate	99	123	122
FOREIGN MARKET	**27**	**38**	**35**
Slabs	-	-	-
Hot Rolled	-	1	-
Cold Rolled	-	-	-
Galvanized	4	2	4
Tin Plate	23	35	30
TOTAL MARKET	**1,084**	**1,214**	**1,238**
Slabs	-	2	5
Hot Rolled	505	565	559
Cold Rolled	197	203	209
Galvanized	260	286	312
Tin Plate	122	158	152

CONSOLIDATED NET REVENUE PER UNIT (R$/ton)

	1Q12	4Q12	1Q13
TOTAL MARKET	**1,806**	**1,849**	**1,867**

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.
Date: May 17, 2013

COMPANHIA SIDERÚRGICA NACIONAL

By: /s/ Benjamin Steinbruch

Benjamin Steinbruch
Chief Executive Officer

By: /s/ David Moise Salama

David Moise Salama
Investor Relations Executive Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.