
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 2)

(Mark One)

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

For the fiscal year ended **December 31, 2014**

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

(State or other jurisdiction of
incorporation or organization)

91-1975651

(I.R.S. Employer
Identification No.)

1600 Tysons Boulevard, Suite 550

Mclean, Virginia 22102

(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

Common Stock, \$0.001 par value

Name of each exchange on which registered

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

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

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 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 No

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At June 30, 2014, 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, 2014) was \$35,186,138.

At October 31, 2015 there were 18,623,387 shares of the registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

Explanatory Note

In this Annual Report on Form 10-K/A (Amendment No. 2) for the fiscal year ended December 31, 2014 (“Annual Report”), as originally filed with the Securities and Exchange Commission (the “SEC”) on March 25, 2015 (the “Original Report”), Lightbridge Corporation (“Lightbridge,” the “Company,” “we” or “us”) is restating its previously issued and audited consolidated financial statements and the related disclosures for the years ended December 31, 2014 and December 31, 2013 and all quarterly periods included therein (collectively, the “Restated Periods”). As discussed in further detail below and in Note 2 to the accompanying consolidated financial statements, the restatement is the result of a misapplication in the guidance on accounting for warrants. We assessed the impact of this misapplication on our prior interim and annual financial statements and concluded that the combined impact was material to these financial statements. Consequently, we have restated the prior period financial statements identified above. Concurrently with the filing of this Form 10-K/A, the Company is also filing Amendment No. 1 on Form 10-Q/A to each of the Company’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2015 and June 30, 2015, as originally filed with the SEC on May 7, 2015 and August 19, 2015, respectively. All amounts in this Annual Report affected by the restatement adjustments reflect such amounts as restated.

Background of Restatement

On September 4, 2015, management sent a letter to the Office of the Chief Accountant of the SEC concerning the appropriate accounting treatment for its outstanding warrants. After discussions with the SEC staff, management determined that the warrants should have been initially classified as derivative liabilities. On November 4, 2015, the Audit Committee of the Company’s Board of Directors (the “Audit Committee”), in connection with the internal review initiated by Company management, concluded that, because of a misapplication of the accounting guidance related to the Company’s warrants, the Company’s previously issued consolidated financial statements for all periods beginning with the quarterly period ended September 30, 2010 through December 31, 2014 (collectively, the “Affected Periods”) should no longer be relied upon. As such, the Company is restating in this Annual Report its financial statements for the following periods: (i) the years ended December 31, 2014 and December 31, 2013, and (ii) all quarterly periods of 2014 and 2013. These restatements result in non-cash, non-operating financial statement corrections and will have no impact on the Company’s current or previously reported cash position, operating expenses or total operating, investing or financing cash flows, or net operating loss carryforward. The Company’s December 31, 2012 opening balances were adjusted to reflect the cumulative impact of these restatements as a decrease in additional paid-in capital of approximately \$4.9 million and a decrease in accumulated deficit of approximately \$4.4 million, for a total decrease to stockholders’ equity of approximately \$0.5 million.

The warrants at issue (collectively, the “Warrants”) consist of the following warrants outstanding as of December 31, 2014 and December 31, 2013:

	December 31,	
	2014	2013
Issued to Investors on July 28, 2010, entitling the holders to purchase 1,034,996 common shares in the Company at an exercise price of \$9.00 per common share up to and including July 27, 2017	1,034,996	1,034,996
Issued to Investors on October 25, 2013, entitling the holders to purchase 1,250,000 common shares in the Company at an exercise price of \$2.30 per common share up to and including April 24, 2021	1,117,178	1,250,000
Issued to Investors on November 17, 2014, entitling the holders to purchase 2,734,590 common shares in the Company at an exercise price of \$2.31 per common share up to and including May 16, 2022	2,734,590	0
Total	4,886,764	2,284,996

The Warrants were classified as equity on the Company’s balance sheets, and the corresponding consolidated statements of operations did not include the non-cash changes in the estimated fair value of such Warrants. The Warrants, however, contain a cash settlement feature regarding fundamental transactions that allow the warrant holders to have a different settlement option than the Company’s stockholders upon certain fundamental transactions, including certain changes of control of the Company, thereby precluding equity treatment for the Warrants.

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

The cumulative effect of these adjustments on our financial statements is a 7.7% decrease in the accumulated deficit in the amount of approximately \$5.8 million as of December 31, 2014. The restatement had no impact on net cash flows from operating, investing or financing activities as the adjustments resulting from the non-cash change in the fair value of the warrant liability for each period and the statements of operations only impacted net loss from operations. An explanation of the impact on our financial statements is contained in Note 2 to the consolidated financial statements contained in Part II, Item 8: Financial Statements.

Items Amended in this Annual Report on Form 10-K/A

For the convenience of the reader, this Form 10-K/A sets forth the Original Report in its entirety (other than Part III, which is not being amended hereby); however, this Form 10-K/A amends and restates only the following items of the Original Report (other than internal cross-references and the like, which are updated throughout the document):

- Cover Page;
- Part I, Item 1A, Risk Factors;
- Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations;
- Part II, Item 8, Financial Statements;
- Part II, Item 9A, Controls and Procedures; and
- Part IV, Item 15B, Exhibits.

In addition to the restatement, this Form 10-K/A corrects an error on the cover page and adds exhibits consisting of certain agreements with third parties. In order to preserve the nature and character of the disclosures set forth in the Original Report, this Form 10-K/A speaks as of the date of the filing of the Original Report, March 25, 2015, and the disclosures contained in this Form 10-K/A have not been updated to reflect events occurring subsequent to that date, other than those associated with the restatement. Currently dated certifications from the Company's Chief Executive Officer and Chief Financial Officer are attached to this Form 10-K/A as Exhibits 31.1, 31.2 and 32.1. This Form 10-K/A should be read in conjunction with Amendment No. 1 to the Original Report and the Company's other filings with the SEC.

Internal Control Considerations

Management has assessed the effect of the restatement on the Company's internal control over financial reporting and believes that this restatement represents a material weakness in its internal control over financial reporting for all periods under restatement. A material weakness is a deficiency, or 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 consolidated financial statements will not be prevented or detected on a timely basis. For a discussion of management's consideration of the material weakness identified, see Part II, Item 9A: Controls and Procedures included in this Annual Report.

LIGHTBRIDGE CORPORATION
FORM 10-K/A
For the Fiscal Year Ended December 31, 2014

TABLE OF CONTENTS

	Page
<u>PART I</u>	
Item 1. Business	7
Item 1A. Risk Factors	20
Item 1B. Unresolved Staff Comments	28
Item 2. Properties	28
Item 3. Legal Proceedings	28
Item 4. Mine Safety Disclosures	28
<u>PART II</u>	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	29
Item 6. Selected Financial Data	29
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	30
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	41
Item 8. Financial Statements and Supplementary Data	41
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	41
Item 9A. Controls and Procedures	41
Item 9B. Other Information	43
<u>PART IV</u>	
Item 15. Exhibits and Financial Statement Schedules	44

FORWARD-LOOKING STATEMENTS

In addition to historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We use words such as “believe”, “expect”, “anticipate”, “project”, “target”, “plan”, “optimistic”, “intend”, “aim”, “will”, or similar expressions which are intended to identify forward-looking statements. Such 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.

All statements other than statements of historical fact are statements that could be deemed forward-looking statements. 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 Corporation 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 are economically attractive, enhance reactor safety, proliferation resistant, and produce less waste than current generation 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 nuclear energy 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 13 Segment Information, of the Notes to the Consolidated Financial Statements, included in Part II Item 8, Financial Statements of this Annual Report on Form 10-K/A.

NUCLEAR FUEL TECHNOLOGY BUSINESS SEGMENT

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.

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 limited to an 18-month operating cycle); 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 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, CANDU heavy water reactors, as well as water-cooled small modular reactors.

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

In 2014, our main US patent for the metallic fuel was issued and we received export control authorization from the US Department of Energy for all the planned work in Canada and we have begun the process to seek authorization for all planned work in Norway and Sweden. In the first half of 2015, we expect to begin working with CNL to fabricate our metallic fuel samples. At the end of 2016 or in early 2017, we expect to begin irradiation of the fabricated fuel samples in the Halden research reactor in Norway under prototypic commercial reactor operating conditions.

In late 2017-early 2018, we expect the first major results from the irradiation testing under prototypic commercial reactor operating conditions. We believe these test results will allow us to enter into a commercial arrangement with one or more major fuel fabricators or development partners at that time. Our plan is to license our fuel technology to the global nuclear power industry to enable existing fuel fabricators to manufacture and sell our nuclear fuel to their customers.

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 a detonation. 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

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

On October 7, 2013, we were selected as technical advisor to provide independent re-verification of equipment and material procurement processes related to construction and maintenance of nuclear power plants operated by Korea Hydro and Nuclear Power Company (KHNP). As a subcontractor to London-based Lloyd's Register Group Limited, we will focus on the environmental and seismic qualification and commercial grade dedication aspects of a two-year Lloyd's Register/KHNP contract that will end in October 2015.

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.

On August 14, 2014 we signed a Memorandum of Understanding with the Vietnam Agency for Radiation and Nuclear Safety ("VARANS") to provide regulatory, legal, and administrative support to Vietnam's civil nuclear program.

On October 17, 2014 we signed a comprehensive cooperation agreement with the Vietnam Atomic Energy Institute (VINATOM) for consulting services related to the construction and safe operation of Vietnam's Atomic Energy Research Center, including a nuclear research reactor. Our collaboration with VINATOM involves 24 specific activities, including design review and selection of nuclear research reactors, site selection, and nuclear security protocols.

On October 17, 2014 we signed a teaming agreement with Vietnam's leading energy engineering consultant, Power Engineering Consulting Joint Stock Company 1 (PECC1), for consulting services related to construction and safe operation of a nuclear research reactor, which is planned as part of the country's Center for Nuclear Energy Science and Technology (CNEST). Work under the five-year, Lightbridge/VINATOM agreement will support CNEST, Vietnam's nuclear science and technology center, a planned US \$500 million facility. The VINATOM agreement also stipulates support for nuclear quality assurance, research-reactor fuel selection, control-room operations, safeguards, control, and accounting of nuclear material, and related training programs. We expect our first revenue-generating opportunities in Vietnam may take place in the later part of 2015.

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 and 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 in 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.

KEY FUEL DEVELOPMENTS IN 2014

We made considerable progress in 2014 toward execution of our technology development plan, including the following key developments:

- Signing of an initial cooperation agreement with Canadian Nuclear Laboratories (CNL), a wholly owned subsidiary of Atomic Energy of Canada Limited, for fabrication and test reactor irradiation of Lightbridge's patented next generation metallic nuclear fuel samples. 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 fits well with our anticipated irradiation testing schedule. Our current plan is to have post-irradiation examination of the irradiated fuel samples performed on the same site in Norway. There is also the opportunity to utilize additional nearby hot cell facilities located in Studsvik, Sweden that are operated by the Swedish company Studsvik AB. In the first half of 2015, we expect to begin working with CNL to fabricate our metallic fuel samples. At the end of 2016 or in early 2017, we expect to begin irradiation of the fabricated fuel samples in the Halden research reactor under prototypic commercial reactor operating conditions;
- In February 2014, the Company was issued the key US patent covering our multi-lobed metallic fuel rod design and fuel assemblies. The patent number is 8,654,917 and is available on the USPTO website at <http://www.uspto.gov/>. The new patent is the single most important patent in the Company's intellectual property portfolio and secures patent protection in the US – the world's largest market of pressurized water reactors currently in operation;
- In the second quarter of 2014, the Commonwealth of Australia Patents Office approved and issued to the Company a foreign equivalent of the key patent. This is our first foreign patent since the US Office of Patents and Trademarks issued a US patent for this key invention;
- In addition, the Company was issued patents in China and South Korea based on a 2007 PCT application covering our seed-and-blanket fuel assembly design for Russian VVER-type reactors;
- In the third quarter of 2014, Lightbridge filed with the U.S. Office of Patents and Trademarks a provisional patent application relating to use of our metallic fuel in CANDU-type power reactors.

NUCLEAR FUEL TECHNOLOGY BUSINESS SEGMENT OPERATIONS

Development of Our Metallic Nuclear Fuel Designs

We are developing innovative, proprietary nuclear fuel designs that can significantly enhance the nuclear power industry's economics and increase power output by: (1) 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 limited to an 18-month operating cycle); alternatively, the power can be increased up to 17% while retaining an 18-month operating cycle; (2) Enabling increased reactor power output (up to 30% increase) without changing the core size in new build PWRs; and (3) Reducing the volume of used fuel per kilowatt-hour as well as enhancing proliferation resistance of spent fuel. In addition, as a result of the significantly lower fuel operating temperature, our metallic nuclear fuel rods are expected to have improved safety margins during anticipated off-normal events.

For uprates up to 10%, only relatively minor plant system modifications would be required. Accordingly, we believe that nuclear utilities with existing reactor fleets may find it economically attractive to initially start with a 10% power uprate fuel variant and switch to a 17% power uprate fuel variant at a time when steam generators and other expensive plant equipment reach their lifetime limit and have to be replaced. In that case, nuclear utilities would only have to incur the incremental capital cost above and beyond the cost of standard plant equipment being replaced to accommodate a 17% power uprate in their existing PWR plants.

We believe that a major opportunity for us is the possibility that our advanced nuclear fuel designs, which are currently in the research, development, and demonstration stage, will be used in many existing and new light water nuclear reactors. Light water reactors are the dominant reactor type currently used in the world, and fuels for such reactors constitute the majority of the commercial market for nuclear fuel.

Research and development and related expenses paid by us totaled approximately \$1.5 million and \$2.0 million for the years ended December 31, 2014 and 2013, respectively.

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%, 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

Research and Development Project Schedule

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

- Have semi-scale metallic fuel samples fabricated in 2015-2016 for irradiation testing in a test reactor environment under prototypic commercial reactor conditions;
- Perform in-reactor and out-of-reactor experiments in 2015-2020;
- Establish a pilot-scale fuel fabrication facility and demonstrate full-length fabrication of our metallic fuel rods in 2017-2018;
- Develop analytical models in 2015-2017 for our metallic fuel technology that can be used for reactor analysis and regulatory licensing; and
- Begin lead test assembly (LTA) operation in a full-size commercial light water reactor in 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, final qualification (i.e., deployment of fuel in the first reload batch) for our 10% power uprate fuel in a commercial reactor is expected in 2023-2024 (at the end of two 18-month cycles of LTA operation). 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 expect to enter 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.

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.

On November 10, 2014 we received our export controls approval from the US Department of Energy for all of our planned work in Canada.

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. A domestic partner/vendor may eliminate the need to seek a separate US export license authorization for this work. 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.
- 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 October 2014, we signed an initial cooperation agreement with Canadian Nuclear Laboratories (CNL), a wholly owned subsidiary of Atomic Energy of Canada Limited, to demonstrate fabrication of semi-scale irradiation fuel samples at CNL's existing facilities in Chalk River, Ontario, Canada. 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 to the fuel fabricators 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 February 2014, there were approximately 434 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%.

Of the nuclear reactors currently under construction, over 80% are either PWRs or VVERs with a rated electric power output of 1,000 megawatt ("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)
- 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)

- 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)
- 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:”
 - o S. Korean Divisional Application No. 10-2010-7026035;
 - o Canadian Application No. 2,710,432;
 - o Indian Application No. 5244/DELNP/2010 ;
 - o Divisional Eurasian Application No. 201301253;
 - o European Application No. 8142834.7;
 - o European Application No. 10166457.1; and
 - o 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:”
 - o Japanese Application No. JP 2011-543460;
 - o Australian Application No. AU20080365658;
 - o S. Korean Application No. 10-2011-7016736;
 - o Canadian Application No. CA20082748367;
 - o Chinese Application No. CN20088132741;
 - o Indian Application No. 5521/DELNP/2011;
 - o Eurasian Application No. 201100729;
 - o European Application No. EP20080879222;
 - o US Application No. 13/139,677.
 - o 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:”
 - o Japanese Application No. JP2013-510271;
 - o S. Korean Application No. 10-2012-7029003;
 - o Canadian Application No. 2,798,539;
 - o Chinese Application No. 201180023785.9;
 - o Indian Application No. 9326/DELNP/2012;
 - o European Application No. 11735927.3;

- o US Application No. 13/695,792;
- o Eurasian Application No. 201201481;
- o Ukrainian Application No. a201213992; and
- o Australian Application No. 2011250906.
- o When and if these applications are allowed and granted as patents, they are expected to expire on May 11, 2030.

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. One outside consulting firm accounted for approximately 23% of our total cost of consulting services provided, for the year ended December 31, 2013. We did not have any concentration in consulting services provided by outside consulting firms for the year ended December 31, 2014. As started in 2014, our 2015 and future year plans involves using fewer outside consulting firms. We expect to be working both directly and as a subcontractor to larger companies for our new consulting contracts in 2015 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, 2014, we had seven full-time employees and two part-time employees in the United States and three full-time employees in Russia who were subsequently converted to independent contractors. 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

We were incorporated under the laws of the State of Nevada on February 2, 1999. During the period from inception until October 6, 2006, we were engaged in businesses other than our current business. 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 will close in 2015. 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/A, 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. Copies of these reports may also be obtained free of charge by sending written requests to Investor Relations, Lightbridge Corporation, 1600 Tysons Blvd, Suite 550 Mclean, VA 22102 USA. The information posted on our web site is not incorporated into this Annual Report.

ITEM 1A. RISK FACTORS

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

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

As described elsewhere in this Annual Report on Form 10-K/A, we identified a material weakness in our internal control over financial reporting related to our prior interpretation of ASC 815 and our initial classification and subsequent accounting of warrants as either liabilities or equity instruments. As a result of this material weakness, our management concluded that our internal control over financial reporting was not effective as of December 31, 2014. This material weakness resulted in a misstatement of our liabilities, non-cash expense relating to the changes in fair value of common stock warrants, additional paid-in capital, accumulated deficit accounts and related financial disclosures.

To respond to this material weakness, we have devoted, and plan to continue to devote, significant effort and resources to the remediation and improvement of our internal control over financial reporting. While we have processes to identify and intelligently apply developments in accounting, we plan to enhance these processes to better evaluate our research and understanding of the nuances of increasingly complex accounting standards. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time and we can offer no assurance that these initiatives will ultimately have the intended effects. For a discussion of management’s consideration of the material weakness identified, related to our warrant accounting, see Note 2, “Restatement of Consolidated Financial Statements” to the consolidated financial statements, as well as Part II, Item 9A, “Controls and Procedures” included in this amended Annual Report on Form 10-K/A.

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

Risks Associated with our Fuel Technology Business

Failure to raise additional capital or generate the cash flows necessary to expand our operations and continue our research and development could significantly impede our ability to continue as a going concern.

We will need to raise additional funds in order to continue our research and development activities and our operations, as planned over the next 12 months and we may not be able to obtain additional debt or equity financing on favorable terms, if at all. If we raise additional equity or convertible debt financing, our stockholders may experience significant dilution of their ownership interests and the per-share value of our common stock could decline. If we engage in debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness and force us to maintain specified liquidity or other ratios. If we need additional capital and cannot raise it on acceptable terms, we may not be able to fully develop our nuclear fuel designs, and it will limit our future operations.

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.

Based on our current cash position, we expect to seek new financing or additional sources of capital, depending on capital market conditions, over the next 12 months in order to fund ongoing research and development activities for our nuclear fuel technology. New consulting revenue might be able to extend that date somewhat. 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. 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 over the next 9-12 months, it is unlikely that we may be able to execute our current business plan.

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.

Some of our nuclear engineering work is performed by individual consultants based in Russia, making it subject to political uncertainties relating to Russia and US-Russian relations.

Some of our nuclear engineering work is performed by individual consultants based in Russia. Our nuclear engineering operations conducted in Russia are subject to various political risks and uncertainties inherent in the country of Russia. If US-Russia relations deteriorate, the Russian government may decide to scale back or even cease completely its cooperation with the United States on various international projects, including nuclear power technology development programs, or the US government may decide to impose sanctions or other legal restrictions preventing US businesses from doing business in Russia. If this should happen, nuclear engineering activities performed by our Russian consultants could be scaled back or shut down, which could cause development program schedule delays and may require additional funding to hire nuclear engineering consultants with similar skills outside Russia. In October 2014, we signed an Initial Cooperation Agreement with Canadian Nuclear Laboratories for fabrication and loop irradiation testing of Lightbridge-designed nuclear fuel samples in Canada. On November 12, 2014, we received a US export authorization letter from the National Nuclear Security Administration of the US Department of Energy approving our proposed scope of work in Canada. We intend to continue pursuing a strategy of shifting the most critical elements of our R&D activities away from Russia to mitigate Russia political risk.

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, we may suffer program schedule delays, which could have a detrimental impact on our operations.

On October 20, 2014, we announced the signing of an Initial Cooperation Agreement with Canadian Nuclear Laboratories (CNL), formerly known as AECL – Chalk River Laboratories, 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, 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 "123 Agreement" between the United States and Norway was renewed. A "123 Agreement" is required under Section 123 of the U.S. Atomic Energy Act for significant transfers of nuclear material, equipment, or components from the United States to another nation. 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 our Russian branch office employees 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.

General Business Risks

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 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.

We may be adversely affected by public opposition to nuclear energy as a result of the major nuclear accident at Fukushima, Japan.

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 on 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.

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, has had an adverse effect on public opinion about nuclear power in some countries and the favorable regulatory climate needed to introduce new nuclear technologies. Strong public opposition has hindered the construction of new nuclear power plants and led to early shut-down of the existing nuclear power plants. 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. Following the Fukushima nuclear accident, some countries have announced their plans to delay, scale down, or cancel deployment of new nuclear power plants while others, such as Germany, have decided to completely phase out nuclear power over the coming years.

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 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 in 2013 and 2014. 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.

Risks Relating to the Ownership of Our Securities

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.

We will need additional capital, and the sale of additional shares or other equity securities could result in additional dilution to our stockholders.

We may seek to sell additional equity securities or incur debt to fund our operations. The sale of additional equity securities will result in additional dilution to our stockholders. The incurrence of additional indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing, if necessary, will be available in amounts or on terms acceptable to us, if at all.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Description of Property

We are obligated to pay approximately \$32,000 per month for office rent and approximately another \$2,000 per month for other fees for the rented office space located at 1600 Tysons Boulevard, Suite 550, Tysons Corner, Virginia 22102. The space is used by our executives, employees, and contractors for administrative purposes, consulting work and research and development activities. The term of the lease for our offices expires on March 1, 2018. We are currently looking to sublease our current office space and are looking for alternative less expensive office space for 2015.

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. We are currently not aware of any such legal proceedings or claims that we believe could have a material adverse effect on our business, financial condition or operating results, except for the following:

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

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

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

The Company believes that all of the claims by Mr. Guerra are without merit and intends to vigorously defend itself.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

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

The following table sets forth, for the periods indicated, the high and low sales prices of our common stock. These prices reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Fiscal Year	Quarter Ending	High	Low
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
2013	December 31	\$ 2.12	\$ 1.37
	September 30	\$ 3.15	\$ 1.51
	June 30	\$ 1.81	\$ 1.38
	March 31	\$ 2.30	\$ 1.49

Holders

As of December 31, 2014, our common stock was held by 109 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, 2014.

Securities Authorized for Issuance Under Equity Compensation Plans

The information under the heading "Equity Compensation Plan Information" in our definitive proxy statement for the annual meeting of shareholders to be filed with the SEC is incorporated herein by reference.

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 overview summarizes the MD&A, which includes the following sections:

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

As discussed in more detail 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.

Restatement

This MD&A has been amended and restated to give effect to the restatement of our consolidated financial statements and related disclosures as of and for the years ended December 31, 2014 and 2013 and all quarterly periods contained therein. The Company is restating its historical financial results for such periods to reclassify its warrants as derivative liabilities instead of equity on the Company's balance sheets, with changes to the fair market value of the issuance of the warrants in subsequent periods reported in the Company's statement of operations. The impact of the restatement is more fully described in Note 2 to the consolidated financial statements contained elsewhere in this Annual Report.

Overview of Our Business

We are a leading nuclear fuel technology company, and participate in the nuclear power industry in the US and internationally. Our business operations can be categorized into two segments: (i) our technology segment, which is a developer of next generation nuclear fuel technology 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.

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 and new consulting contracts. We have no debt or credit lines and we have financed our operations to date through our consulting revenue and the sale of our common stock. On November 17, 2014, we raised approximately \$4.5 million after payment of certain fees and expenses in a registered direct offering. In October 2013, we raised approximately \$4.0 million after payment of certain fees and expenses in a registered direct offering.

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.

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.

The major nuclear accident at the Fukushima nuclear power plant in Japan in March 2011 increased public opposition to nuclear power in some countries, resulting in a slowdown in, or a complete halt to, new construction of nuclear power plants and an early shut down of existing power plants in select 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 that they were planning to undertake as part of such programs. After the Fukushima accident, there has been an increased interest by nuclear utilities in seeking safety enhancements to reduce the likelihood and effects of future accidents, which may create opportunities for our nuclear fuel technology business segment.

Our Nuclear Fuel Technology Business Segment

In response to the main needs of the nuclear power industry, which mostly relate to improving economics of nuclear power generation and enhancing safety, we are developing innovative, proprietary nuclear fuel designs. These patented nuclear fuel designs can significantly enhance the nuclear power industry's economics and increase power output by: (1) 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 limited to an 18-month operating cycle); alternatively, the power can be increased up to 17% while retaining an 18-month operating cycle; (2) enabling increased reactor power output (up to 30% increase) without changing the core size in new build PWRs (3) reducing the volume of used fuel per kilowatt-hour and enhancing proliferation resistance of spent fuel. As a result of the significantly lower operating temperatures our metallic nuclear fuel rods are expected to have improved safety margins during anticipated off-normal events.

US Nuclear Regulatory Commission processes require engineering analysis of a large break loss-of-coolant accident (LOCA). The 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 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 generating hydrogen gas. Buildup of hydrogen gas in a nuclear power plant can lead to a detonation. Lightbridge fuel is designed to prevent hydrogen gas generation in LOCA situations.

For uprates up to 10%, only relatively minor reactor system modifications would be required. We believe that nuclear utilities with existing reactor fleets may find it economically attractive to start with a 10% power uprate fuel variant and switch to a 17% power uprate fuel variant at the time when steam generators and other expensive plant equipment reach their lifetime limit. In that case, nuclear utilities would only incur the incremental capital cost above and beyond the cost of standard plant equipment being replaced to accommodate a 17% power uprate in their existing PWR plants.

We believe a major opportunity for us is the possibility that our advanced nuclear fuel designs, which are currently in the research and development stage, will be used in many existing and new light water nuclear reactors. Light water reactors are the dominant reactor type currently used in the world, and fuels for such reactors constitute the majority of the commercial market for nuclear fuel. Our metallic fuel could also be adapted for use in other types of water-cooled commercial power reactors, such as CANDU heavy water reactors and water-cooled small modular reactors.

In response to specific feedback from Lightbridge's Nuclear Utility Fuel Advisory Board comprised of senior fuel managers from four large US nuclear utilities (Exelon, Duke, Dominion, and Southern Company), we have enhanced our metallic fuel assembly design for existing PWRs, eliminating the outer blanket row of oxide fuel rods and making our entire fuel assembly metallic. This major design improvement eliminates potential fuel performance constraints associated with having conventional uranium dioxide fuel rods in our previous fuel assembly design.

Nuclear utilities using our metallic fuel in existing PWRs can realize improved safety, plant economics, and operating benefits (i.e., power uprate and longer fuel cycle) without the fuel performance constraints imposed by oxide fuel rods in an assembly.

Our current fuel development and demonstration efforts are focused on key critical path items that include fabrication of semi-scale metallic fuel samples and their irradiation to full burn-up in a pressurized water loop of a test reactor under operating conditions close to prototypic for a full-size commercial reactor. Due to US sanctions already imposed on Russia and the potential for further political and economic isolation of Russia by the United States and the European Union over its role in an ongoing conflict in Ukraine, our original plan to have semi-scale fuel samples fabricated and irradiated under prototypic PWR operating conditions in an isolated coolant loop of the MIR research reactor in Dimitrovgrad, Russia was disrupted in 2014. Similarly, a parallel irradiation program for Russia-fabricated fuel samples in the Advanced Test Reactor at Idaho National Laboratory was adversely impacted by these unforeseen circumstances.

To mitigate the impact of these unfavorable developments on our project, we have identified alternative sites outside Russia to complete the remaining demonstration work for our metallic nuclear fuel. On October 20, 2014, we announced the signing of an Initial Cooperation Agreement with Canadian Nuclear Laboratories (CNL), formerly known as AECL – Chalk River Laboratories, in Canada to perform fabrication and loop irradiation testing of Lightbridge-designed fuel samples at CNL's existing facilities at Chalk River, ON, Canada. We plan 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 fits well with our anticipated irradiation testing schedule. Our current plan is to have post-irradiation examination of the irradiated fuel samples performed on the same site in Norway. There is also the opportunity to utilize additional nearby hot cell facilities located in Studsvik, Sweden that are operated by the Swedish company Studsvik AB.

In addition to the above critical path activities, our near-term efforts will be focused on working towards securing in early 2016 a written expression of interest from a domestic or foreign utility to a nuclear regulator to operate lead test assemblies with our nuclear fuel in a commercial power reactor in approximately the 2020-2021 time-frame. In late 2017-early 2018, we expect the first major results from the irradiation testing under prototypic commercial reactor operating conditions. We believe these test results will allow us to enter into a commercial arrangement with one or more major fuel fabricators or development partners at that time. Our plan is to license this nuclear fuel technology into the global nuclear power industry to enable fuel fabricators to manufacture and sell our nuclear fuel to their nuclear utility customers that operate commercial nuclear power plants worldwide.

According to the Nuclear Energy Institute (NEI), in 2014, over 19% of US electricity was generated by nuclear power. NEI states that nuclear energy accounted for 63.0 percent of US emission-free generation in 2014. We believe that the US carbon emission reduction targets can only be met with plans that include a large increase in nuclear power. Power uprates and longer fuel cycles at existing nuclear power plants enabled by adoption of Lightbridge metallic fuel could support in a cost-effective way expansion of nuclear generation capacity in the United States and elsewhere. Lightbridge is designing our nuclear fuel technology to become a significant driver of generating more non-carbon electricity from existing reactors and providing greater electricity output in new-build reactors.

In the second quarter of 2014, the Commonwealth of Australia Patents Office approved and issued to Lightbridge the key patent covering Lightbridge's multi-lobed metallic fuel rod design and fuel assemblies. This is our first foreign patent since the US Office of Patents and Trademarks issued a US patent for this key invention in February 2014. In the third quarter of 2014, Lightbridge filed with the US Office of Patents and Trademarks a provisional patent application relating to use of our metallic fuel in CANDU-type power reactors.

Consulting Business Segment

We are primarily engaged in the business of assisting commercial and governmental entities with developing and expanding their nuclear industry capabilities and infrastructure. We provide integrated strategic advice across a range of expertise areas including, for example, regulatory development, nuclear reactor site selection, procurement and deployment, reactor and fuel technology, international relations and regulatory affairs. Our consulting services are expert and relationship-based, with particular emphasis on key decision makers in senior positions within governments or companies, as well as focus on overall management of nuclear energy programs. To date, substantially all of our revenues have been derived from our consulting 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. In April 2010 and December 2010, we provided consulting services in additional countries, including all the member states of the Gulf Cooperation Council (GCC) (the GCC is a political and economic union that comprises the Gulf States of the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia, and United Arab Emirates). We have also provided nuclear safety consulting advice to US nuclear utilities.

On October 7, 2013, we were selected as technical advisor to provide independent re-verification of equipment and material procurement processes related to construction and maintenance of nuclear power plants operated by Korea Hydro and Nuclear Power Company (KHNP). As a subcontractor to London-based Lloyd's Register Group Limited, we focus on the environmental and seismic qualification and commercial grade dedication aspects of a two-year Lloyd's Register/KHNP contract. On March 3, 2014, we entered into a subcontractor services agreement with Lloyd's Register to provide services to the KHNP. This agreement is for work starting February 1, 2014 through February 1, 2015, and is for a maximum contract price of \$400,000, inclusive of expenses and taxes.

On July 24, 2014, a consortium that includes Lightbridge was awarded a multi-year, technical-support services contract to support an independent government agency overseeing construction of nuclear power plants. The scope of contracted services is expected to be determined in the fourth quarter of 2014.

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.

On August 14, 2014, we signed a Memorandum of Understanding with the Vietnam Agency for Radiation and Nuclear Safety ("VARANS") to provide regulatory, legal, and administrative support to Vietnam's civil nuclear program.

On October 17, 2014, we signed a comprehensive cooperation agreement for consulting services with the Vietnam Atomic Energy Institute (VINATOM) related to the construction and safe operation of Vietnam's Atomic Energy Research Center, including a nuclear research reactor. Our collaboration with VINATOM involves 24 specific activities, including design review and selection of nuclear research reactors, site selection, and nuclear security protocols.

On October 17, 2014, we signed a teaming agreement with Vietnam's leading energy engineering consultant, Power Engineering Consulting Joint Stock Company 1 (PECC1), for consulting services related to construction and safe operation of a nuclear research reactor, which is planned as part of the country's Center for Nuclear Energy Science and Technology ("CNEST"). Work under the five-year, Lightbridge-VINATOM agreement will support CNEST, a planned \$500 million facility. The VINATOM agreement also stipulates support for nuclear quality assurance; research-reactor fuel selection; control-room operations; safeguards, control and accounting of nuclear material; and related training programs.

On November 10, 2014, we signed an amendment to the consultancy agreement with FANR, which was originally signed on July 15, 2012, and which was previously extended in January 2014. This Agreement had been scheduled to expire December 31, 2014, and this Amendment extends the term of the Agreement to December 31, 2016. These services are in addition to the August 11, 2014 agreement where we were selected to provide quality assurance, safety and construction inspection services in support of the in-house inspection group of FANR as a team with Lloyd's Register.

Factors Affecting Our Financial Performance Economics of Nuclear Power

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

Consulting and Strategic Advisory Services

Our primary 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 may hinder our efforts to provide nuclear energy services, regardless of our focus on non-proliferative nuclear power.

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.

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 income.

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.

Income Taxes

We account for income taxes using the liability method in accordance with the accounting pronouncement "Accounting for Income Taxes," which requires the recognition of deferred tax assets or liabilities for the tax-effected temporary differences between the financial reporting and tax bases of our assets and liabilities, and for net operating loss and tax credit carry forwards. The tax expense or benefit for unusual items, prior year tax exposure items, or certain adjustments to valuation allowances are treated as discrete items in the interim period in which the events occur.

On January 1, 2007, we adopted Accounting Interpretation "Accounting for Uncertainty in Income Taxes," which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this requirement, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. As a result of the implementation of this standard, we did not recognize any current tax liability for unrecognized tax benefits. We do not believe that there are any unrecognized tax positions that would have a material effect on the net operating losses disclosed.

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.

The two consulting agreements that we entered into in August 2008 with the Emirates Nuclear Energy Corporation (ENEC) and the Federal Authority for Nuclear Regulation (FANR) were fixed-fee service contracts, but were subsequently changed to time and expense contracts. 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.

In situations where contracts include client acceptance provisions, we do not recognize revenue until such time as the client has confirmed its acceptance.

Intangibles

As presented on the accompanying balance sheet, we had patents with a net book value of approximately \$0.8 million and \$0.7 million as of December 31, 2014 and December 31, 2013, 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.

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 provisions" 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.

Contingencies

Management assesses the probability of loss for certain contingencies and accrues a liability and/or discloses the relevant circumstances, as appropriate. Management discloses any liability which, taken as a whole, may have a material adverse effect on the financial condition of the Company.

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 - Restated

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, 2014 and 2013, 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, 2014 AND 2013

	Consulting		Technology		Corporate and Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	\$ 1,310,199	\$ 1,901,354	\$ -	\$ -	\$ -	\$ -	\$ 1,310,199	\$ 1,901,354
Segment Profit - Pre Tax	\$ 406,078	\$ 286,299	\$ (1,534,605)	\$ (2,030,194)	\$ (2,525,787)	\$ (2,843,270)	\$ (3,654,314)	\$ (4,587,165)
Total Assets	\$ 469,086	\$ 425,916	\$ 833,560	\$ 699,168	\$ 4,750,591	\$ 4,532,555	\$ 6,053,237	\$ 5,657,639
Property Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deprec. Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,221	\$ -	\$ 17,221

Technology Business

Over the next 12 to 15 months, we expect to incur approximately \$3 million in research and development expenses related to the development of our proprietary nuclear fuel designs. We spent approximately \$1.5 million and \$2.0 million for research and development during the years ended December 31, 2014 and 2013, respectively.

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

Consulting Services Business

At the present time, all of our revenue for the years ended December 31, 2014 and 2013 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 - Restated

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

	Year Ended December 31,	
	2014	2013
Consolidated Statements of Income Data:		
Revenues	100 %	100
Costs and expenses:		
Cost of revenues	58	58
Gross Profit	42	42
Research and development	117	107
General and administrative	293	190
Total costs and expenses	410	297
Income (loss) from operations	(368)	(255)
Other income (expenses), net - restated	89	14
Income (loss) before income taxes	(279)	(241)
Provision for income taxes	-	-
Net income (loss)	(279)	(241)

Revenue

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

	Year Ended December 31,	
	2014	2013
Consulting Segment Revenues:		
ENEC and FANR (UAE)	\$ 1.1	\$ 1.8
Other (other countries)	<u>0.2</u>	<u>0.1</u>
Total	1.3	1.9
Technology Segment Revenues	0.0	0.0
Total Revenues	<u>\$ 1.3</u>	<u>\$ 1.9</u>

The decrease in our revenues from 2013 to 2014 of \$0.6 million resulted from the net decrease in the work performed for our FANR and ENEC projects of approximately \$0.7 million. This decrease was partially offset by an increase in our consulting revenues from Lloyds Register of approximately \$0.1 million. Our consulting projects with ENEC and FANR are being performed pursuant to ongoing requests to work on specific projects on a time and expense basis as needed. The FANR contract was extended to December 31, 2016. The ENEC contract has been extended through 2015. The future revenue to be earned and recognized under both the ENEC and FANR agreements will depend upon agreed upon work plans that are under current discussion, which can differ from the revenue amounts initially planned to be earned under these agreements.

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

See Note 1 and Note 4 of the Notes to our Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K/A 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 (in millions):

	Year Ended December 31,	
	2014	2013
Consulting	\$ 0.8	\$ 1.1
Technology	0.0	0.0
Total	<u>\$ 0.8</u>	<u>\$ 1.1</u>

Cost of Services Provided

Cost of services provided is comprised of expenses related to the consulting, professional, administrative, and other support costs allocated to our technology and consulting projects, which were incurred to perform and support the work done for our consulting projects with ENEC, FANR and our other contracts. The billing rates to us from our consultants who provide services under our consulting contracts predominantly remained the same in 2014 and 2013. The decrease in our consulting costs of \$0.3 million was a result of the decrease of the work we performed for our consulting projects, as discussed above.

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.

See Note 1 and Note 4 of the Notes to our Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K/A for additional information about our cost of services provided.

Research and Development

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

	Year Ended December 31,	
	2014	2013
Research and development expenses	\$ 1.5	\$ 2.0

Research and development expenses consist mostly of compensation and related costs for personnel responsible for the research and development of our fuel. The decrease of \$0.5 million in 2014 was primarily due to a decrease in research and development labor costs. All of our research and development activities were conducted in Russia and the United States. We expense research and development costs as they are incurred.

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

See Note 11 of the Notes to our Consolidated Financial Statements included in Part II Item 8 of this Annual Report Form on 10-K/A for additional information about our research and development costs.

General and Administrative Expenses

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

	Year Ended December 31,	
	2014	2013
General and administrative expenses	\$ 3.8	\$ 3.6

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

The general and administrative expenses increase of \$0.2 million was due to an increase in payroll expenses and payroll related benefits of \$0.3 million, which was due to an increase in 2014 employee termination costs; an increase in professional fees of \$0.3 million which was partially due to our fundraising efforts in 2014, which increases were offset by decreases in computer software expenditures of \$0.1 million; decrease in rent expense of \$0.2 million due to the new lease in 2014 for less office space ; and a decrease in all other general and administrative expenses of \$0.1 million.

See Note 12 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K/A for information regarding our stock-based compensation.

Other Income (Expenses), Net - restated

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

	Year Ended December 31,	
	2014	2013
Other income and (expenses)	\$ 1.2	\$ 0.3

Change in Revaluation of Warrant Liability

During the years ended December 31, 2014 and 2013, we recorded non-cash warrant income of \$1.2 million and warrant income of \$0.3 million, respectively, for warrant revaluation in our statements of operations due to a change in the fair value of the warrant liability as a result of a change in our stock price and a change in the contractual life of the warrants.

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

Interest Income and Other Income (Expenses), Net

The increase in investment income is due to losses on marketable securities that were incurred in 2013. All marketable securities were sold in 2014.

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,	
	2014	2013
Provision for income taxes	\$ 0.0	\$ 0.0

We incurred a net loss for both 2014 and 2013, and took a 100% valuation allowance against all deferred tax assets. Therefore we did not have a provision for taxes for both years ended December 31, 2014 and 2013.

See Note 8 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K/A for information regarding our Income Taxes.

Liquidity, Capital Resources and Financial Position

As of December 31, 2014, we had total cash and cash equivalents and marketable securities of approximately \$4.2 million. Our working capital at December 31, 2014, is approximately \$4.6 million. Our projected monthly cash flow shortfall from our current operations for the next 12 months is approximately \$450,000 per month. Based on our December 31, 2014 working capital amount and our projected monthly operating cash flow shortfall, we do not expect to have sufficient working capital to fund our operations for the next 12 months. We are working to reduce our current monthly cash flow shortfall. We may also delay incurring some operating expenses in 2015, which will reduce our cash flow shortfall for the next 12 months, if needed. The following table provides detailed information about our net cash flow for all financial statements periods presented in this Report.

Cash Flow (in millions)

	Year Ended December 31,	
	2014	2013
Net cash used in operating activities	\$ (4.3)	\$ (3.9)
Net cash provided by investing activities	\$ (0.1)	\$ 1.4
Net cash provided by financing activities	\$ 5.0	\$ 4.0
Net cash inflow	\$ 0.6	\$ 1.5

Operating Activities

The increase in our cash used in operating activities in 2014 was primarily due to the decrease in our consulting revenue in 2014 and the change in working capital items as explained below.

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 adjustments for non-cash income items totaling \$0.9 million, consisting of stock-based compensation of \$0.3 million and warrant revaluation (income) of \$(1.2) million. Total cash provided by working capital totaled \$0.3 million. The cash provided by working capital was due primarily to the increase in accounts payable and accrued expenses of \$0.3 million.

Cash used in operating activities in the year ended December 31, 2013, 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, 2013, consisted of a net loss of \$4.6 million and net adjustments for non-cash expense items totaling \$0.14 million, consisting of stock-based compensation of \$0.3 million, warrant revaluation income of \$(0.3) and unrealized losses on marketable securities of \$0.1 million. Total cash provided by working capital totaled \$0.6 million. The cash provided by working capital was due to the decrease in accounts receivable of \$0.2 million, a decrease in prepaid expenses and other assets of \$0.3 million, and an increase in accounts payable, accrued expenses and other current liabilities of \$0.1 million.

Investing Activities

Net cash used by our investing activities for the year ended December 31, 2014, as compared to net cash provided by our investing activities in 2013, decreased by \$1.6 million. Such decrease was due to the decrease in proceeds from the sale of our marketable securities of \$1.6 million; Patent applications costs are also part of our investing activities. These applications are filed for the new developments resulting from our research and development activities in our technology business segment. We anticipate these patent costs to increase in the future periods due to the continuing research and development work we plan to perform on our all-metal fuel design.

Financing Activities

Net cash provided by our financing activities for the year ended December 31, 2014, as compared to 2013 increased by \$1.0 million. This increase was due to the net proceeds of 4.5 million from the issuance of 2.9 million shares of our common stock in November 2014, \$0.3 million from the exercise of warrants in September 2014 and a decrease in our restricted cash of \$0.2 million.

See Note 12 of the Notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K/A for information regarding our Stockholders' Equity.

Short-Term and Long-Term Liquidity Sources

We will seek new financing or additional sources of capital, depending on the capital market conditions, over the next 12 months. The primary potential sources of cash available to us are as follows:

1. Equity investment from investors;
2. Strategic investment 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; and
3. New consulting contracts.

In support of our long-term business plan with respect to our fuel technology business, we endeavor to create strategic alliances with major fuel vendors, fuel fabricators and/or other strategic parties during the next 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.

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

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, 2014 and 2013 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 (Restated) 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 (a) material information relating to us, including our consolidated subsidiaries, is made known to management, including these officers, by our other employees, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. At the time of the filing of our Annual Report on Form 10-K for the year ended December 31, 2014 on March 25, 2015, 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, 2014. Subsequent to that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2014 due to the material weakness in our internal control over financial reporting referenced below.

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, 2014. In making this assessment, management used the framework based on the criteria in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on their assessment of those criteria, management, with the participation of our Chief Executive Officer and Chief Financial Officer, determined that as of December 31, 2014, the Company's internal controls over financial reporting were not effective.

At the time that our Annual Report on Form 10-K for the year ended December 31, 2014 was filed on March 25, 2015, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was effective as of December 31, 2014. Subsequent to that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that we did not maintain effective internal control over financial reporting as of December 31, 2014 because of a material weakness in our internal control over financial reporting described below related to accounting for warrants. Notwithstanding the material weakness described above, management has concluded that our audited consolidated financial statements and unaudited condensed consolidated financial statements for the periods included in this Annual Report on Amended Form 10-K/A are fairly stated in all material respects in accordance with generally accepted accounting principles for each of the periods presented herein.

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

Restatement of Consolidated Financial Statements

On November 4, 2015, Company management, in consultation with its Audit Committee, revised its prior position on accounting for warrants and concluded that its previously issued consolidated financial statements for all periods beginning with the quarterly period ended September 30, 2010 through December 31, 2014 (collectively, the “Affected Periods”) should not be relied on because of a misapplication in the guidance on accounting for Warrants (as defined in Note 2 of these consolidated financial statements). However, the non-cash adjustments to the financial statements, in all of the Affected Periods, do not impact the amounts previously reported for the Company’s cash and cash equivalents, total assets, revenue, or cash flows.

Changes in Internal Controls

During the fourth quarter of 2014, there were no changes in our internal control over financial reporting identified in connection with the evaluation performed during the fiscal year covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information

None.

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 registrant as filed with the Secretary of State of Nevada. (Incorporated by reference to Exhibit 3.1 to the Registrant's registration statement on Form SB-2 filed on December 11, 2001 in commission file number 333-74914)
3.2	Certificate of Amendment to Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to the Registrant's current report on 8-K filed on February 13, 2006)
3.3	Certificate of Amendment to Articles of Incorporation. (Incorporated by reference to appendix A to the Registrant's definitive information statement on Schedule 14C filed on July 31, 2006)
3.4	Certificate of Amendment to Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to the Registrant's current report on 8-K filed on September 25, 2009)
3.5	Amended and Restated Bylaws of the Registrant. (Incorporated by reference to Exhibit 3.2 to the Registrant's current report on 8-K filed on July 9, 2007)
4.1	2006 Stock Plan (incorporated by reference to Exhibit 10.1 of the current report of the Company on Form 8-K filed February 21, 2006).
4.2	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to the current report of the Company on Form 8-K filed November 12, 2014)
10.1**	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 of the Company on Form 8-K filed February 21, 2006).
10.2	Initial Cooperation Agreement, dated October 20, 2014, between the Company and the Atomic Energy of Canada Limited (AECL) (incorporated by reference to Exhibit 99.1 of the current report of the Company on Form 8-K filed October 20, 2014)
10.3**	Employment Agreement, dated July 27, 2006, between the Company and Andrey Mushakov (incorporated by reference to Exhibit 10.1 of the current report of the Company on Form 8-K filed August 4, 2006).
10.4**	Independent Director Contract, dated August 21, 2006, between the Company and Victor Alessi (incorporated by reference to Exhibit 10.1 of the current report of the Company on Form 8-K filed August 25, 2006).
10.5**	Independent Director Contract, dated October 10, 2013, between the Company and Kathleen Kennedy Townsend*
10.6**	Independent Director Contract, dated October 23, 2006, between the Company and Daniel B. Magraw (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on October 23, 2006).
10.7**	Employment Agreement, dated February 1, 2007, between James Guerra and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on October 23, 2007).
10.8**	Restricted Stock Grant Agreement, dated July 14, 2009, between Seth Grae and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 20, 2009).

10.9**	Stock Option Agreement, dated July 14, 2009, between Seth Grae and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 20, 2009).
10.10**	Restricted Stock Grant Agreement, dated July 14, 2009, between James Guerra and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 20, 2009).
10.11**	Stock Option Agreement, dated July 14, 2009, between James Guerra and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 20, 2009).
10.12	Collaboration Framework Agreement, dated August 3, 2009, between the Company and AREVA (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on August 6, 2009).
10.13*‡	Agreement No. EDC10017, dated January 1, 2010, between Emirates Nuclear Energy Corporation and the Company.
10.14*	Change Order No. 4 to Agreement No. EDC10017.
10.15*	Change Order No. 5 to Agreement No. EDC10017.
10.16*	Change Order No. 6 to Agreement No. EDC10017.
10.17*	Change Order No. 7 to Agreement No. EDC10017.
10.18*‡	Consultancy Services Agreement, dated November 1, 2013, between Emirates Nuclear Energy Corporation and the Company.
10.19*‡	Change Order No. 1 to Consultancy Services Agreement.
10.20*‡	Consultancy Agreement, dated July 15, 2012, between the Federal Authority for Nuclear Regulation (UAE) and the Company.
10.21*‡	Amendment No. 1 to Consultancy Agreement, dated January 1, 2013, between the Federal Authority for Nuclear Regulation (UAE) and the Company.
10.22*‡	Amendment No. 2 to Consultancy Agreement, dated January 1, 2014, between the Federal Authority for Nuclear Regulation (UAE) and the Company.
10.23*‡	Amendment No. 3 to Consultancy Agreement, dated November 10, 2014, between the Federal Authority for Nuclear Regulation (UAE) and the Company.
10.24*‡	Consultancy Agreement, dated June 1, 2014, among the Federal Authority for Nuclear Regulation (UAE), Lloyd's Register EMEA and the Company.
10.25*‡	Relationship Deed, dated June 22, 2014, between Lloyd's Register EMEA and the Company.
10.26*	Strategic Alliance Agreement, dated August 16, 2012, between Lloyd's Register EMEA and the Company.
10.27*‡	Subcontracted Services Agreement Order Form, dated October 12, 2013, between Lloyd's Register Asia and the Company.
14.1	Code of Ethics (incorporated by reference from the Company's Annual Report on Form 10-KSB filed on November 25, 2005).
23.1*	Consent of Anderson Bradshaw
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 — Interim 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 herewith

** Indicates management contract or compensatory plan or arrangement.

‡ Certain portions of this exhibit have been omitted by 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.

LIGHTBRIDGE CORPORATION
December 31, 2014 and 2013
TABLE OF CONTENTS

	Page
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets (as Restated)	F-2
Consolidated Statements of Operations (as Restated)	F-3
Consolidated Statements of Cash Flows (as Restated)	F-4
Consolidated Statement of Changes in Stockholders' Equity (as Restated)	F-5
Notes to Consolidated Financial Statements (as Restated)	F- 6 tp F-29



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

To The Board of Directors and Stockholders of
Lightbridge Corporation

We have audited the accompanying consolidated balance sheets of Lightbridge Corporation (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of operations, cash flows, and changes in stockholders' equity for each of the years 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 audits 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 audits 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 audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 audits provide 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 2013, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 the Company determined it was necessary to restate the 2014 and 2013 consolidated financial statements.

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 as to which are dated November 23, 2015

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Lightbridge Corporation
Consolidated Balance Sheets

	December 31, 2014 (Restated)	December 31, 2013 (Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,220,225	\$ 3,672,877
Marketable securities	-	15,731
Restricted cash	325,181	555,008
Accounts receivable - project revenue and reimbursable project costs	469,086	425,916
Prepaid expenses and other current assets	205,185	288,939
Total Current Assets	<u>5,219,677</u>	<u>4,958,471</u>
Property Plant and Equipment -net	-	-
Other Assets		
Patent costs	833,560	699,168
Total Assets	<u>\$ 6,053,237</u>	<u>\$ 5,657,639</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 653,669	476,628
Total Current Liabilities	653,669	476,628
Warrant liability	4,633,312	1,711,331
Total Liabilities	<u>5,286,981</u>	<u>2,187,959</u>
Commitments and contingencies - note 10		
Stockholders' Equity		
Preferred stock, \$0.001 par value, 50,000,000 authorized shares, no shares issued and outstanding	-	-
Common stock, \$0.001 par value, 500,000,000 authorized, 18,082,874 shares outstanding and 15,057,243 shares outstanding at December 31, 2014 and December 31, 2013, respectively	18,083	15,057
Additional paid-in capital	70,801,464	69,853,600
Accumulated Deficit	(70,053,291)	(66,398,977)
Total Stockholders' Equity	<u>766,256</u>	<u>3,469,680</u>
Total Liabilities and Stockholders' Equity	<u>\$ 6,053,237</u>	<u>\$ 5,657,639</u>

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

Lightbridge Corporation
Consolidated Statements of Operations

	Years Ended December 31,	
	2014 (Restated)	2013 (Restated)
Revenue:		
Consulting Revenue	\$ 1,310,199	\$ 1,901,354
Cost of Consulting Services Provided	<u>756,277</u>	<u>1,109,890</u>
Gross Margin	<u>553,922</u>	<u>791,464</u>
Operating Expenses		
General and administrative	3,834,935	3,616,897
Research and development expenses	<u>1,534,605</u>	<u>2,027,905</u>
Total Operating Expenses	<u>5,369,540</u>	<u>5,644,802</u>
Operating Loss	<u>(4,815,618)</u>	<u>(4,853,338)</u>
Other Income and (Expenses)		
Warrant revaluation	1,162,730	277,796
Investment income	1,951	(8,133)
Other income (expenses)	<u>(3,377)</u>	<u>(3,490)</u>
Total Other Income and (Expenses)	<u>1,161,304</u>	<u>266,173</u>
Net loss before income taxes	(3,654,314)	(4,587,165)
Income taxes	<u>--</u>	<u>--</u>
Net loss	<u>\$ (3,654,314)</u>	<u>\$ (4,587,165)</u>
Net Loss Per Common Share, Basic and Diluted	<u>\$ (0.24)</u>	<u>\$ (0.35)</u>
Weighted Average Number of Shares Outstanding	<u>15,463,392</u>	<u>13,009,575</u>

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

Lightbridge Corporation
Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2014 (Restated)	2013 (Restated)
Operating Activities:		
Net Loss	\$ (3,654,314)	\$ (4,587,165)
Adjustments to reconcile net loss from operations to net cash used in operating activities:		
Stock-based compensation	282,276	329,499
Depreciation and amortization	-	17,221
Loss on marketable securities	1,297	49,116
Warrant revaluation	(1,162,730)	(277,796)
Changes in non-cash operating working capital items:		
Accounts receivable - fees and reimbursable project costs	(43,170)	175,887
Prepaid expenses and other assets	83,754	285,651
Accounts payable and accrued liabilities	177,040	91,405
Net Cash Used In Operating Activities	<u>(4,315,847)</u>	<u>(3,916,182)</u>
Investing Activities:		
Proceeds from the sale of marketable securities	14,434	1,572,242
Purchase of marketable securities	-	(38,880)
Patent costs	(134,392)	(98,572)
Net Cash Provided by (Used In) Investing Activities	<u>(119,958)</u>	<u>1,434,790</u>
Financing Activities:		
Net proceeds from the issuance of common stock	4,753,326	3,958,040
Restricted cash	229,827	(1,326)
Net Cash Provided by Financing Activities	<u>4,983,153</u>	<u>3,956,714</u>
Net Increase In Cash and Cash Equivalents	547,348	1,475,322
Cash and Cash Equivalents, Beginning of Year	<u>3,672,877</u>	<u>2,197,555</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,220,225</u>	<u>\$ 3,672,877</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-Cash Financing Activity:		
Warrant liability - fair value of warrants exercised	<u>\$ 331,144</u>	<u>\$ --</u>

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

**Consolidated Statement of Changes in Stockholders' Equity
For The Years Ended December 31, 2014 and 2013**

	Common Stock		Additional		Deficit	Stock Committed Future Issuance	Stockholders' Equity
	Shares	Amount	Paid-in Capital				
Balance - December 31, 2012 - Restated	12,526,240	\$ 12,526	\$ 67,093,434	\$ (61,811,812)	\$	3,125	\$ 5,297,273
Proceeds from the sale of common stock - net of offering costs	2,531,003	2,531	3,958,634			(3,125)	3,958,040
Fair value of warrants issued with financing			(1,527,967)				(1,527,967)
Net loss				(4,587,165)			(4,587,165)
Stock-based compensation			329,499				329,499
Balance - December 31, 2013 - Restated	15,057,243	\$ 15,057	\$ 69,853,600	\$ (66,398,977)	\$	-	\$ 3,469,680
Shares issued- registered offerings and stock grants	2,892,809	3,026	4,750,300				4,753,326
Fair value of warrants issued with financing			(4,415,855)				(4,415,855)
Warrants exercised	132,822		331,144				331,144
Net loss				(3,654,314)			(3,654,314)
Stock-based compensation			282,275				282,275
Balance -December 31, 2014 - Restated	18,082,874	\$ 18,083	\$ 70,801,464	\$ (70,053,291)	\$	-	\$ 766,256

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

We were formed on October 6, 2006, when Thorium Power, Ltd. merged with Thorium Power, Inc., (“TPI”) which had been formed in the State of Delaware on January 8, 1992. On September 29, 2009, we changed our name from Thorium Power, Ltd. to Lightbridge Corporation (“Lightbridge” or the “Company”). We are engaged in two operating business segments: our Technology Business Segment and our Consulting Business Segment (see Note 13-Business Segment Results).

Technology Business Segment

Our primary business segment, based on future revenue potential, is to develop innovative, proprietary nuclear fuel designs which we expect will significantly enhance the nuclear power industry’s economics and increase power output by: (1) 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 limited to an 18-month operating cycle); alternatively, the power can be increased up to 17% while retaining an 18-month operating cycle; (2) Enabling increased reactor power output (up to 30% increase) without changing the core size in new build PWRs; and (3) Reducing the volume of used 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 temperature during operation, our metallic nuclear fuel rods are expected to have improved safety margins during off-normal events.

U.S. Nuclear Regulatory Commission processes require engineering analysis of a large break loss-of-coolant accident (“LOCA”). The 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 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 generating hydrogen gas. Buildup of hydrogen gas in a nuclear power plant can lead to a detonation. Lightbridge fuel is designed to prevent hydrogen gas generation in LOCA situations.

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 October 20, 2014, we announced the signing of an initial cooperation agreement with Canadian Nuclear Laboratories (“CNL”), formerly known as Atomic Energy of Canada Limited-Chalk River Laboratories, for fabrication and test reactor irradiation of Lightbridge’s patented next generation metallic nuclear fuel samples. The work will take place at CNL’s facilities at Chalk River, Ontario, Canada.

Consulting Business Segment

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

On October 7, 2013, we were selected as technical advisor to provide independent re-verification of equipment and material procurement processes related to construction and maintenance of nuclear power plants operated by Korea Hydro and Nuclear Power Company ("KHNP"). As a subcontractor to London-based Lloyd's Register Group Limited, we will focus on the environmental and seismic qualification and commercial grade dedication aspects of a two-year Lloyd's Register/KHNP contract.

On August 11, 2014, we were selected to provide quality assurance, safety and construction and operational readiness 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 and is contracted to extend to December 2017.

On August 14, 2014, we signed a Memorandum of Understanding with the Vietnam Agency for Radiation and Nuclear Safety ("VARANS") to provide regulatory, legal, and administrative support to Vietnam's civil nuclear program.

On October 17, 2014, we signed with the Vietnam Atomic Energy Institute ("VINATOM") a comprehensive cooperation agreement for consulting services related to the construction and safe operation of Vietnam's Atomic Energy Research Center, including a nuclear research reactor. Our collaboration with VINATOM involves 24 specific activities, including design review and selection of nuclear research reactors, site selection, and nuclear security protocols.

On October 17, 2014, we signed with Vietnam's leading energy engineering consultant, Power Engineering Consulting Joint Stock Company 1 ("PECC1"), a teaming agreement for consulting services related to construction and safe operation of a nuclear research reactor, which is planned as part of the country's Center for Nuclear Energy Science and Technology ("CNEST"). Work under the five-year, Lightbridge/VINATOM agreement will support CNEST, Vietnam's nuclear science and technology center, a planned \$500 million facility. The VINATOM agreement also stipulates support for nuclear quality assurance; research-reactor fuel selection; control-room operations; safeguards, control and accounting of nuclear material; and related training programs.

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

Accounting Policies and Pronouncements

Basis of Consolidation

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

All significant intercompany transactions and balances have been eliminated in consolidation. We registered a branch office in the United Kingdom in 2008 called Lightbridge Advisors Limited (inactive) and we also established a branch office in Moscow, Russia, in July 2009, both of which are wholly owned by Lightbridge International Holding LLC at December 31, 2014. These branch offices will be closed in 2015. Translation gains and losses for the years ended December 31, 2014 and 2013, were not significant.

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, 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.

Company Liquidity, Certain Risks, Uncertainties and Concentrations

Management anticipates, based on the Company's projected working capital requirements including its projected research and development expenses over the next 12 months, that it will need to raise additional capital in 2015 by way of an offering of equity securities, an offering of debt securities, or a financing through a bank. The Company continues to reduce its current operating expenses and may also need to reduce its projected research and development expenditures in 2015 in order to maintain sufficient working capital for the next 12 months.

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, the ability to safeguard the production of nuclear power, and 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 our 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.

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents and accounts receivable. Cash equivalents consist of a checking account held with one major financial institution with a high credit standing.

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; however, no reserve has been set up for 2014 and 2013, as we have not incurred any credit losses from our customers to date. Substantially all of our consulting revenues were from our Middle East contracts, for the years ended December 31, 2014 and 2013, respectively.

Revenue Recognition Consulting Business Segment

At the present time, we derive all of our revenue from our consulting and strategic advisory services business segment, 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 on a time and expense basis and on a fixed contract basis with revenue recognized based on the acceptance of defined contract deliverables.

Certain customer arrangements require evaluation of the criteria outlined in the accounting standards for reporting revenue “*Gross as a Principal Versus Net as an Agent*” in determining whether it is appropriate to record the gross amount of revenue and related costs, or the net amount earned as agent fees. Generally, when we are primarily obligated in a transaction, revenue is recorded on a gross basis. Other factors that we consider in determining whether to recognize revenue on a gross versus net basis include our assumption of credit risk, latitude in establishing prices, our determination of service specifications, and our involvement in the provision of services. We have determined, based on the credit risk that we bear for collecting consulting fees, travel costs, and other reimbursable costs from our customers, that in 2014 and 2013 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, and other related consulting costs. All costs directly related to producing work under certain consulting agreements where revenue is recognized upon acceptance of certain contractual milestones by our customer, are first capitalized as deferred project costs. Deferred project costs are then recognized or amortized to an expense captioned “cost of consulting services provided” on the accompanying consolidated statement of operations, when the revenue is recognized upon the delivery and acceptance of the defined contractual milestones or deliverables.

Technology Business Segment

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

Stock-Based Compensation

The stock-based compensation expense incurred by Lightbridge for employees and directors in connection with its stock option plan is based on the employee model of ASC 718, and the fair market 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-Merton 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 market values of the underlying stock on the measurement date of the grant. Shares that are issued to officers on the exercise dates of their stock options may be issued net of the statutory withholding requirements to be paid by us on behalf of our employees. As a result, the actual number of shares issued will be fewer than the actual number of shares exercised under the stock option. We recognize stock-based compensation using the straight-line method.

For each of the years ended December 31, 2014 and 2013, we recognized stock-based compensation of approximately \$0.3 million. Related income tax benefits were not recognized, as we incurred a tax loss for both years.

Fair Value of Financial Instruments

The carrying amounts of our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities, approximate fair value because of their generally short maturities. We carry marketable securities at fair value. All marketable securities were sold in 2014.

Cash and Cash Equivalents, Restricted Cash and Marketable Securities

We invest our excess cash in money market mutual funds, and mutual bond 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 and a money market core cash account, as reported on the accompanying consolidated balance sheets, totaled approximately \$4.2 million and \$3.7 million at December 31, 2014 and 2013, respectively.

Restricted cash represents cash being held by one 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, 2014 and 2013 was approximately \$0.3 million and \$0.6 million, respectively.

Currently \$30,000 of the restricted cash is dedicated to our corporate credit card and daily ACH transaction limit. The balance of the restricted cash is for future letters of credit. There were no Letters of Credit outstanding at December 31, 2014 and 2013. We are free to lower the amount of cash held in the restricted account if we decide to discontinue this arrangement with our Financial Institution. We determine the appropriate classification of our investments in marketable securities at the time of purchase and reevaluate such designation at each balance sheet date. We have classified and accounted for our marketable securities as available-for-sale, however we carry these securities at fair value (see below election made to value these financial instruments at fair market value). The fair value of substantially all securities is determined by quoted market prices.

All marketable securities are classified as available-for-sale securities and are reported at their fair value (level 1). A level 1 measurement under the FASB pronouncements is the first tier of a three tier hierarchy for fair value measurements used in valuation methodologies. This valuation level allows for fair value measurements where the inputs are the quoted prices for the assets in the active markets. All of our marketable securities have quoted market prices and these quoted prices are used to determine the fair value of our marketable securities.

The total quoted fair value of our marketable securities at December 31, 2014 and December 31, 2013, was approximately \$0 and \$16,000, respectively. This amount was held in Vanguard High Yield Corp Investor Fund (Symbol -VWEHX). The cost basis of this above investment at December 31, 2013, was approximately \$15,000.

Investment Income (loss) is earned on marketable securities and consists of unrealized gains (losses), realized capital gains or losses, interest and dividends received, as reported to us from the financial institutions in which they were reinvested, and totaled approximately \$2,000 and (\$8,000) for the years ended December 31, 2014 and 2013, respectively. We elected the fair value option permitted under FASB ASC 825 to report the unrealized gains and losses from our marketable securities in our accompanying consolidated statement of operations instead of other comprehensive income and loss. Management believes the fair value option provides a better indication of the Company's performance.

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, 2014 and 2013, as we have not experienced any significant bad debt write-offs from any of our customers. Substantially all accounts receivable at December 31, 2014 and 2013 are from the FANR and ENEC contracts (see Note 4-Accounts Receivable – Project Revenue and Reimbursable Project Costs).

Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with United States generally accepted accounting principles. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance to the extent that the recoverability of the asset is unlikely to be recognized. We did not provide any current or deferred income tax provision or benefit for any periods presented to date because we have continued to experience a net operating loss since inception and therefore provide a 100% valuation allowance against all of our deferred tax assets (see Note 8–Income Taxes).

The Company adopted the ASC accounting pronouncement “ Accounting for Uncertainty in Income Taxes ”. This pronouncement provides guidance for recognizing and measuring uncertain tax positions, as defined in the FASB accounting pronouncement “Accounting for Income Taxes ”. This pronouncement prescribes a threshold condition that a tax position must meet for any of the benefits of the uncertain tax position to be recognized in the financial statements. This pronouncement also provides accounting guidance on derecognizing, classification and disclosure of these uncertain tax positions. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company has not recognized any interest and penalties in 2014 or 2013.

Foreign Currency

The functional currency of our international subsidiaries and branches is the local currency. We translate the financial statements of these subsidiaries to U.S. dollars using month-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, 2014 and 2013.

Patents and Legal Costs

Patents are stated on the accompanying consolidated balance sheets at cost less accumulated amortization. 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, 2014 and 2013.

Legal costs are expensed as incurred except for legal costs to file for patent extensions and 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, 2014 and 2013.

Research, Development and Related Expenses

These costs from our Technology business segment are charged to operations in the year incurred and are shown on a separate line on the accompanying Consolidated Statements of Operations. Research and development and related expenses totaled approximately \$1.5 million and \$2.0 million for the years ended December 31, 2014 and 2013, respectively.

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 13-Business Segment Results).

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.

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 on warrants, see Note 9.

Recent Accounting Pronouncements

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

Note 2. Restatement of Consolidated Financial Statements

On November 4, 2015, the Audit Committee of the Company's Board of Directors (the "Audit Committee"), in connection with an internal review initiated by Company management, concluded that, because of a misapplication of the accounting guidance related to certain of the Company's warrants, the Company's previously issued consolidated financial statements for all periods beginning with the quarterly period ended September 30, 2010 through June 30, 2015 (collectively, the "Affected Periods") should no longer be relied upon. As such, the Company is restating in this Annual Report its financial statements for the following periods: (i) the years ended December 31, 2014 and December 31, 2013, and (ii) all quarterly periods of 2014 and 2013, and (iii) the quarterly periods ended March 31, 2015 and June 30, 2015. However, these restatements result in non-cash, non-operating financial statement corrections and will have no impact on the Company's current or previously reported cash position, operating expenses or total operating, investing or financing cash flows, or net operating loss carryforward. The Company's December 31, 2012 opening balances were adjusted to reflect the cumulative impact of these restatements as a decrease in additional paid-in capital of approximately \$4.9 million and a decrease in accumulated deficit of approximately \$4.4 million, for a total change to stockholders' equity of approximately \$0.5 million.

The warrants at issue (collectively, the "Warrants") consist of the following outstanding as of December 31, 2014 and December 31, 2013:

	December 31,	
	2014	2013
Issued to Investors on July 28, 2010, entitling the holders to purchase 1,034,996 common shares in the Company at an exercise price of \$9.00 per common share up to and including July 27, 2017	1,034,996	1,034,996
Issued to Investors on October 25, 2013, entitling the holders to purchase 1,250,000 common shares in the Company at an exercise price of \$2.30 per common share up to and including April 24, 2021	1,117,178	1,250,000
Issued to Investors on November 17, 2014, entitling the holders to purchase 2,734,590 common shares in the Company at an exercise price of \$2.31 per common share up to and including May 16, 2022	2,734,590	--
Total	4,886,764	2,284,996

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

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

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

Impact of the Restatement – December 31, 2014 and December 31, 2013

	Year Ended December 31, 2014		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data:			
Warrant revaluation	\$ -	1,162,730	\$ 1,162,730
Loss from operations before income taxes	(4,817,044)	1,162,730	(3,654,314)
Net loss	(4,817,044)	1,162,730	(3,654,314)
Net loss per share, basic and diluted	\$ (0.31)	0.07	\$ (0.24)

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

	Year Ended December 31, 2014		
	As Previously Reported	Adjustment	As Restated
Consolidated Cash Flows Data:			
Net loss	\$ (4,817,044)	1,162,730	\$ (3,654,314)
Warrant revaluation	\$ -	(1,162,730)	\$ (1,162,730)

	Year Ended December 31, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data:			
Warrant revaluation	\$ -	277,796	\$ 277,796
Loss from operations before income taxes	(4,864,961)	277,796	(4,587,165)
Net loss	(4,864,961)	277,796	(4,587,165)
Net loss per share, basic and diluted	\$ (0.37)	0.02	\$ (0.35)

	As of December 31, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Balance Sheet Data:			
Warrant liability	\$ -	1,711,331	\$ 1,711,331
Total liabilities	476,628	1,711,331	2,187,959
Additional paid-in capital	76,243,764	(6,390,164)	69,853,600
Accumulated deficit	(71,077,810)	4,678,833	(66,398,977)
Total stockholders' equity	\$ 5,181,011	(1,711,331)	\$ 3,469,680

	Year Ended December 31, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Cash Flows Data:			
Net loss	\$ (4,864,961)	277,796	\$ (4,587,165)
Warrant revaluation	\$ -	(277,796)	\$ (277,796)

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

	Three Months Ended September 30, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	(47,862)	\$ (47,862)
Loss from operations before income taxes	(1,319,279)	(47,862)	(1,367,141)
Net loss	(1,319,279)	(47,862)	(1,367,141)
Net loss per share, basic and diluted	\$ (0.11)	(0.00)	\$ (0.11)

	Nine Months Ended September 30, 2014		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	(1,213,051)	\$ (1,213,051)
Loss from operations before income taxes	(3,850,342)	(1,213,051)	(5,063,393)
Net loss	(3,850,342)	(1,213,051)	(5,063,393)
Net loss per share, basic and diluted	\$ (0.26)	(0.08)	\$ (0.34)

	Nine Months Ended September 30, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	(85,873)	\$ (85,873)
Loss from operations before income taxes	(3,622,046)	(85,873)	(3,707,919)
Net loss	(3,622,046)	(85,873)	(3,707,919)
Net loss per share, basic and diluted	\$ (0.29)	(0.01)	\$ (0.30)

	As of September 30, 2014		
	As Previously Reported	Adjustment	As Restated
Consolidated Balance Sheet Data (unaudited):			
Warrant liability	\$ -	2,593,238	\$ 2,593,238
Total liabilities	389,404	2,593,238	2,982,642
Additional paid-in capital	76,776,381	(6,059,020)	70,717,361
Accumulated deficit	(74,928,152)	3,465,782	(71,462,370)
Total stockholder's equity (deficit)	\$ 1,863,433	(2,593,238)	\$ (729,805)

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

	Nine Months Ended September 30, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Cash Flows Data (unaudited):			
Net loss	\$ (3,622,046)	(85,873)	\$ (3,707,919)
Warrant revaluation	\$ -	85,873	\$ 85,873

	Three Months Ended June 30, 2014		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	(96,029)	\$ (96,029)
Loss from operations before income taxes	(1,655,108)	(96,029)	(1,751,137)
Net loss	(1,655,108)	(96,029)	(1,751,137)
Net loss per share, basic and diluted	\$ (0.11)	(0.01)	\$ (0.12)

	Three Months Ended June 30, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	75,815	\$ 75,815
Loss from operations before income taxes	(1,023,844)	75,815	(948,029)
Net loss	(1,023,844)	75,815	(948,029)
Net loss per share, basic and diluted	\$ (0.08)	-	\$ (0.08)

	Six Months Ended June 30, 2014		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	(2,070,359)	\$ (2,070,359)
Loss from operations before income taxes	(3,089,030)	(2,070,359)	(5,159,389)
Net loss	(3,089,030)	(2,070,359)	(5,159,389)
Net loss per share, basic and diluted	\$ (0.21)	(0.13)	\$ (0.34)

	Six Months Ended June 30, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	(38,011)	\$ (38,011)
Loss from operations before income taxes	(2,302,766)	(38,011)	(2,340,777)
Net loss	(2,302,766)	(38,011)	(2,340,777)
Net loss per share, basic and diluted	\$ (0.18)	(0.01)	\$ (0.19)

	As of June 30, 2014		
	As Previously Reported	Adjustment	As Restated
Consolidated Balance Sheet Data (unaudited):			
Warrant liability	\$ -	3,781,690	\$ 3,781,690
Total liabilities	854,848	3,781,690	4,636,538
Additional paid-in capital	76,369,046	(6,390,164)	69,978,882
Accumulated deficit	(74,166,840)	2,608,474	(71,558,366)
Total stockholders' equity (deficit)	\$ 2,217,278	(3,781,690)	\$ (1,564,412)
Six Months Ended June 30, 2014			
	As Previously Reported	Adjustment	As Restated
Consolidated Cash Flows Data (unaudited)			
Net loss	\$ (3,089,030)	(2,070,359)	\$ (5,159,389)
Warrant revaluation	\$ -	2,070,359	\$ 2,070,359
Six Months Ended June 30, 2013			
	As Previously Reported	Adjustment	As Restated
Consolidated Cash Flows Data (unaudited):			
Net loss	\$ (2,302,766)	(38,011)	\$ (2,340,777)
Warrant revaluation	\$ -	38,011	\$ 38,011
Three Months Ended March 31, 2014			
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	(1,974,330)	\$ (1,974,330)
Loss from operations before income taxes	(1,433,922)	(1,974,330)	(3,408,252)
Net loss	(1,433,922)	(1,974,330)	(3,408,252)
Net loss per share, basic and diluted	\$ (0.10)	(0.13)	\$ (0.23)
Three Months Ended March 31, 2013			
	As Previously Reported	Adjustment	As Restated
Consolidated Statement of Operations Data (unaudited):			
Warrant revaluation	\$ -	(113,826)	\$ (113,826)
Loss from operations before income taxes	(1,278,922)	(113,826)	(1,392,748)
Net loss	(1,278,922)	(113,826)	(1,392,748)
Net loss per share, basic and diluted	\$ (0.10)	(0.01)	\$ (0.11)
As of March 31, 2014			
	As Previously Reported	Adjustment	As Restated
Consolidated Balance Sheet Data (unaudited):			
Warrant liability	\$ -	3,685,661	\$ 3,685,661
Total liabilities	636,742	3,685,661	4,322,403
Additional paid-in capital	76,303,552	(6,390,164)	69,913,388
Accumulated deficit	(72,511,732)	2,704,503	(69,807,229)
Total stockholders' equity	\$ 3,806,884	(3,685,661)	\$ 121,223

	Three Months Ended March 31, 2014		
	As Previously Reported	Adjustment	As Restated
Consolidated Cash Flows Data (unaudited):			
Net loss	\$ (1,433,922)	(1,974,330)	\$ (3,408,252)
Warrant revaluation	\$ -	1,974,330	\$ 1,974,330

	Three Months Ended March 31, 2013		
	As Previously Reported	Adjustment	As Restated
Consolidated Cash Flows Data (unaudited):			
Net loss	\$ (1,278,922)	(113,826)	\$ (1,392,748)
Warrant revaluation	\$ -	113,826	\$ 113,826

Note 3. Net Loss Per Share

Basic net loss per share is computed using the weighted-average number of common shares outstanding during the period except that it does not include unvested common shares subject to repurchase or cancellation. Diluted net income per share is computed using the weighted-average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options, warrants, restricted shares, and unvested common shares subject to repurchase or cancellation. The dilutive effect of outstanding stock options, restricted shares, restricted stock units, and warrants is not reflected in diluted earnings per share because we incurred net losses for the years ended December 31, 2014 and 2013, 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 (in millions except shares and per share amounts):

	2014	2013
	(Restated)	(Restated)
Numerator:		
Net loss	\$ (3.7)	\$ (4.6)
Denominator:		
Weighted-average common shares outstanding	15,463,392	13,009,575
Basic and diluted net loss per share	\$ (0.24)	\$ (0.35)

Note 4. Accounts Receivable – Project Revenue and Reimbursable Project Costs

FANR and ENEC Projects

The total accounts receivable from the FANR and ENEC contracts was approximately \$0.5 and \$0.4 million at December 31, 2014 and 2013, respectively. These amounts due from FANR and ENEC represent approximately 92% of the total accounts receivable reported at December 31, 2014. Approximately 81% and 95% of the total revenues reported for the years ended December 31, 2014 and 2013, were from the FANR and ENEC contracts. Approximately 15% of the total revenues for the year ended December 31, 2014 was from the Lloyd's Register contract.

Total unbilled accounts receivable included in the accompanying consolidated balance sheets and reported in accounts receivable of approximately \$40,000 and \$100,000 at December 31, 2014 and 2013, and is for work that was billed to our clients in January 2015 and January 2014, respectively. Foreign currency transaction exchange losses and translation gains and losses for the year ended December, 2014 and 2013, 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 totaled approximately \$0.1 million for the years ended December 31, 2014 and 2013, 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, 2014 and 2013.

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

Note 5. Prepaid Expenses & 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, 2014 and 2013, were approximately \$0.2 million and \$0.3 million, respectively.

One month of rent or approximately \$30,000 represents the security deposit placed on the McLean, Virginia corporate offices. The security deposit at December 31, 2014 and 2013, is reported under the balance sheet caption prepaid expenses and other current assets.

Note 6. Patents and Other Assets

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. There were no patents placed in service for the years ended December 31, 2014 and 2013. In both 2014 and 2013, we capitalized approximately \$0.1 million for patent filing costs, for a total investment in patents of approximately \$0.8 million and \$0.7 million as of December 31, 2014 and 2013, respectively.

No amortization expense of patents was recorded in either of the years ended December 31, 2014 and 2013. These patents were not placed in service for the years ended December 31, 2014 and 2013, or in prior years.

Note 7. Accounts Payable and Accrued Liabilities

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

	December 31, 2014	December 31, 2013
Trade payables	\$ 0.3	\$ 0.1
Accrued expenses and other	0.4	0.1
Accrued payroll liabilities	0.0	0.3
Total	<u>\$ 0.7</u>	<u>\$ 0.5</u>

Note 8. Income Taxes

Our tax provision is determined using an estimate of our annual effective tax rate adjusted for discrete items. The 2014 and 2013 annual effective tax rate is estimated to be a combined 38% for the U.S. federal and state statutory tax rate. We review tax uncertainties in light of changing facts and circumstances and adjust them accordingly. As of December 31, 2014 and 2013, there were no tax contingencies recorded.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities recognized for financial reporting, and the amounts recognized for income tax purposes. The significant components of deferred tax assets (at a 38% effective tax rate) as of December 31, 2014 and 2013, respectively, are as follows:

Deferred Tax Assets (\$ in millions)

Our tax provision is determined using an estimate of our annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. The 2014 and 2013 annual effective tax rate is estimated to be a combined 38% for the U.S. federal and state statutory tax rates. We review tax uncertainties in light of changing facts and circumstances and adjust them accordingly. As of December 31, 2014 and 2013, there were no tax contingencies recorded.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities recognized for financial reporting, and the amounts recognized for income tax purposes. The significant components of deferred tax assets (at a 38% effective tax rate) as of December 31, 2014 and 2013, respectively, are as follows:

Deferred Tax Assets (\$ in millions)

	Total		Deferred Tax Asset	
	2014	2013	2014	2013
Capitalized start-up costs	\$ 4.1	\$ 4.6	\$ 1.5	\$ 1.7
Stock-based compensation - net	16.5	16.3	6.3	6.2
Net operating loss carry-forward	45.2	40.1	17.2	15.3
Less: valuation allowance	(65.8)	(61.0)	(25.0)	(23.2)
Total	\$ -	\$ -	\$ -	\$ -

We have a net operating loss carry-forward for federal and state tax purposes of approximately \$45.2 million at December 31, 2014, that is potentially available to offset future taxable income, which will begin to expire in the year 2021. For financial reporting purposes, no deferred tax asset was recognized because at December 31, 2014 and 2013, management estimates that it is more likely than not that substantially all of the net operating losses will expire unused. As a result, the amount of the deferred tax assets considered realizable was reduced 100% by a valuation allowance. The change in the valuation allowance was approximately \$1.8 million and \$1.7 million for the years ended December 31, 2014 and 2013, respectively. Many of the Company's operating expenses in its 2007 and 2006 tax years were classified under the Internal Revenue Code as capitalized "Startup Costs", which did not begin to be deductible for tax purposes until 2008. The Company files a consolidated tax return with its subsidiaries. The Company is no longer subject to U.S. federal, state, or non-U.S. income tax examinations by tax authorities for tax years before 2011, except that earlier years can be examined for the sole purpose of challenging the net operating loss carry-forwards arising in those years.

The reconciliation between income taxes (benefit) at the U.S. and State statutory tax rates and the amount recorded in the accompanying consolidated financial statements is as follows:

(\$ in millions)	December 31, 2014	December 31, 2013
Tax benefit at U.S. federal statutory rate	\$ (1.2)	\$ (1.6)
State income taxes/(benefit) before valuation allowance, net of federal benefit	(0.1)	(0.2)
Warrant revaluation (income)/expense	(0.4)	(0.1)
Capitalized start-up costs	(0.2)	(0.2)
Stock-based compensation	0.1	(0.4)
Increase in valuation allowance	1.8	2.5
Total provision for income tax benefit	\$ 0	\$ 0

Note 9. 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.

Liability-classified Warrants

The foregoing warrants are recorded as liabilities at their estimated fair value at the date of issuance, with the subsequent changes in estimated fair value recorded in other income (expense) in the Company’s statement of operations in each subsequent period. The change in the estimated fair value of our warrant liability for the years ended December 31, 2014 and 2013 resulted in non-cash income of approximately \$1.2 million and non-cash income of approximately \$0.3 million, respectively. The Company utilizes the Monte Carlo simulation valuation method to value the liability classified warrants.

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

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

	December 31, 2014	December 31, 2013
Calculated aggregate value	\$ 4,633,312	\$ 1,711,331
Weighted average exercise price per share of warrant	\$ 3.72	\$ 5.33
Closing price per share of common stock	\$ 1.55	\$ 1.45
Weighted average volatility	89.80	88.94
Weighted average remaining expected life (years)	6.11	5.62
Weighted average risk-free interest rate	1.94	2.02
Dividend yield	0 %	0 %

Note 10. Commitments and Contingencies

Operating Leases

On October 16, 2013, we entered into a 1 year sub-lease agreement with our current landlord for our current office space starting January 1, 2014 and terminating December 31, 2014. The monthly rent payment was approximately \$32,000 plus additional charges.

On January 1, 2015 we entered into a new sub-lease for our current office space for 38 months, with a monthly rent payment of approximately \$32,000 per month plus additional charges. We paid rent for our Moscow office of approximately \$12,000 per month, on a month-to-month basis for the year ended December 31, 2014. The Company will discontinue renting its Moscow office in 2015. Total rent expense was approximately \$0.5 million and \$0.7 million for the years ended December 31, 2014 and 2013.

Litigation

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

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

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

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

Note 11. Research and Development Costs

Research and Development Costs

Research and development costs, included in the accompanying consolidated statement of operations amounted to approximately \$1.5 million and \$2.0 million for each of the years ended December 31, 2014 and 2013, respectively. We intend to close our Moscow office in 2015 and focus our research and development in Canada.

On October 20, 2014, we announced the signing of an initial cooperation agreement with Canadian Nuclear Laboratories (“CNL”), formerly known as Atomic Energy of Canada Limited-Chalk River Laboratories, for fabrication and test reactor irradiation of Lightbridge’s patented next generation metallic nuclear fuel samples. The work will take place at CNL’s facilities at Chalk River, Ontario, Canada. The joint work will proceed in three phases that will address:

- Quality management planning to ensure compliance with the U.S. Nuclear Regulatory Commission requirements for fabrication and loop irradiation testing of fuel samples (Phase I);
- Development of a fabrication plan and a preliminary experiment design for loop irradiation testing (Phase II); and
- Fabrication and irradiation of Lightbridge-designed metallic fuel samples (Phase III).

The Initial Cooperation Agreement enables the Phase I work. Over the next several months, we intend to complete negotiations relating to two other enabling agreements:

- Nuclear Engineering Services Agreement that will address Phase II; and
- Umbrella Services Agreement that will provide a comprehensive legal framework for multi-year cooperation between the parties to enable the final phase of work to proceed.

The Initial Cooperation Agreement is non-exclusive and does not prevent either party from working with other fuel fabrication or fuel development partners.

We have consulting agreements with several consultants working on various projects for us, which total approximately \$10,000 per month.

Note 12. Stockholders' Equity

At December 31, 2014 and 2013, there are 500,000,000 shares of authorized common stock. Total common stock outstanding at December 31, 2014 and 2013, was 18,082,874 shares and 15,057,243 shares, respectively. At December 31, 2014, there were 4,886,764 stock warrants and 2,026,564 stock options outstanding, all totaling 24,996,202 of total stock and stock equivalents outstanding at December 31, 2014.

Registered Direct Offerings and Outstanding Warrants

November 12, 2014 Offering

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

We received net proceeds of approximately \$4.5 million after payment of certain fees and expenses related to the Offering. The allocation of the proceeds from the offering, was originally recorded based on the relative fair value of the common stock and the warrants and the value of the warrants was recorded to additional paid in capital. The Company has reclassified these warrants from equity to liability and the fair value of that liability is re-measured at every reporting date. Changes in the fair value of the warrant liability are recognized in current earnings.

October 21, 2013 Offering

On October 21, 2013, we completed an offering with certain institutional investors on the sale of 2,500,000 shares of our common stock and warrants to purchase a total of 1,250,000 shares of our common stock for aggregate gross proceeds, before deducting fees to the Placement Agent and other estimated offering expenses payable by us, of approximately \$4.4 million. The common stock and warrants were sold in fixed combinations, with each combination consisting of one share of common stock and a warrant to purchase 0.5 shares of common stock. The purchase price was \$1.75 per fixed combination. The warrants become exercisable nine months and one day following the closing date (October 21, 2013, i.e., exercisable beginning April 22, 2014) of the offering and will remain exercisable for 7.5 years from the date of issuance at an exercise price of \$2.30 per share. The exercise price of the warrants is subject to adjustment in the case of stock splits, stock dividends, combinations of shares, and similar recapitalization transactions. The exercisability of some of the warrants may be limited if, upon exercise, the holder or any of its affiliates would beneficially own more than 4.99% of our common stock. This limit may be increased to up to 9.99% upon no fewer than 60 days' notice.

We received net proceeds of approximately \$4.0 million after payment of certain fees and expenses related to the Offering. The allocation of the proceeds from the offering, was originally recorded based on the relative fair value of the common stock and the warrants and the value of the warrants was recorded to additional paid in capital. The Company has reclassified these warrants from equity to liability and the fair value of that liability is re-measured at every reporting date. Changes in the fair value of the warrant liability are recognized in current earnings.

July 22, 2010 Offering

On July 22, 2010, we completed an offering (the "Offering") with certain institutional investors on the sale of 2,069,992 shares of our common stock and warrants to purchase a total of 1,034,996 shares of our common stock for aggregate gross proceeds, before deducting fees to the Placement Agent and other estimated offering expenses payable by us, of approximately \$13.7 million. The common stock and warrants were sold in fixed combinations, with each combination consisting of one share of common stock and a warrant to purchase 0.5 shares of common stock. The purchase price was \$6.60 per fixed combination. The warrants became exercisable nine months and one day following the closing date (July 28, 2010, i.e., exercisable beginning January 29, 2011) of the Offering and will remain exercisable for seven years from the date of issuance at an exercise price of \$9.00 per share. The exercise price of the warrants is subject to adjustment in the case of stock splits, stock dividends, combinations of shares, and similar recapitalization transactions. The exercisability of some of the warrants may be limited if, upon exercise, the holder or any of its affiliates would beneficially own more than 4.99% of our common stock. This limit may be increased to up to 9.99% upon no fewer than 60 days' notice. All these warrants remain outstanding at December 31, 2014.

Outstanding Warrants

	December 31,	
	2014	2013
Issued to Investors on July 28, 2010, entitling the holders to purchase 1,034,996 common shares in the Company at an exercise price of \$9.00 per common share up to and including July 27, 2017	1,034,996	1,034,996
Issued to Investors on October 25, 2013, entitling the holders to purchase 1,250,000 common shares in the Company at an exercise price of \$2.30 per common share up to and including April 24, 2021	1,117,178	1,250,000
Issued to Investors on November 17, 2014, entitling the holders to purchase 2,734,590 common shares in the Company at an exercise price of \$2.31 per common share up to and including May 16, 2022	2,734,590	--
Total	<u>4,886,764</u>	<u>2,284,996</u>

Exercise of Warrants – Q3-2014

On September 3, 2014, we issued 132,822 shares of our common stock upon the exercise of warrants issued in conjunction with the October 21, 2013 stock offering. We received \$2.30 for each share or \$305,931.

Stock-based Compensation – Stock Options and Restricted Stock Plan

We have a stock-based compensation plan to reward for services rendered by officers, directors, employees, and consultants. On July 17, 2006, we amended this stock plan. We have reserved 2,500,000 shares of common stock of our unissued share capital for the stock plan. Other limitations are as follows:

- (i) No more than an aggregate of 1,250,000 shares can be granted for the purchase of restricted common shares during the term of the stock plan;
- (ii) The maximum number of shares of common stock with respect to which options may be granted to any one person during any fiscal year may not exceed 266,667 shares; and
- (iii) The maximum number of restricted shares that may be granted to any one person during any fiscal year may not exceed 166,667 common shares.

Total stock options outstanding at December 31, 2014 and December 31, 2013, were 2,026,564 and 1,564,257, of which 1,564,257 and 1,530,200 of these options were vested at December 31, 2014 and December 31, 2013, respectively. Stock option expense was approximately \$55,000 and \$37,000 for the quarters ended December 31, 2014 and 2013, respectively. Stock option expense was approximately \$262,000 and \$225,000 for the years ended December 31, 2014 and 2013, respectively.

On May 5, 2014, we granted 579,429 stock options to our employees, directors, and consultants. These stock options vest over three years for employees and consultants, and over one year for our directors. The fair market value of each option was \$1.79 on the grant date, based on (1) The strike price of \$2.55, the price of our stock at the close of the market on the grant date; (2) The expected life of the grant of 5 years which is equal to the term of the grant, as historically grants have only been exercised just before the term expires; (3) The risk free rate of 1.68% which is based on the treasury yield curve for a 5 year term as published by the U.S. Treasury for the grant date; (4) Volatility of 90.44%, as measured based on the expected life of the options, and (5) Expected dividends of \$0.0, as we have never issued dividends and we have no plans to ever issue dividends. Grants to our consultants were re-measured as of December 31, 2014, and the fair market value of each option was \$0.93 on the measurement date. We estimated future pre-vest forfeitures to be 1.5%, based on historical information.

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

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

Stock option transactions to the employees, directors, advisory board members and consultants are summarized as follows for the year ended December 31, 2013:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Beginning of the year	1,639,842	\$ 11.46	\$ 10.85
Granted	-	-	-
Exercised	-	-	-
Forfeited	(7,250)	6.04	5.51
Expired	(68,335)	18.94	16.90
End of year	<u>1,564,257</u>	<u>\$ 11.16</u>	<u>\$ 10.61</u>
Options exercisable	<u>1,530,200</u>	<u>\$ 11.28</u>	<u>\$ 10.73</u>

The above tables include options issued and outstanding as of December 31, 2014, as follows:

- i) A total of 255,202 non-qualified 10 year options have been issued, and are outstanding, to advisory board members at exercise prices of \$4.50 to \$14.40 per share.
- ii) A total of 1,579,415 non-qualified 5-10 year options have been issued, and are outstanding, to our directors, officers, and employees at exercise prices of \$2.55 to \$23.85 per share. From this total, 820,396 options are outstanding to the Chief Executive Officer who is also a director, with remaining contractual lives of 0.9 years to 6.2 years. All other options issued to directors, officers, and employees have a remaining contractual life ranging from 1.6 years to 6.3 years.
- iii) A total of 191,947 non-qualified 5-10 year options have been issued, and are outstanding, to our consultants at exercise prices of \$2.55 to \$15.30 per share.

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

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

The following table provides certain information with respect to the above-referenced stock options that are outstanding and exercisable at December 31, 2013:

	Stock Options Outstanding			Stock Options Vested		
	Weighted Average Remaining Contractual Life - Years	Number of Awards	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life - Years	Number of Awards	Weighted Average Exercise Price
Exercise Prices						
\$2.55 - \$5.00	5.06	183,337	\$ 4.50	5.06	183,337	\$ 4.50
\$5.01 - \$12.90	5.11	782,584	\$ 7.45	5.03	748,527	\$ 7.53
\$13.50-\$18.90	2.30	358,336	\$ 14.17	2.30	358,336	\$ 14.17
\$19.20-\$23.85	2.12	240,000	\$ 23.85	2.12	240,000	\$ 23.85
Total	4.00	<u>1,564,257</u>	<u>\$ 11.16</u>	3.94	<u>1,530,200</u>	<u>\$ 11.28</u>

The aggregate intrinsic value of stock options outstanding at December 31, 2014 and December 31, 2013, was \$0. Intrinsic value is calculated based on the difference between the exercise price of the underlying awards and the quoted price of our common stock as of the reporting date (\$1.55 and \$1.45 per share as of the close on December 31, 2014 and December 31, 2013, respectively).

Restricted Stock Award Activity

	Number of Units	Weighted Average Grant Date Fair Value
Total awards outstanding at December 31, 2012	43,032	\$ 6.49
Units granted	-	\$ -
Units Exercised/Released	(28,739)	\$ 6.99
Units Cancelled/Forfeited	-	\$ -
Total awards outstanding at December 31, 2013	14,293	\$ 5.47
Units granted	-	\$ -
Units Exercised/Released	(14,293)	\$ 5.47
Units Cancelled/Forfeited	-	\$ -
Total awards outstanding at December 31, 2014	-	\$ -

As of December 31, 2014 and December 31, 2013, there was approximately \$0 and \$19,000 of net unrecognized compensation cost related to unvested restricted stock-based compensation arrangements, respectively. This compensation is recognized on a straight line basis and all of the compensation expected to be expensed in 2014, has been recognized as of December 31, 2014.

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. We estimate the life of our option awards based on the full term of the award. To date we have had very few exercises of our options, and those exercises have occurred just before the expiration date of the awards. Since the strike price of most of our outstanding awards is greater than the price of our stock, generally awards have expired at the end of the term. We estimate the effect of future forfeitures of our grants based on an analysis of historical forfeitures of unvested grants, as we have no better objective basis for that estimate. The expense that we have recognized related to our grants of options and restricted stock includes the estimate for future pre-vest forfeitures. We will adjust the actual expense recognized due to future pre-vest forfeitures as they occur. We have estimated that 1.5% and 0% of our option and restricted stock grants respectively, will be forfeited prior to vesting.

Assumptions used in the Black Scholes option-pricing model for the year ended December 31, 2014, and for the year ended December 31, 2011, (there were no stock option grants in 2013 and 2012) were as follows:

	Year ended 12/31/2014	Year ended 12/31/2011
Average risk-free interest rate	1.68%	3.35%
Average expected life- years	5	10
Expected volatility	90.44%	94.32%
Expected dividends	0	0

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

During the years ended December 31, 2014 and 2013, approximately \$0.3 million was recorded as total stock-based compensation each year. Stock-based compensation expense is recorded under the captions general and administrative expenses and research and development expenses in the accompanying consolidated statements of operations.

Note 13. Business Segment Results

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

The Company evaluates performance based on several factors, of which achievement of strategic goals toward future profitability and business segment income before taxes are the primary measures. The following tables show the operations of the Company's reportable business segments for the years ended December 31, 2014 and 2013.

BUSINESS SEGMENT RESULTS - YEARS ENDED DECEMBER 31, 2014 AND 2013

	Consulting		Technology		Corporate and Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	\$ 1,310,199	\$ 1,901,354	\$ -	\$ -	\$ -	\$ -	\$ 1,310,199	\$ 1,901,354
Segment Profit - Pre Tax	\$ 406,078	\$ 286,299	\$ (1,534,605)	\$ (2,030,194)	\$ (2,525,787)	\$ (2,843,270)	\$ (3,654,314)	\$ (4,587,165)
Total Assets	\$ 469,086	\$ 425,916	\$ 833,560	\$ 699,168	\$ 4,750,591	\$ 4,532,555	\$ 6,053,237	\$ 5,657,639
Property Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deprec. Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,221	\$ -	\$ 17,221

Note 14. Fair Value Measurements

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

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

The following fair value hierarchy table presents information about each major category of the Company's financial assets and liability measured at fair value on a recurring basis as of December 31, 2014 and 2013:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Balance at December 31, 2014				
Assets:				
Cash and cash equivalents	\$ 4,220,225	\$ —	\$ —	\$ 4,220,225
Liabilities:				
Warrant liability	\$ —	\$ —	\$ 4,633,312	\$ 4,633,312

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Balance at December 31, 2013				
Assets:				
Cash and cash equivalents	\$ 3,672,877	\$ —	\$ —	\$ 3,672,877
Liabilities:				
Warrant liability	\$ —	\$ —	\$ 1,711,331	\$ 1,711,331

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

(\$ rounded to nearest thousand)	Warrant Liability
Balance at December 31, 2012	\$ 461,000
Issuance of additional warrants	1,528,000
Exercise of warrants	-
Change in fair value of warrant liability	(278,000)
Balance at December 31, 2013	1,711,000
Issuance of additional warrants	4,416,000
Exercise of warrants	(331,000)
Change in fair value of warrant liability	(1,163,000)
Balance at December 31, 2014	\$ 4,633,000

The fair value of the warrant liability is based on Level 3 inputs. For this liability, the Company developed its own assumptions that do not have observable inputs or available market data to support the fair value. See Note 9 for further discussion of the warrant liability.

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

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/A to be signed on its behalf by the undersigned, thereto duly authorized individual.

LIGHTBRIDGE CORPORATION

Date: November 23, 2015

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 November 23, 2015.

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

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

AGREEMENT NO: EDC10017

EMIRATES NUCLEAR ENERGY CORPORATION

and

LIGHTBRIDGE CORPORATION

for

NUCLEAR ENERGY CONSULTANCY SERVICES

AGREEMENT

THIS AGREEMENT is effective on 1St January 2010.

BETWEEN:

- (1) **Emirates Nuclear Energy Corporation (ENEC)** of P.O. Box 112010, Al Muroor Road, Abu Dhabi, the United Arab Emirates (the **Customer**, which expression shall include its permitted successors, assigns and novatees); and
- (2) **Lightbridge Corporation** (the **Consultant**, which expression shall include its permitted successors, assigns and novatees).

WHEREAS:

- (A) The United Arab Emirates has initiated a domestic nuclear energy program for the construction of nuclear power plants in the UAE.
 - (B) The Customer has established a Nuclear Program Office and wishes to appoint a legal consultant to provide legal consultancy services in connection with the Nuclear Program.
 - (C) The Consultant is a world class nuclear energy consultant.
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1. DEFINITIONS AND INTERPRETATION
2. FRAMEWORK AND REPUTATION
3. SCOPE OF APPOINTMENT
4. TIME FOR PERFORMANCE OF THE SERVICES
5. DUTY OF CARE
6. CONSULTANT STAFF
7. REPRESENTATIVES
8. PAYMENT AND TAXATION/DUTIES
9. RECORDS AND ACCOUNTING
10. PUBLICITY
11. LIABILITIES
12. LIMITATION OF LIABILITY
13. CONSULTANT INSURANCES
14. CONFLICTS
15. SUB-CONTRACTING, ASSIGNMENT AND TRANSFER
16. INTELLECTUAL PROPERTY
17. TERMINATION
18. CONFIDENTIALITY
19. FORCE MAJEURE
20. PERFORMANCE BANK GUARANTEE
21. GENERAL
22. NOTICES
23. COUNTERPARTS
24. GOVERNING LAW AND JURISDICTION
25. SIGNATORIES

SCHEDULE 1 (SCOPE OF SERVICES)

SCHEDULE 2 (PAYMENT SCHEDULE)

SCHEDULE 3 (INVOICING)

SCHEDULE 4 (NOMINATED PERSONNEL)

SCHEDULE 5 (TASK ORDER FORM)

SCHEDULE 6 (COMPLETION CERTIFICATE)

APPENDIX 1 EXCEPTIONS TO COMPLETION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Affiliate means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of such holding company.

Agreement means this contract.

Authority means the federal government of the UAE, the government of the Emirate of Abu Dhabi, the government or other higher executive body of any constituent entity of the UAE and any municipality or other political subdivision, instrumentality, ministry, department, local or national agency, bureau or any executive, regulatory, supervisory, administrative or judicial body, inspector, official or public or statutory person or commission acting on behalf of and/or under the direct or indirect control of the authorized bodies of any of the foregoing or of any other country that has jurisdiction over the Services or the Nuclear Program.

Best Industry Practice means the exercise of that degree of skill, care, diligence, efficiency, foresight and operating practice which would reasonably be expected from a world class appropriately skilled, experienced and qualified professional nuclear energy consultancy services experienced in each of the disciplines to which the Services relate and engaged in activities of a similar scope, nature, complexity and size to the Consultant's activities under this Agreement and under the same or similar circumstances, where such adviser and manager is seeking to satisfy the UAE Nuclear Policy Objectives and comply with its contractual obligations and all applicable laws and regulations.

Confidential Information means this Agreement and any and all information (including oral communication), which (whether before or after the entry into this Agreement) is (a) disclosed to the Consultant or any member of the Consultant's staff by or on behalf of the Customer, any Stakeholder or any other participant in the Nuclear Program (including all documents, communications and advice to the Customer provided by any legal adviser of the Customer which is also received by the Consultant); (b) related directly or indirectly to the Nuclear Program and received by the Consultant or any member of the Consultant's staff from any third party connected with the Nuclear Program; or (c) generated by the Consultant for the purposes of entering into this Agreement or generated by the Consultant pursuant to this Agreement.

Consultant's Representative means the individual appointed by the Consultant as the representative of the Consultant for the purposes of this Agreement pursuant to Clause 7.1(e).

Customer's Representative means the individual appointed by the Customer as the representative of the Customer for the purposes of this Agreement pursuant to Clause 7.1.

Deputy Consultant's Representative means the individual appointed by the Consultant as the deputy to the Consultant's Representative pursuant to Clause 7.1(h).

Documents shall have the meaning given to it in Clause 16.1.

Effective Date means the date set forth in the preamble.

Employed means, in relation to any individual, that such individual is working for the Consultant pursuant to:

- (a) an employment contract between the Consultant and that individual; or
- (b) a consultancy or similar contract between the Consultant and that individual,

and **Employ** and all derivations of **Employ** will be construed accordingly.

ENEC means the Emirates Nuclear Energy Corporation of P.O. Box 112010, Al Muroor Road, Abu Dhabi, United Arab Emirates.

Force Majeure shall have the meaning given to it in Clause 19.

IAEA means the International Atomic Energy Agency.

Insolvency means in relation to a person the occurrence of any of the following:

- (a) it is, or is deemed for the purposes of any law to be, unable to pay its debts as they fall due or insolvent;
 - (b) it admits its inability to pay its debts as they fall due;
 - (c) by reason of actual or anticipated financial difficulties, it begins negotiations with any creditor for the suspension of payment or rescheduling of any of its indebtedness;
 - (d) a moratorium is declared in respect of any of its indebtedness;
 - (e) any step is taken with a *view* to a moratorium or a composition, assignment or similar arrangement with any of its creditors;
 - (f) a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution, to petition for or file documents with a court or any registrar for its winding-up, administration or dissolution, or any such resolution is passed;
 - (g) any person presents a petition, or files documents with a court or any registrar, for its winding-up, administration or dissolution, unless it is a petition for winding-up presented by a creditor which is being contested in good faith and with due diligence and is discharged or struck out within 14 days;
 - (h) an order for its winding-up, administration or dissolution is made;
-

- (i) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any of its assets;
- (j) its directors, shareholders or other officers request the appointment of, or give notice of their intention to appoint, a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer; or
- (k) any other analogous step or procedure is taken in any jurisdiction.

Intellectual Property means all patents, copyrights, design rights, database rights, trademarks, trade secrets, rights in confidential information and all other intellectual property rights and rights of a similar nature or having similar effect throughout the world; in each case whether registered or unregistered and including all rights to apply for registration of the same. Intellectual Property includes all rights in inventions, designs, computer software, databases, copyright works and information.

Key Dates means the dates (if any) identified in the Time Schedule by which the Consultant is required to have completed to the required extent an identified element of the Services.

Nominated Personnel means those individuals listed in Schedule 4 (Nominated Personnel) being members of the Consultant's staff.

NPT means the 1968 Treaty on the Non-Proliferation of Nuclear Weapons.

Party means either Consultant or Customer and Parties mean Consultant and Customer.

Payment Schedule means the terms of payment set out at Schedule 2 (Payment Schedule).

Nuclear Program or Program means the program to implement a commercial nuclear power program in the UAE for the procurement, design and build of a fleet of nuclear power units.

Nuclear Program Office means the team established by the Customer, to fulfil customer obligations in respect of the Nuclear Program, to negotiate with prospective contractors and to oversee the performance of the selected candidates and other activities related to the Nuclear Program.

Services means the services to be provided by the Consultant under this Agreement as set out in Schedule 1 (Scope of Services) and any additional services instructed in accordance with Clause 3.3.

Stakeholder means such persons as the Customer may designate as Stakeholders from time to time.

Time Schedule means the program attached at Schedule 2 (Time Schedule).

UAE means the United Arab Emirates.

UAE Nuclear Policy Objectives shall mean the objectives referred to in Clause 2.1

1.2 Interpretation

In this Agreement, except where the context otherwise requires:

- (a) any reference to this Agreement includes the Schedules to it each of which forms part of this Agreement for all purposes;
 - (b) a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced;
 - (c) a reference to a Clause, paragraph or Schedule shall be a reference to a Clause, paragraph or Schedule (as the case may be) of or to this Agreement;
 - (d) a reference to “includes” or “including” shall mean “includes without limitation” or “including without limitation”;
 - (e) the contents page and headings in this Agreement are for convenience only and shall not affect its interpretation;
 - (f) references to this Agreement include this Agreement as amended or supplemented in accordance with its terms;
 - (g) a reference to “staff” includes any person Employed by the Consultant including each Nominated Person (and if, but only to the extent, the Customer consents in writing to any sub-contracting by the Consultant, any such sub-contractor and any person working for that sub-contractor);
 - (h) a “regulation” includes any regulation, rule, official directive, or (whether or not having the force of law) request or guideline with which a person would customarily be expected to comply, of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (i) a “person” includes any person, firm, company, corporation, government, state or agency of a state or any joint venture, consortium, association, trust or partnership (whether or not having separate legal personality) of two or more of the foregoing;
 - (j) “calendar year”, “year”, “quarter”, “month” or “day” shall be calculated in accordance with the Gregorian calendar.
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1.3 In the event of any conflict, the Clauses of this Agreement shall have priority over the contents of the Schedules or other documents forming part of this Agreement or any policy document, for the purposes of the Customer's relations with the Consultant.

2. FRAMEWORK AND REPUTATION

2.1 The Consultant acknowledges that the Customer holds the following objectives for the Nuclear Program and, in carrying out the Services, the Consultant shall have the utmost regard to the importance to the Customer of such objectives:

- (a) The implementation of a peaceful nuclear program that will make the potential benefits of nuclear power available to the people of the UAE which incorporates the principles of:
 - (i) complete operational transparency;
 - (ii) the highest standards of non-proliferation;
 - (iii) the highest standards of safety and security;
 - (iv) conformance with IAEA standards;
 - (v) working with governments and firms of responsible nations as well as with the assistance of appropriate expert organisations; and
 - (vi) an approach that best ensures long-term sustainability.
- (b) Compliance with UAE international treaty obligations, legal requirements and international undertakings with regard to the Nuclear Program.

3. SCOPE OF APPOINTMENT

3.1 The Customer appoints the Consultant to provide the Services in accordance with this Agreement.

3.2 The Consultant shall comply with the reasonable instructions of the Customer given from time to time with regard to the performance of the Services and any other obligations of the Consultant under this Agreement.

3.3 The Services to be performed by the Consultant shall include the services described in Schedule 1 (Scope of Services) and such other consulting and advisory services within the Consultant's skill and relating to the Nuclear Program as the Customer may in its absolute discretion determine and notify to the Consultant from time to time in writing.

3.4 The Consultant does not have the authority to enter into contracts on behalf of the Customer or to bind the Customer in any way. The Consultant shall not hold itself out as having authority to bind or act on behalf of the Customer. Nothing in this Agreement constitutes or is deemed to constitute a partnership or a joint venture between the Parties for any purpose whatsoever.

- 3.5 Any approval, consent, comment, advice and the like given (or not given as the case may be) by or on behalf of the Customer in relation to any deliverable or any other matter under this Agreement will not relieve the Consultant from any obligation under this Agreement (including its obligations to deliver the deliverable in accordance with this Agreement or in relation to any other matter) and will in no way diminish the Customer's right subsequently to reject a deliverable or other matter if it is not found to be in accordance with this Agreement.
- 3.6 The Consultant shall permit the Customer and any consultant or adviser appointed by the Customer (including their authorized representatives) reasonable access at all times to internal meetings, all correspondence, all information technology systems, all files and records and to all premises of the Consultant for the purposes of inspecting, monitoring and/or auditing the Consultant's performance of this Agreement.
- 3.7 Upon signature of this Agreement, the Consultant shall provide the Customer with a certified copy of its company registration documents (which detail Consultant's country of incorporation, company registration number and date of incorporation).
- 3.8 Without prejudice to the other provisions of this Agreement, the Consultant shall take such steps and do or refrain from doing all such things in addition to its obligations under the other provisions of this Agreement as the Customer may reasonably require from time to time to enable the Customer to comply with its obligations to any other person and/or the UAE to comply with its obligations under any applicable treaty or agreement with another state or states,
- 3.9 Should the Consultant consider it necessary in order to perform the Services to contact any Authority, then the Consultant shall liaise with the Customer prior to making such contact.
- 3.10 The Consultant shall be responsible for identifying and notifying the Customer in writing prior to the transfer of any Consultant and subcontractor technology and information that is subject to export or re-export controls by any governmental authority of the restrictions that are associated with such controlled technology and information.

4. TIME FOR PERFORMANCE OF THE SERVICES

- 4.1 This Agreement, other than Clauses 4.1, 18, and 20 to 24 which shall come into effect on the date of this Agreement, shall commence on the Effective Date and, unless otherwise than as provided for in this Agreement, shall expire on the Termination Date. To the extent the Consultant has performed any of the Services prior to the Effective Date, then from the Effective Date such Services shall be deemed to have been performed pursuant to this Agreement and shall be governed by the terms of this Agreement.
- 4.2 The Consultant shall carry out the Services and its other obligations under this Agreement in accordance with the Time Schedule and in order to meet the Key Dates set out therein, or where relevant such other time periods as may be agreed from time to time with the Customer and where no date is specified or agreed with the Customer, within a reasonable time.
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- 4.3 The dates in the Time Schedule and the Key Dates shall be adjusted as is reasonably commensurate to the effect of the delay (to the extent this delay could not reasonably be mitigated by the Consultant) if the Consultant suffers delay as a result of the occurrence of any of the following events:
- (a) the Customer suspends the Services to the extent such suspension is not due to a breach of this Agreement by the Consultant;
 - (b) an act of prevention by the Customer;
 - (c) if and to the extent the Customer is affected by Force Majeure.
- 4.4 Unless otherwise stated in this Agreement, if the Consultant shall fail to complete the Services within the timeline prescribed, then unless such failure is due to those reasons set out in Clause 4.3, the Consultant shall pay the Customer, as service credits for the Consultant's failure to meet the completion of the Services, as set out in the said time schedule up to a maximum of ten (10%) percent of the total contract value.
- 4.5 Unless otherwise stated in this Agreement, the amount of service credits due to the Customer for any delays shall be calculated by dividing the delay period of the Services by the stipulated completion period of the Agreement multiplied by the total contract value.
- 4.6 The Consultant acknowledges and agrees that the service credits are a price adjustment and are not an estimate of the loss or damage that may be suffered by the Customer as a result of the Consultant's failure to timely perform the Services. Payment of any service credit under this Agreement shall be without prejudice to any other of the Customer's rights and remedies, including any entitlement that the Customer may have to damages under the Agreement, or to any right of the Customer to terminate this Agreement as permitted under this Agreement.
- 4.7 The Customer shall issue the Consultant with a completion certificate in the form set out in Schedule 8 (Completion Certificate) upon completion of the Services.

5. DUTY OF CARE

- 5.1 The Consultant shall exercise Best Industry Practice in carrying out the Services and shall comply with all applicable laws and regulations in connection with the performance of its obligations under this Agreement.
- 5.2 In the event that any breach of Clause 0 becomes apparent, the Consultant shall promptly notify the Customer or the Customer may notify the Consultant and in either case upon the Customer's written request the Consultant shall make good such breach in such manner so as to minimise any downtime or delay to the Nuclear Program and with the result that the Services will have been performed in accordance with this Agreement.
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- 5.3 The costs to the Consultant of complying with Clause 0 shall be borne entirely by the Consultant.
- 5.4 Should the Consultant fail to take any action required under Clause 0 within such reasonable time as may be specified by the Customer or if no time is specified within 14 days of the relevant breach being identified, the Customer shall be entitled to take such action or to have such action taken and to recover from the Consultant the costs thereof and/or relating thereto.
- 5.5 The Customer's remedies under this Clause 0 are without prejudice to its rights at law or under Clause 17 (or any other provision of this Agreement) in respect of the relevant breach or failure.

6. CONSULTANT STAFF

- 6.1 The Consultant shall act as an independent contractor under this Agreement and, except where this Agreement otherwise expressly provides, none of the Consultant's staff shall be deemed to be the employees, agents or representatives of the Customer.
- 6.2 The Consultant will be responsible for Employing and fully training all staff required by it to comply with its obligations under this Agreement. The Consultant shall ensure that all staff Employed by it have sufficient skills and experience to perform the role(s) assigned to them.
- 6.3 Subject to Clause 6.4, the Consultant undertakes to keep the Nominated Personnel engaged in the performance of the Services and in the roles opposite their name in Schedule 4 (Nominated Personnel) (or, where relevant, the role of the previous Nominated Person who they have replaced) for the duration of this Agreement or such other period as the Consultant and the Customer may agree.
- 6.4 The Consultant will not be in breach of Clause 6.3 if a Nominated Person ceases to be a member of its staff by virtue of death or that member of staff terminating its Employment with the Consultant.
- 6.5 The Customer in its absolute discretion may require the immediate withdrawal of any member of the Consultant's staff at any time. In such event the Consultant shall be afforded a reasonable time to secure a replacement.
- 6.6 The Customer may require that any proposed or other member of the Consultant's staff is subject to vetting by the relevant Authorities prior to commencing work on the Services or at any time. To assist with the process, the Consultant shall produce passports or provide other acceptable documents of identity for relevant members of its staff.
- 6.7 Where for any reason any member of the Consultant's staff fails to obtain the necessary security clearance required under Clause 6.6, such person may not work for the Consultant in connection with this Agreement. It is the Consultant's responsibility to ensure that sufficient members of its staff obtain the security clearance necessary to enable the Consultant to fully discharge its obligations under this Agreement.
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- 6.8 Where there is a statutory or regulatory requirement that any member of the Consultant's staff be licensed or authorized in order to carry out the role(s) assigned to it, the Consultant shall inform the Customer and shall ensure that such person is duly licensed or authorized throughout the period of their involvement in the Nuclear Program.
- 6.9 The Customer may not at any time directly or indirectly induce, solicit, persuade or entice or attempt to induce, solicit, persuade, or entice any of the Consultant's staff to leave the Employment of the Consultant without the prior written approval of the Consultant. The Customer will not be in breach of this Clause 6.9 if it places an advertisement for employment or services in any media outlet even if a member of the Consultant's staff responds to such advertisement.
- 6.10 The Consultant may not at any time directly or indirectly induce, solicit, persuade or entice or attempt to induce, solicit, persuade or entice any of the Customer's staff (or the staff of any other person involved in the Nuclear Program) to terminate their employment or consultancy arrangements with that person without the prior written approval of the Customer. The Consultant will not be in breach of this Clause by placing an advertisement for employment or services in any media outlet even if a member of the Customer's staff (or the staff of any other person involved in the Nuclear Program) responds to such advertisement.

7. REPRESENTATIVES

- 7.1 (a) The Customer's Representative shall be identified by the Customer to the Consultant from time to time by notice in writing.
- (b) The Customer's Representative shall represent and act for the Customer at all times during the term of this Agreement.
- (c) The Consultant shall comply with the Customer's Representative's written directions, orders and instructions. Any approval, consent, order, direction or request given by the Customer's Representative shall not in any way limit, reduce or waive the obligations or liabilities of the Consultant under this Agreement. Any communication received by the Consultant, from someone other than the Customer's Representative or his authorized delegate shall not be valid and shall not be relied on.
- (d) Except where this Agreement otherwise provides, a direction, order or instruction may be given orally and the Customer's Representative must, as soon as practicable, confirm in writing that direction, order or instruction.
- (e) The Consultant's Representative is as set out in Schedule 4.
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- (f) The Consultant's Representative shall represent and act for the Consultant at all times during the term of this Agreement and shall be responsible for overseeing the performance by the Consultant of its obligations. The Consultant shall be bound by the written directions of the Consultant's Representative. Matters within the knowledge of the Consultant's Representative are deemed to be within the knowledge of the Consultant.
- (g) The Customer shall be entitled to rely on the authority of the Consultant's Representative to act for and commit the Consultant in regard to all matters in connection with the Services and this Agreement including the making of any amendments or additions to this Agreement or deletions from this Agreement. The Consultant shall be responsible to the Customer for the acts, defaults and neglects of the Consultant's Representative as if they were the acts, defaults and neglects of the Consultant and the appointment of the Consultant's Representative shall in no way relieve the Consultant of any obligation or liability under this Agreement.
- (h) The Consultant shall nominate an individual as the Deputy Consultant's Representative by notice in writing to the Customer. The Deputy Consultant's Representative shall act for and on behalf of the Consultant's Representative during all periods of absence of the Consultant's Representative and when so acting shall be treated as if he were the Consultant's Representative.
- (i) The Consultant shall not remove or replace the Consultant's Representative or the Deputy Consultant's Representative without the Customer's prior consent, which will not be unreasonably withheld.

8. PAYMENT AND TAXATION/DUTIES

- 8.1 The price payable for the Services shall be as specified in and payable in accordance with Schedule 2 (Payment Schedule) and shall be inclusive of all other charges. Where Services are to be charged on the basis of an hourly rate (including where such rates are capped by the day or by the week), the Consultant warrants that it shall only claim for the time properly and necessarily spent in the provision of the Services.
 - 8.2 The Consultant shall be entitled to render invoices in accordance with Schedule 2 (Payment Schedule) accompanied by a certificate detailing the Services performed by the Consultant in the relevant period and complying with the requirements of Schedule 2 (Payment Schedule) and signed by an authorized representative of the Consultant. Payment of any sums which are clearly due and undisputed shall be made within 30 days from the end of the month in which the Customer receives the Consultant's invoice and any other appropriate documentation provided that the invoice is correctly addressed. All invoices must be sent to the invoice address specified in Schedule 2 (Payment Schedule).
 - 8.3 Payment by the Customer shall be without prejudice to any claims or rights which the Customer may have against the Consultant and shall not constitute any acceptance by the Customer of the performance by the Consultant of its obligations hereunder.
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- 8.4 The Customer is entitled to set off or reduce any payments due and owing to the Consultant under this Agreement by any amount which the Customer reasonably considers is owed to it by the Consultant. The Consultant may not set off or reduce any payments due and owing to the Customer under this Agreement by any amount which is due and owing by the Customer (or the Consultant claims is due and owing).
- 8.5 Consultant shall be liable for all taxes, imposts, duties, withholding taxes, charges or other assessments of whatsoever nature, whether levied by the Government of Abu Dhabi or the UAE, or any other government elsewhere.
- 8.6 All payments relating to sponsorship which shall enable Consultant to work in the UAE, as well as all personal income tax or any corporate taxes or registration charges levied by the Government of Abu Dhabi or the UAE at any future date, shall be borne by Consultant.
- 8.7 Consultant shall be responsible for the importation, handling and documentation of all goods and equipment required to be imported by Consultant for the performance of Services under the provisions of this Agreement. Consultant shall obtain at its sole cost and expense all necessary import licenses, undertake the collection thereof at the port of discharge, and arrange and pay lighterage, port dues, wharfage, pilotage, cargo handling, storage and all other charges incurred in such importation.
- 8.8 Consultant shall indemnify the Customer against any losses, damages, claims, actions, liabilities, demands, proceedings or judgments in respect of any taxes, imposts, duties, withholding taxes, charges, fees, or other dues or assessments for which Consultant would be liable pursuant to this Clause 8 to the extent any taxing authority requires the Customer to satisfy the aforementioned liabilities in place of Consultant.

9. RECORDS AND ACCOUNTING

- 9.1 The Consultant shall at all times maintain full, current and accurate financial and accounting records relating to the performance of its obligations under this Agreement.
- 9.2 The Consultant shall provide monthly reports to the Customer on all matters relating to the performance of the Services and its other obligations under this Agreement covering such matters and in such detail as the Customer may require.
- 9.3 The Consultant shall retain the records and reports referred to in this Clause 9 for a period of at least six years from their respective start dates. At the expiry of such six-year periods the Consultant shall offer the Customer the opportunity to take possession of all such records and reports.

10. PUBLICITY

- 10.1 Without prejudice to Clause 18, the Consultant shall not and shall ensure that no present or former member of its staff nor any of its Affiliates shall:
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- (a) issue any public announcement;
- (b) make any press statement;
- (c) issue any private pitch, proposal, bid, tender or marketing document; or
- (d) include anything in any conference presentations, which contains ENEC's logo or refers to or is related in any way to the Nuclear Program or this Agreement without the prior written approval of the Customer of the exact terms of such announcement, statement, document, or presentation.

10.2 The Consultant shall advise the Customer immediately if it is approached by any member of the press on any matter in relation to the Nuclear Program.

11. LIABILITIES

11.1 The Consultant shall indemnify the Customer against any losses, damages, claims, actions, liabilities, demands, proceedings or judgments in respect of personal injury to or death of any person and loss or damage to any property arising from the performance of the Consultant's duties and the actions or inactions of it and any member of its staff, in each case other than to the extent the personal injury, death or loss or damage to property is attributable to the negligence and/or wilful default of the Customer or any member of its staff.

11.2 No remedy or benefit which this Agreement provides for the Customer in relation to any breach or failure by the Consultant shall operate to exclude or limit any other remedy or benefit for the Customer provided for at law or elsewhere in this Agreement, except where expressly stated otherwise.

12. LIMITATION OF LIABILITY

12.1 Subject to the provisions of Clauses 12.3 and 12.4, neither Party is liable to the other in any way for loss of use, loss of profit or incentive payments, loss of production or business interruption or for any kind of indirect or consequential loss or damage, which is connected with any claim arising under this Agreement or the subject matter of this Agreement, howsoever the same may be caused.

12.2 Subject to the provisions of Clause 12.4, in no event shall either Party's aggregate cumulative liability to the other Party arising out of or relating to a breach of this Agreement, exceed *[insert sum in figures and words]* or, where relevant, its equivalent in other currencies.

12.3 The exclusion of liability provided for in Clause 12.1 shall not apply to the liability of the Consultant under Clauses under which the Consultant is liable for breach of confidentiality or publicity restrictions or for liabilities which the Customer or any Additional Customer incurs to third parties or for breach of applicable law,

12.4 No provision of this Agreement shall limit or exclude either the Consultant's or the Customer's liability to one another for fraud nor shall it exclude or limit liability for death or personal injury resulting from negligence or any other liability to the extent the limitation or exclusion is prohibited by law.

13. CONSULTANT INSURANCES

13.1 The Consultant shall procure, put in place and maintain professional indemnity insurance with first class insurers of sound repute and financial standing in each case in the relevant insurance market in respect of its obligations under this Agreement.

14. CONFLICTS

14.1 The Consultant warrants and confirms to the Customer that, subject to Clause 14.2, it will not accept any instructions from a third party which may, in the reasonable opinion of the Customer, adversely affect the Nuclear Program or the Consultant's performance of the Services, or create a conflict of interest in relation to the Consultant's obligations under this Agreement. Without prejudice to the generality of the foregoing and notwithstanding Clause 14.2, the Consultant warrants that no Nominated Personnel shall be engaged in the provision of services which in the Customer's opinion create a conflict of interest in relation to the Consultant's obligations under this Agreement.

14.2 In the event that the Consultant becomes aware of a potential conflict of interest, the Consultant shall notify the Customer immediately. The Customer shall determine whether or not any conflict may arise. In the event that the Customer determines that a conflict of interest may arise (whether or not following such notification by the Consultant) the Customer shall seek to agree with the Consultant the organisational and administrative arrangements necessary to identify, monitor and manage the relevant conflict of interest in a way so as to avoid the risk of damage to the interests of the Customer. Where the Customer (in its sole discretion) considers that the organisational and administrative arrangements the Consultant has in place or proposes are not or will not be sufficient to ensure that the risk of damage to the interests of the Customer is avoided, the Customer shall notify the Consultant and the Consultant shall refuse the instructions giving rise to the potential conflict or cease any further work in respect of those instructions.

15. SUB-CONTRACTING, ASSIGNMENT AND TRANSFER

15.1 The Consultant may not assign, charge, transfer, novate or otherwise dispose of or encumber the whole or any part of either the benefit or the burden of this Agreement without the prior written consent of the Customer.

15.2 The Consultant shall not sub-contract any of its obligations under this Agreement without the prior written consent of the Customer (which may be withheld in the Customer's absolute discretion). The Consultant shall be liable to the Customer for the acts or omissions of any of its sub-contractors of the Consultant's obligations under this Agreement.

16. INTELLECTUAL PROPERTY

- 16.1 The Consultant agrees that all Intellectual Property in all documents and materials specifically produced by or on behalf of the Consultant for use by the Customer in connection with or relating to this Agreement (including but not limited to all formulae, designs, models, sketches, drawings and plans) (the "Documents") shall vest in and belong to the Customer and the Consultant shall at the request of the Customer take all such steps and execute all such assignments and other documents as the Customer may require to ensure that all Intellectual Property vests in and belongs to the Customer and for the registration or protection of the Customer's rights in Intellectual Property. The Consultant shall not and shall not be required to transfer or assign its Intellectual Property rights in its methodologies, methods of work, skills, experience, expertise or working papers.
- 16.2 The Consultant warrants and represents that any Documents produced by or for the Consultant pursuant to this Agreement will not infringe rights in Intellectual Property owned by a third party whether by reason of the use or exploitation of any such Documents or otherwise.

17. TERMINATION

- 17.1 The Customer shall have the right (but not the obligation) to terminate this Agreement at its sole discretion at any time on thirty (30) days' notice in writing to the Consultant. If the Customer terminates under Clause 17.1, the Customer shall pay to the Consultant as its sole liability in respect of that termination the proportion of the price payable for the Services as it relates to the work properly and satisfactorily carried out prior to termination or where the Services are charged on a time basis, for the time properly and necessarily spent on the Services prior to termination.
- 17.2 The Customer shall also have the right (but not the obligation) to terminate this Agreement on no less than twenty (20) business days' notice in writing to the Consultant at any time after the occurrence of any of the following:
- (a) any material or persistent breach of this Agreement by the Consultant (other than a breach referred to elsewhere in this Clause 17.2);
 - (b) any Insolvency of the Consultant;
 - (c) any breach by the Consultant of Clauses 10, 14, 15 or 18; or
 - (d) any suspension of performance due to Force Majeure of any of the Consultant's obligations under this Agreement pursuant to Clause 19 which continues for more than 90 consecutive days or, when aggregated with all other suspensions of performance of any obligations of the Consultant over the previous two (2) years, totals more than 120 days.
- 17.3 Where the Consultant demonstrates to the reasonable satisfaction of the Customer, acting reasonably, that an event under Clause 17.2(a) is capable of remedy, the Customer shall prior to exercising its right to terminate this Agreement, give the Consultant an opportunity to remedy the relevant breach or event within a reasonable period of time. If the event is not remedied within such a period to the reasonable satisfaction of the Customer, the Customer may terminate this Agreement with immediate effect.
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- 17.4 The Consultant may terminate this Agreement if the Customer fails to make a payment to the Consultant under this Agreement (which is not being disputed by the Customer in good faith) of an amount which remains unpaid sixty (60) days after a written notice from the Consultant to the Customer (issued not earlier than the date upon which the amount of that payment became due and payable and specifying the amount of the payment and the basis on which the Consultant considers it is entitled to that amount).
- 17.5 If this Agreement is terminated pursuant to Clause 17.2 or 17.3:
- (a) the Customer shall have no liability to the Consultant in respect of such termination except for its obligations under this Agreement to make payment for any invoices outstanding prior to termination and
 - (b) the Consultant shall comply with the Customer's reasonable instructions in connection with the discontinuance of the performance of the Services and any hand over to a replacement consultant; and
 - (c) the Consultant indemnifies the Customer against any cost, loss or liability, incurred by the Customer as a result of such termination including the costs of appointment of a total or partial replacement, internal management time and any other additional costs, losses and liabilities arising as a result of or in connection with such termination; and
 - (d) such termination shall be without prejudice to any rights which the Customer may have in relation to the relevant events, breach or failure.
- 17.6 Termination or expiry of this Agreement shall not affect the continued application of any provisions of this Agreement which expressly or impliedly survive termination or expiry.

18. CONFIDENTIALITY

- 18.1 The Consultant shall
- (a) not disclose any Confidential Information to any person, and
 - (b) not use any Confidential Information, except to the extent reasonably necessary for carrying out of its obligations under this Agreement and subject to and in accordance with the remainder of this Clause 18.
- 18.2 The Consultant may disclose Confidential Information to the extent reasonably necessary for carrying out its obligations under this Agreement to:
- (a) those of the Consultant's staff who:
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- (i) have a reasonable need to know and use the Confidential Information provided any such disclosure shall be only to the extent any such Employee needs to know the same;
 - (ii) have been informed of the confidential nature of the Confidential Information in question and the specific obligations of secrecy and restricted use as assumed by the Consultant hereunder; and
 - (iii) are bound by obligations no less stringent than those assumed by the Consultant under this Agreement and
- (b) those persons notified to the Consultant by the Customer as persons to whom the Consultant may disclose information, (which may include, to the extent necessary to perform the certifications required by this Agreement, the underwriters), provided in each case that those persons have entered into confidentiality undertakings with the Consultant in a form reasonably acceptable to the Customer,
- 18.3 The Consultant acknowledges and agrees that it is and shall remain liable to the Customer for any breach of this Clause 18 by it or by any of its staff or by anyone to whom it discloses Confidential Information in accordance with Clause 18.2. Accordingly, any breach by the aforesaid shall constitute a breach of the obligations of the Consultant under this Clause 18. Without limiting the foregoing, the Consultant shall ensure that each member of its staff and anyone to whom the Consultant discloses Confidential Information in accordance with Clause 18.2 enters into a confidentiality undertaking with the Consultant in a form reasonably acceptable to the Customer.
- 18.4 The provisions of this Clause 18 shall not apply to any Confidential Information which the Consultant can demonstrate:
- (a) was, at the time the Confidential Information was received, obtained or generated by or on behalf of the Consultant, in the public domain; or
 - (b) was at the time the Confidential Information was received, obtained or generated by or on behalf of the Consultant already known to the Consultant otherwise than in connection with its role (or bid for a role) in the Nuclear Program;
 - (c) becomes public knowledge after it was received, obtained or generated by the Consultant otherwise than as a result of the breach by the Consultant of its obligations under this Clause 18;
 - (d) is required to be disclosed by law or regulation provided that, to the extent to do so would not place the Consultant in breach of UAE law or the laws of its country of incorporation, the Consultant will (i) promptly (and in any event within 24 hours) notify the Customer in writing if any Confidential Information is required to be disclosed by law or regulation and co-operate with the Customer regarding the timing and content of such disclosure or any action which the Customer may take to challenge the validity of such requirement; and (ii) prior to making any such disclosure, provide reasonable assistance to the Customer in seeking a protective order or other similar order; and (iii) disclose Confidential Information only to the extent required by the protective order or other similar order, if such an order is obtained, and if no such order is obtained, disclose only the minimum amount of Confidential Information required to be disclosed in order to comply with the applicable law or regulation.
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- 18.5 The provisions and obligations set out in this Clause 18 shall survive and remain in force following the termination of this Agreement.
- 18.6 The Consultant hereby indemnifies the Customer from and against any and all claims, actions, proceedings, damages and costs (including legal and expert fees and costs) arising out of or relating to any breach by the Consultant or any member of its staff or anyone to whom the Consultant discloses Confidential Information pursuant to Clause 18.2 of any provision of Clause 18 or any confidentiality undertaking referred to in Clause 18.3.
- 18.7 The Customer operates a transparency policy on access to information whereby information (including Confidential Information, this Agreement, correspondence, e-mails, minutes of meetings, deliverables under this Agreement and reports), provided by the Consultant to the Customer may be disclosed from time to time at the Customer's discretion into the public domain and/or to any Stakeholder(s). The Consultant shall be deemed to have consented to such disclosure.
- 18.8 The Consultant shall immediately notify the Customer of any request by any third party that Confidential Information be disclosed.
- 18.9 Upon the termination or expiration of this Agreement, or at any other time upon the written request of the Customer, the Consultant shall promptly return to the Customer (or if the Customer so requests destroy) all Confidential Information (or, where the request is limited to specific information, such of it as may be specified in the request) in the Consultant's or its staffs possession or control, together with all copies, summaries and analyses thereof, regardless of the format in which such information exists or is stored and shall procure the return (or if the Customer so requests destruction) of such information from any person to whom it has disclosed that Confidential Information in accordance with this Agreement consistent with applicable laws. Within five (5) business days following the expiration or earlier termination of this Agreement, or any written request as set forth above, the Consultant shall provide the Customer with a written certification of its compliance with the provisions of this Clause 18.9.
- 18.10 From time to time and on the request of the Customer, the Consultant shall enter into confidentiality agreements relating to the Nuclear Program with any third party (other than the staff of the Consultant) nominated by the Customer, on terms equivalent to those on which the Customer has entered into a confidentiality agreement with the relevant third party, except to the extent that the Consultant considers (acting reasonably) that those terms would prevent it performing its obligations under this Agreement or place it in breach of this Agreement.
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19. FORCE MAJEURE

- 19.1 Save to the extent expressly provided to the contrary in this Agreement, neither Party hereto shall be liable for any failure to fulfil any term of this Agreement, if fulfilment has been prevented by Force Majeure which for the purpose of this Agreement shall, mean any event or combination of events arising after the Effective Date which are unforeseeable and beyond the reasonable control of the Party in question (save for any such events expressly identified as not amounting to Force Majeure in this Agreement) and provided the affected Party has exercised reasonable care and diligence to prevent or avoid the consequences of such event or events on its ability to perform its obligations in a timely manner and is using all reasonable efforts to mitigate and overcome the effect of Force Majeure,
- 19.2 On the occurrence of any event of Force Majeure the Party affected by the event of Force Majeure shall:
- (a) immediately give verbal notice upon having actual knowledge of such event to the other Party and promptly confirm that notice in writing; and
 - (b) use its best endeavours to mitigate the effect of such event of Force Majeure upon the fulfilment of such obligations under this Agreement as soon as possible.

20. PERFORMANCE BANK GUARANTEE

Not applicable

21. GENERAL

- 21.1 The Parties acknowledge and agree that the terms and conditions of this Agreement have been freely, fairly and thoroughly negotiated. No provision in this Agreement is to be interpreted against either Party because the original draft of this Agreement or a provision was put forward by the Party and mutual releases or exclusions of liability are not to be construed against the Party in fact relying on them.
- 21.2 Modifications or amendments to this Agreement must be in writing and executed by a duly authorized representative of each Party.
- 21.3
- (a) If any term in or provision of this Agreement shall be held to be illegal, void or unenforceable in whole or in part under any enactment of law, the term or provision shall to that extent be deemed not to form part of this Agreement and the enforceability of the remainder of this Agreement shall not be affected.
 - (b) In the event that any portion or all of this Agreement is held to be illegal, void or unenforceable, the Parties agree to negotiate in good faith to reach an equitable agreement which shall effect the intent of the Parties as set forth in this Agreement.
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- 21.4 Subject to Clause 12.4, this Agreement sets forth the entire agreement and understanding between the Parties with respect to the subject matter thereof. This Agreement supersedes all oral and written agreements and understandings between them relating thereto, unless the contrary is expressly stated in this Agreement. Each of the Parties warrants and confirms to the other that it has not entered into this Agreement in reliance on, nor has it been induced to enter into this Agreement by any representation, warranty or undertaking made by or on behalf of the other (whether express or implied by statute or otherwise) which is not set out in this Agreement.
- 21.5 None of the terms, provisions or conditions of this Agreement shall be considered waived by the Customer unless a waiver is given in writing by the Customer. Save for express waivers of rights of recourse, a waiver on the part of the Customer or the Consultant of any breach of any term, provision or condition of this Agreement, shall not constitute a waiver of any preceding breach of, or a precedent nor bind either Party hereto to a waiver of any succeeding breach of, the same or any other term, provision or condition of this Agreement.
- 21.6 The Consultant on behalf of itself and its staff represents and warrants that it has not made or offered and will not make or offer with respect to the matters which are the subject of this Agreement:
- (a) any compensation, commission, agency fee, introduction fee, payment, gift, promise or advantage to a third party where such payment or advantage would violate any applicable law or regulator or the laws of the jurisdiction of incorporation of the Consultant;
 - (b) any compensation, commission, agency fee, introduction fee, payment, gift, promise or advantage to a third party which is based or calculated on any capital employed, cost incurred, cashflow, revenue, or profit earned or generated or estimated to be earned or generated by the Consultant in the performance of the Services;
 - (c) any compensation, commission, agency fee, introduction fee, payment, gift, promise or advantage, whether directly or through intermediaries, to or for the use of any person, while knowing or being aware of a high probability that any such money or thing of value will be offered, paid, given or promised, directly or indirectly, to the Customer or any of their advisers or representatives or any public official including any person holding a legislative, administrative or judicial office, exercising a public function for a public agency, a public enterprise or a public international organisation (collectively officials), for the purposes of influencing any act or decision of such officials in their official capacity, or inducing such officials to use their influence in obtaining or retaining business for or with, or directing business to, the Consultant or any Affiliate of the Consultant.
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21.7 Each Party agrees, upon the request of the other, to execute any documents and take any further steps as may be reasonably necessary in order to implement and give full effect to this Agreement.

22. NOTICES

22.1 Any instruction, notification, agreement, authorisation, approval and acknowledgement to be given under this Agreement:

- (a) shall be in writing and signed by or on behalf of the Party giving it;
- (b) may be served by leaving it at or sending it by facsimile, email (but only where the email attaches the instruction, notification, agreement, authorisation, approval or acknowledgement as a "PDF" document), prepaid or registered international post by air to the address and attention of the relevant Party set out in Clause 22.2;
- (c) shall be deemed to have been received:
 - (i) in the case of facsimile, at the time of transmission provided that the sender receives a successful delivery notification;
 - (ii) in the case of e-mail, upon the generation of a receipt notice by the recipient's server or, if such notice is not so generated, upon delivery to the recipient's server;
 - (iii) in the case of delivery by hand, at the time of delivery;
 - (iv) in the case of international mail, five (5) days from the date of posting.

22.2 For the purposes of Clause 22.1, the address, facsimile numbers, email addresses and bank account details of the parties are as follows:

The Customer

Emirates Nuclear Energy Corporation (ENEC)
For the attention of: AbdulHamid Nassouri (Executive Director Commercial)
PO Box 94075
Abu Dhabi, United Arab Emirates
Tel.: +971 2 6595955
Fax: +971 2 6595666

The Consultant

Lightbridge Corporation
1600 Tysons Blvd., Suite 550
McLean, VA 22102 USA

For the attention of: Seth Grae (President & CEO)
Tel. +1 571 730 1234
Fax +1 202 318 2502

22.3 All notices, instructions, information and other communications to be given by the Consultant or the Consultant's Representative to the Customer under this Agreement shall be given to the Customer's Representative, except as otherwise provided in this Agreement.

22.4 All notices, instructions, information and all other communications to be given by the Customer or the Customer's Representative to the Consultant under this Agreement shall be given to the Consultant's Representative, except as otherwise provided in this Agreement.

23. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be an original as against any Party whose signature appears thereon, but all of which together constitute but one and the same instrument.

24. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the federal laws of the United Arab Emirates and the laws of the Emirate of Abu Dhabi.

SIGNATORIES

IN WITNESS WHEREOF, the Parties have caused this Contract to be executed as of the Effective Date.

CUSTOMER:

Emirates Nuclear Energy Corporation (ENEC)

Signature: /s/ AbdulHamid Nassouri

Name: AbdulHamid Nassouri

Title: Executive Commercial Director

CONSULTANT:

Lightbridge Corporation

Signature: /s/ Seth Grae

Name: Seth Grae

Title: President and CEO

SCHEDULE 1: SCOPE OF SERVICES

Consultant shall provide specialist technical staff to work within the ENEC Program Office Organization. The Consultant staff will work under the direction of ENEC Management. Each staff member seconded to ENEC shall be assigned to an ENEC manager and shall have a defined role and responsibility within the ENEC organization. Consultant staff shall participate in the following key areas:

1. **Commercial and Procurement Services**
Contract Management and Supply Chain Services as and when required.
2. **Risk Management Services**
Risk Management Services for reviewing of Risks in Quarter 3 of 2010 and Periodic Program Risk Assessments to be scheduled by Customer
3. **Communications Management Services**
Execution of work related to government relations counsel, industry research, and background assistance with media relations (technical expertise) as and when required.
4. **Nuclear Safety**
Assistance in the areas of Emergency Planning and Nuclear Safety as and when required.
5. **Additional Technical Services**
At request of the Customer the Consultant shall provide staff with expertise in additional technical services which may include but are not limited to the following:
 1. Technical and management reviews
 2. Fuel strategy
 3. Waste and decommissioning strategy
 4. Fleet deployment strategy
 5. Infrastructure and grid analysis
 6. Capacity development.
 7. Strategic budget development.
 8. Compliance with legislation, international agreement

Consultant shall perform work under Task Orders (Schedule 5) authorized by ENEC Management (Two (2) originals shall be signed and approved). Each Task Order shall have a description of work, deliverable(s), schedule and personnel as shown in Schedule 4. These Task Orders shall accompany monthly invoices as per Article 8.2.

SCHEDULE 2: PAYMENT SCHEDULE

1 Basis of Payment

- 1.1 For each calendar year Customer and Consultant will agree on an estimated budget for services to be provided. Customer shall reimburse Consultant in accordance with the rates contained in this Schedule under item-2.
- 1.2 Validity of rates and prices: ***[Redacted]***.
- 1.3 The labour rates specified in this schedule under item-2.2 ,shall include for employee's salary, benefits, overheads, profits, taxes, insurance, medical, sick leave, local transportation, leave salary, overtime premium, bonus, incentive, communications, courier services, printing, reproduction, computer services, all costs associated with the personnel's dependents and normal overseas Head Office back-up/company support.
- 1.4 The labour rates are ***[Redacted]***.
- 1.5 The payment shall be at the applicable hour rates against the various positions specified in this schedule under item-2.2. Reimbursement to Consultant shall be made monthly based on the actual hours worked in accordance with the time sheets approved by Customer.
- 1.6 No payment shall be made if personnel are absent or unavailable for work for any reason, including leave. Scheduling of leave of personnel scheduled to work under an approved task order shall be subject to Customer approval 30 days ahead of leave.
- 1.7 No payment shall be made for categories/positions of personnel not detailed in this Schedule under item-2.2 unless agreed by Customer prior to performance of Service.
- 1.8 Working Hours: The normal hours for personnel based in Home Office, Consultant's Office or other locations excluding U.A.E will generally follow the work day schedule applicable at these locations. *However, ***[Redacted]***.*
- The working hours for personnel assigned in U.A.E or Customer Head Office in Abu Dhabi City will be 8 hours per day from Sunday through Thursday (5 days a week = 40 hours) except during the Holy month of Ramadan, by which Consultant's personnel shall work the declared (reduced) hours. *However, ***[Redacted]***.*
- 1.9 Missions Allowance:
- In addition to payment by Customer to Consultant for the actual duration worked in accordance to item-2 of this schedule, Customer shall pay to Consultant for Customer's approved business travel/missions as detailed hereunder.

* ***[Redacted]*** indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

1.9.1 Accommodation, Messing and Transport facilities *at Home Office or Consultant's Office* shall be arranged by the Consultant and the relevant costs are deemed to be covered by the labour rates specified in this schedule under item-2.2.

1.9.2 Travel Fare & Subsistence Allowance:

A. For any Customer approved business travel, by air, train or road, Consultant shall be reimbursed the actual travel fare incurred as stipulated below:

Air and train travel shall be economy class. However for senior level personnel (Executive Consultant, Senior Technical Specialist, and Project Manager Categories Only) Consultant shall be reimbursed with actual cost of *business class fare tickets*.

B. For any Customer approved round trip business travel, which involves overnight stay, Consultant shall be reimbursed as per the actual expenses of lodging.

C. In addition, Consultant shall be paid an all-inclusive subsistence allowance equal to AED*[Redacted]* - US\$*[Redacted]*. However, Customer may, at its sole discretion, elect to arrange and provide the accommodation to Consultant's personnel. For Customer approved round trip business travel, which doesn't involve an overnight stay, the Consultant shall be paid an all- inclusive subsistence allowance equal to AED*[Redacted]* - US\$*[Redacted]*.

If the per diem exceeded AED*[Redacted]* - US\$*[Redacted]*, it will remain reimbursable but Consultant shall provide respective receipts and invoice. However, in case average expenses per day (during a billing period) are AED*[Redacted]* - US\$*[Redacted]* or less per day for all Consultant's personnel, Consultant shall not provide respective receipts and invoice.

Moreover, the Consultant shall be entitled of the per diem from the travel day where travel commences before 12:00 Noon on the day.

D. The above shall be applicable to locations more than (50) fifty miles from the normal place of duty.

E. The above shall be the only compensation or reimbursement payable to Consultant in respect of such business travel.

1.10 Support Services for Consultant:

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

1.10.1 All support services to Consultant's personnel in Home Office, including but not limited to all office facilities and equipment, clerical, secretarial, accounting and administration services are deemed to be covered by the Rates in this schedule.

1.10.2 Support services such as office facilities in Abu Dhabi city (other than where required in Consultant's Home offices) shall be provided or arranged by Customer at no charge to Consultant. However, any personal communications conducted by Consultant's personnel shall be back-charged to Consultant or deducted from Consultant's *due* payments.

1.11 Consultant Supplied Services:

Consultant will supply, at no cost to Customer unless the following services:

1.11.1 All visas (along with valid passport), residence permit, driving license and other authorization requirements for working in the United Arab Emirates (U.A.E) and/or Missions location for his personnel.

1.11.2 Management and administration of personnel.

1.11.3 Medical to satisfy Customer of personnel fitness to work.

1.11.4 Any and all other services required for the performance of the services and not specifically stated as being provided by Customer.

2 Estimated Contract Price

2.1 *Summary of Estimated Contract Price*

The Total Estimated Contract Price at the Effective Date is US \$1,877,600 (United States Dollars One Million Eight Hundred Seventy Seven Thousand and Six Hundred only) as tabulated below. The Total Estimated Price is a one (1) year price estimate from 1 January 2010 through 31 December 2010. The Consultant shall also inform the Customer if the Total Estimated Price will not be sufficient to cover all anticipated Task Orders.

Description of items		Provisional Amount (US\$)
1	Commercial & Procurement Services	\$*[Redacted]*
2	Risk Management Services	\$*[Redacted]*
3	Communication Management Services	\$*[Redacted]*
4	Nuclear Safety	\$*[Redacted]*
5	Additional Technical Services	\$*[Redacted]*
6	Provision Sum for Mission/Business Travels	\$*[Redacted]*
	Total Estimated Price (US\$)	\$1,877,600

Table (1): Summary of Total Estimated Contract Price.

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

For carrying out the services by the Consultant in all locations the following rates shall be applicable:

	Position Category	Position Title	Nominee/ Personnel Name	*Hourly Rate in US\$
1	Executive Consultant	*[Redacted]*	*[Redacted]*	*[Redacted]*
2	Senior Technical Specialist	*[Redacted]*	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*
3	Project Manager	*[Redacted]*	*[Redacted]*	*[Redacted]*
4	Assistant	*[Redacted]*	*[Redacted]*	*[Redacted]*
		[Redacted]	*[Redacted]*	*[Redacted]*

Notes:

1. Rates detailed above in table-3, are deemed to be fully inclusive rates for carrying out the services in all locations (inside and outside U.A.E) excluding transportation , accommodation and Travel Fare fees related to any approved travel/mission, refer to item 1.10 & 1.11 in schedule-2.
2. Where personnel are assigned to provide services in Customer's locations, Customer shall not be responsible for any transportation or accommodation charges incurred by such personnel who choose to travel to any location away from the work site.
3. Personnel not listed above in table-3 must be approved on each Task Order and designated by Position Category.
4. For personnel approved on a task order equivalent to full time work (greater than or equal to 120 hours per 30 calendar day period) and equal to or exceeding 60 calendar days, that person shall be subject to a ***[Redacted]*** in labour rate during that task period.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

2.3 Breakdown of Estimated Contract Price

Detailed hereunder, is breakdown of the estimated provisional price for the services based on quantity duration estimated by Customer. The Consultant shall be permitted to change the allocation of funds within the Total Estimated Price to reflect actual spend against Task Orders. Payment shall be made monthly on a reimbursable basis, based on approved timesheets

	Personnel Category	Estimated Quantity	Unit	Rate (US \$)	Provisional Amount for 12 months (US\$)
1	Commercial & Procurement Services				
1.1	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
1.2	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
1.3	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
2	Risk Management Services				
2.1	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
2.2	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
3	Communication Management Services				
3.1	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
3.2	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
4	Nuclear Safety				
4.1	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
4.1	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*/hour	*[Redacted]*
5	Additional Technical Services				
6	Provision Sum for Mission/Business Travels				
	Total Estimated Contract Price (US\$)				
					1,877,600

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

SCHEDULE 3: INVOICING

A. Submission of Invoices

No later than the 20th day after the end of each calendar month, the Consultant shall submit two (2) separate monthly invoices for:

1. Professional Fees, and
2. Reimbursed Expenses.

Professional Fees shall include: summary of work performed duly signed by Consultant, Professional fees for the current period, Consultants hours expended for the current period, cumulative hours expended year to date, and total estimated hours for the current calendar year.

Reimbursed Expenses shall include all allowances including the per diem (or daily) allowance for Accommodation, Messing & Transport and Travel/Missions only, and payment shall be as per items 1.9 & 1.10 in Schedul-2.

The Consultant shall submit the monthly invoices to the following addresses (with one copy electronically in unprotected Excel Sheet file submitted to the below email) in one (1) original, clearly stamped 'ORIGINAL' and two (2) copies. The invoices shall:

- (i) Bear reference to this Agreement Number (EDC10017), Addressed to ENEC Accounts Payable.
- (ii) Be supported by all necessary documentation to enable Client to review and accept them.
- (iii) Clearly state the reason for which payments are required.
- (iv) State the bank details where the payments are to be made and be signed by authorized person from the Consultant.

The below addresses shall also be utilized for submission of any/all queries concerning invoices. Additionally, all invoices and correspondence shall clearly indicate in the subject the Agreement Number and Title).

Emirates Nuclear Energy Corporation (ENEC)
Attention: Accounts Payable
P.O. Box 94075
Abu Dhabi, UAE
Tel.: +971 2 6595555
Fax: +971 2 6595666

B. Invoice Currency and Rates

The currency of this Agreement shall be the United States Dollar and all invoices and payments shall be expressed and made in that currency. The values of invoices shall comply with the Prices and Rates quoted in schedule-2.

SCHEDULE 3: INVOICING

PROJECT		INVOICE NO.	
CONSULTANT		CONTRACT	
ADDRESS		DATE	
TEL		PROJECT NO.	
FAX		PERIOD	

No.	Milestone	Contract Amount
	TOTAL	
	VARIATIONS (IF APPLICABLE)	
	NET TOTAL	
In Words		

We hereby approve the release of the payment as described above and as per contract payment terms	Approved for Payment
---	----------------------

DATE	DATE	DATE	DATE



SCHEDULE 4: NOMINATED PERSONNEL

Position Category	Position Title	Nominee/Personnel Name
Executive Consultant	*[Redacted]*	*[Redacted]*
Senior Technical Specialist	*[Redacted]*	*[Redacted]*
	[Redacted]	*[Redacted]*
	[Redacted]	*[Redacted]*
	[Redacted]	*[Redacted]*
	[Redacted]	*[Redacted]*
	[Redacted]	*[Redacted]*
	[Redacted]	*[Redacted]*
	[Redacted]	*[Redacted]*
	[Redacted]	*[Redacted]*
	[Redacted]	*[Redacted]*
Project Manager	*[Redacted]*	*[Redacted]*
Assistant	*[Redacted]*	*[Redacted]*
	[Redacted]	*[Redacted]*

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934, as amended. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

SCHEDULE 5: TASK ORDER FORM
(refer to next page)

TASK ORDER APPROVAL FORM

AGREEMENT NO.
AGREEMENT TITLE:
CONSULTANT/CONTRACTOR:
TASK ORDER NUMBER TASK ORDER TYPE
TASK
DESCRIPTION

SCOPE, DELIVERABLES
RELATED SCHEDULES
PERSONNEL AND
DETAILED TRAVEL
REQUIREMENTS IF AND
AS APPLICABLE
(ADDITIONAL DETAILS ATTACHED,
IF ANY)

CONSULT./CONTRACTOR
PROJECT LEAD TASK DURATION

TOTAL TASK ORDER PRICE
(NOT TO BE EXCEEDED)

REQUESTOR	CONSULTANT / CONTRACTOR
NAME	NAME
ENEC POSITION TITLE	POSITION TITLE
SIGNATURE AND DATE	SIGNATURE AND DATE

APPROVED TO START WORKS / SERVICES

NAME
ENEC POSITION TITLE
SIGNATURE AND DATE

SCHEDULE 6
COMPLETION CERTIFICATE

Agreement No. _____

Date: _____

Words and expressions used hereunder shall have the same meanings assigned to them under the above Agreement.

Description of the Services:

The above Services have been completed in accordance with the provisions of the Agreement, except for those items, if any, listed in Appendix I hereto, and this certificate is issued subject to the terms and conditions contained in the Agreement.

For and on behalf of:

Emirates Nuclear Energy Corporation (ENEC)

By: _____

Date: _____

Title: _____

Accepted for and on behalf of the Consultant:

By: _____

Date: _____

Title: _____

APPENDIX 1

EXCEPTIONS TO COMPLETION

ENEC/Consultant to detail here any and all exceptions to the completion of the Services described in this Completion Certificate.

cc: Procurement & Supplier Chain

CHANGE ORDER NO. 4

TO

AGREEMENT NO. EDC10017 (ECD-CON-10-001)

BETWEEN

EMIRATES NUCLEAR ENERGY CORPORATION
(ENEC)

AND

LIGHTBRIDGE CORPORATION

FOR

NUCLEAR ENERGY CONSULTANCY SERVICES

AGREEMENT CHANGE ORDER

AGREEMENT NO : EDC10017 (ECD-CON-10-001)	CHANGE ORDER NO.: 04	EFFECTIVE DATE: JANUARY 01 ST , 2012
AGREEMENT TITLE : NUCLEAR ENERGY CONSULTANCY SERVICES		
CONTRACTOR: LIGHTBRIDGE CORPORATION		
DURATION: JANUARY 01, 2012 TO DECEMBER 31, 2012.		
PREAMBLE:		
Change Order No. 4 is Customer's formal approval of the Change to the above Agreement No. EDC10017 (ECD- CON-10-001). Total Estimated Contract Price is USD 136,129.00 for one (1) year effective from January 01 st , 2012.		
CHANGE ORDER DETAILS:		
This Change Order No. 4 is made to renew the Nuclear Consultancy Services Agreement with M/s Lightbridge Corporation for one (1) year effective date starting January 1st, 2012 on the same Terms & Conditions with additional Personnel & new Rates for 2012. The Estimated Cost of 2010 & 2011 Agreement was USD 2,347,000.00 however only USD 2,066,228.82 was utilized until the end of 2011. Therefore, including the value of this change order No. 4 USD 136,129.00 the revised Agreement value will be USD 2,202,357.82		
EFFECT ON AGREEMENT SCHEDULE:		
Performance Period is extended by one (1) year (i.e. from January 01st, 2012 to December 31st, 2012).		
TERMS AND CONDITIONS:		
<ul style="list-style-type: none"> Except as otherwise stated in this Change Order No. 04, all other terms and conditions of the original Agreement shall remain unchanged. 		
EFFECT ON AGREEMENT PRICE:		
<ul style="list-style-type: none"> Original Agreement Value (USD) 		1,877,600.00
<ul style="list-style-type: none"> Change Order No. 01 Value (USD) 		0.00
<ul style="list-style-type: none"> Change Order No. 02 Value (USD) 		469,400.00
<ul style="list-style-type: none"> Change Order No. 03 Value (USD) 		0.00
<ul style="list-style-type: none"> Change Order No. 04 Value (USD) — Not utilized value 		(-280,771.18)
<ul style="list-style-type: none"> Change Order No. 04 Value (USD) — Renewal Budget 		136,129.00
	Revised Contract Value (USD)	2,202,357.82

SIGNATORIES

IN WITNESS of which each of the parties has signed this Agreement Change Order No. 04 on the Effective Date:

SIGNED by) For and on behalf of Emirates Nuclear) Energy Corporation (ENEC))	By: <u> /s/ Saleh Al Shehhi</u> Name: Saleh Al Shehhi Title: Executive Director Supply Chain Date: 16/04/2012
SIGNED by) For and on behalf of Lightbridge) Corporation)	By: <u> /s/ Seth Grae</u> Name: Seth Grae Title: President & CEO Date: 13 April 2012

CHANGE ORDER NO. 5

TO

AGREEMENT NO. EDC10017 (ECD-CON-10-001)

BETWEEN

EMIRATES NUCLEAR ENERGY CORPORATION
(ENEC)

AND

LIGHTBRIDGE CORPORATION

FOR

NUCLEAR ENERGY CONSULTANCY SERVICES

AGREEMENT CHANGE ORDER

AGREEMENT NO : EDC10017 (ECD-CON-10-001)	CHANGE ORDER No.: 05	EFFECTIVE DATE: APRIL 08 th , 2012
AGREEMENT TITLE : NUCLEAR ENERGY CONSULTANCY SERVICES		
CONTRACTOR: LIGHTBRIDGE CORPORATION		
DURATION: JANUARY 01, 2012 TO DECEMBER 31, 2012		
PREAMBLE:		
Change Order No. 05 is Customer's formal approval of the Change to the above Agreement No. EDC10017 (ECD- CON-10-001).		
CHANGE ORDER DETAILS:		
This Change Order No. 5 is made to add budget of AED 115,000.00 (equivalent to USD 31,309.55) in order to cover the new task of prepare briefing presentation to the board of directors on the EUP procurement. The total lump sum Price for Change Order No. 5 is USD 31,309.55. The revised Agreement value will be USD 2,233,667.37		
EFFECT ON AGREEMENT SCHEDULE:		
The Agreement schedule shall remain unchanged.		
TERMS AND CONDITIONS:		
• Except as otherwise stated in this Change Order No. 05, all other terms and conditions of the original Agreement shall remain unchanged.		
EFFECT ON AGREEMENT PRICE:		
• Original Agreement Value (USD)		1,877,600.00
• Change Order No. 01 Value (USD)		0.00
• Change Order No. 02 Value (USD)		469,400.00
• Change Order No. 03 Value (USD)		0.00
• Change Order No. 04 Value (USD)		(-144,642.18)
• Change Order No. 05 Value (USD)		31,309.55
	Revised Contract Value (USD)	2,233,667.37

SIGNATORIES

IN WITNESS of which each of the parties has signed this Agreement Change Order No. 05 on the Effective Date:

SIGNED by)	By: <u>/s/ Saleh Al Shehhi</u>
For and on behalf of Emirates Nuclear)	Name: Saleh Al Shehhi
Energy Corporation (ENEC))	Title: Executive Director Supply Chain
		Date: 23/05/2012
SIGNED by)	By: <u>/s/ James Guerra</u>
For and on behalf of Lightbridge)	Name: James Guerra
Corporation)	Title: COO
		Date: April 15, 2012

CHANGE ORDER NO. 6

TO

AGREEMENT NO. EDC10017 (ECD-CON-10-001)

BETWEEN

EMIRATES NUCLEAR ENERGY CORPORATION
(ENEC)

AND

LIGHTBRIDGE CORPORATION

FOR

NUCLEAR ENERGY CONSULTANCY SERVICES

AGREEMENT CHANGE ORDER

AGREEMENT No : EDC10017 (ECD-CON-10-001)	CHANGE ORDER No.: 06	EFFECTIVE DATE: JUNE 01st, 2012
AGREEMENT TITLE : NUCLEAR ENERGY CONSULTANCY SERVICES		
CONTRACTOR: LIGHTBRIDGE CORPORATION		
DURATION: JUNE 01, 2012 TO DECEMBER 31, 2012.		
PREAMBLE:		
Change Order No. 6 is Customer's formal approval of the Change to the above Agreement No. EDC10017 (ECD-CON-10-001).		
CHANGE ORDER DETAILS:		
This Change Order No. 6 is made to add budget of AED 995,000.00 (equivalent to USD 270,895.72) to the contract value in order to cover all 2012 task orders. Therefore, including the value of this change order No. 6 (USD 270,895.72) the revised Agreement value will be USD 2,504,563.09 (United States Dollars Two Million Five Hundred Four Thousands Five Hundred Sixty Three and Cents Nine Only) which is equivalent to AED 9,199,260.229 @ 3.673.		
EFFECT ON AGREEMENT SCHEDULE:		
No effects on the Agreement schedule.		
TERMS AND CONDITIONS:		
• Except as otherwise stated in this Change Order No. 06, all other terms and conditions of the original Agreement shall remain unchanged.		
EFFECT ON AGREEMENT PRICE:		
• Original Agreement Value (USD)		1,877,600.00
• Change Order No. 01 Value (USD)		0.00
• Change Order No. 02 Value (USD)		469,400.00
• Change Order No. 03 Value (USD)		0.00
• Change Order No. 04 Value (USD) — Not utilized value		(-280,771.18)
• Change Order No. 04 Value (USD) — Renewal Budget		136,129.00
• Change Order No. 05 Value (USD)		31,309.55
• Change Order No. 06 Value (USD)		270,895.72
Revised Contract Value (USD)		2,504,563.09

SIGNATORIES

IN WITNESS of which each of the parties has signed this Agreement Change Order No. 05 on the Effective Date:

SIGNED by)
For and on behalf of Emirates Nuclear)
Energy Corporation (ENEC))

By: /s/ A. Nassouri
Name: Abdulhamid Nassouri
Title: Chief Commercial Officer
Date: 23/07/2012

SIGNED by)
For and on behalf of Lightbridge)
Corporation)

By: /s/ James Guerra
Name: James Guerra
Title: COO/CFO
Date: 19/7/2012

CHANGE ORDER NO. 07 TO
AGREEMENT NO. EDC10017 (ECD-CON-10-001)
BETWEEN
EMIRATES NUCLEAR ENERGY CORPORATION
(ENEC)
AND
LIGHTBRIDGE CORPORATION
FOR
NUCLEAR ENERGY CONSULTANCY SERVICES

AGREEMENT CHANGE ORDER

Agreement No: EDC10017 (ECD-CON-10-001)	Change Order No.: 07	Date: 01 January 2013
Agreement Title: Nuclear Energy Consultancy Services		
Contractor: Lightbridge Corporation		
Change Order Duration: 01 January 2013 to 31 December 2013		
Preamble:		
This Change Order No. 07 is Customer's formal approval of the Change to the above Agreement No. EDC10017 (ECD-CON-10- 001).		
Change Order Details:		
This Change Order No. 07 is made to renew the Agreement for one (1) year with effect from 01 January 2013 and to increase the Contract Value with an amount of USD 191,582.57. The Contract Value was USD 2,504,563.09 however only USD 2,423,888.65 was utilised until the end of 2012. Therefore, including the value of this Change Order, the Revised Contract Value will be USD 2,696,145.66 (Two Million, Six Hundred and Ninety Six Thousand, One Hundred and Forty Five United States Dollars and Sixty Six Cents only)		
Effect on Agreement Schedule:		
The Agreement is extended by 1 (one) year, from 01 January 2013 to 31 December 2013.		
Terms and Conditions:		
Except as otherwise stated in Change Orders 01,02,03,04,05,06 and this Change Order No. 07 all other terms and conditions of the original Agreement shall remain unchanged.		
Effect on Agreement Price:		
• Original Agreement Value (USD)		1,877,1600.00
• Original Order No. 01 Value (USD)		0.00
• Original Order No. 02 Value (USD)		469,400.00
• Original Order No. 03 Value (USD)		0.00
• Original Order No. 04 Value (USD) – Not utilised value		(280,771.18)
• Original Order No. 04 Value (USD) – Renewal Budget		136,129.00
• Original Order No. 05 Value (USD)		31,309.55
• Original Order No. 06 Value (USD)		270,895.72
• Original Order No. 07 Value (USD)		191,582.57
	Revised Contract Value (USD)	2,696,145.66

SIGNATORIES

IN WITNESS of which each of the parties has signed this Agreement Change Order No. 07 on the Effective Date:

SIGNED by
For and on behalf of **Emirates Nuclear Energy
Corporation (ENEC)**

)
)
)

By: _____
Name: _____
Title: _____
Date: _____

SIGNED by
for and on behalf of **LIGHTBRIDGE
CORPORATION**

By: _____
Name: _____
Title: _____
Date: _____

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “** [REDACTED]**”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

CONSULTANCY SERVICES AGREEMENT

dated November 1, 2013

among

EMIRATES NUCLEAR ENERGY CORPORATION

and

LIGHTBRIDGE CORPORATION

relating to

Fuel Fabrication QA/QS Services

Contents

Clause		Page
1.	Definitions and Interpretation	2
2.	Framework and Reputation	8
3.	Representations and Warranties	8
4.	Scope of Agreement	9
5.	Time for Performance of the Services	10
6.	Duty of Care	11
7.	Varied Services	11
8.	Consultant Staff	13
9.	Representatives	14
10.	Payment and Taxation	15
11.	Records and Accounting	17
12.	Deliverables Schedule	17
13.	Liabilities	17
14.	Limitation of Liability	18
15.	Consultant Insurances	19
16.	Conflicts	19
17.	Sub-Contracting, Assignment and Transfer	20
18.	Intellectual Property	21
19.	Termination and Suspension	22
20.	Confidentiality	24
21.	Anti-Corruption Provisions	27
22.	Export Regulations	28
23.	General	29
24.	Entire Agreement	29
25.	Partial Invalidity	29
26.	Remedies and Waivers	29
27.	Amendments and Waivers	30
28.	Further Assurances	30
29.	Costs	30
30.	Arbitration	30
31.	Notices and Consents	31
32.	Counterparts	32
33.	Third Party Rights	32
34.	Governing Law	32
	Schedule 1 (Particulars)	34
	Schedule (Scope of Services)	36
	Schedule Pricing	41

THIS CONSULTANCY SERVICES AGREEMENT is dated November 1, 2013.

BETWEEN:

- (1) **EMIRATES NUCLEAR ENERGY CORPORATION**, a corporation established by Abu Dhabi Law No. 21 of 2009, whose registered office is P.O. Box 112010, Al Muroor Road, Abu Dhabi, UAE (the Customer); and
- LIGHTBRIDGE CORPORATION**, a company duly organised and existing under the laws of United States of America and whose registered office is Lightbridge Corporation 1600 Tyson's Blvd. Suite 550 McLean, VA 22102 (the Consultant).

WHEREAS:

- (A) The UAE has initiated the Nuclear Program.
- (B) The Parties acknowledge that the following objectives have been established for the Nuclear Program:
- (a) the Nuclear Program will make the potential benefits of nuclear energy available to the people of the UAE and will incorporate the principles of:
 - (i) complete operational transparency;
 - (ii) the highest standards of non-proliferation;
 - (iii) the highest standards of safety and security;
 - (iv) conformance with IAEA standards;
 - (v) working with governments and firms of responsible nations as well as with the assistance of appropriate expert organisations; and
 - (vi) an approach that best ensures long-term sustainability; and
 - (b) compliance with UAE international treaty obligations, legal requirements and international undertakings with regard to the Nuclear Program (collectively the UAE Nuclear Policy Objectives).
- (C) The Customer is a wholly-owned corporate vehicle of the Government of Abu Dhabi with the mandate to develop, build, finance, operate, maintain, manage and own nuclear reactors for use for peaceful objects for the purpose of power generation and water desalination.
- (D) The Consultant is an entity with significant expertise and experience in Nuclear Energy advisory Services.
- (E) The Customer has agreed to appoint the Consultant to carry out the Services on the terms set out in this Agreement.

IT IS HEREBY AGREED as follows:

1. Definitions and Interpretation

1.1 Definitions

In this Agreement (unless the context otherwise requires), words and expressions shall have the following meanings:

Affiliate means in relation to any party, any other party that directly or indirectly controls or is controlled by or is under common control with such party. For the purposes of this definition, control means that a party possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other party, whether through the ownership of voting shares, by contract or otherwise, and the terms control and controlled shall be interpreted accordingly.

Applicable Laws means any and all written and unwritten laws, treaties, regulations standards, decrees, rules, decisions, judgments, orders, injunctions, authorisations, directives and/or other legal requirements of any authority and/or Authority which are or may become during the currency of this Agreement applicable to the performance of the Services and/or any and all applicable bylaws, rules, regulations, directives, approved schemes and/or guidance of any public or private utility or other undertaking which has any jurisdiction with regard to the Services or with whose systems or property the Services are or will be connected.

Agreement means this agreement and the Schedules attached hereto.

Arbitration Costs has the meaning given in clause 30.6.

Authority means the federal government of the UAE, the government of the Emirate of Abu Dhabi, the government or other higher executive body of any constituent entity of the UAE and any municipality or other political subdivision, instrumentality, ministry, department, local or national agency, bureau or any executive, regulatory, supervisory, administrative or judicial body, inspector, official or public or statutory person or commission acting on behalf of and/or under the direct or indirect control of the authorised bodies of any of the foregoing or of any other country that has jurisdiction over the Services or the Nuclear Program.

Basic Services means the services to be provided by the Consultant under this Agreement as set out in Schedule 2 (Scope of Services) and any services reasonably incidental thereto.

Best Industry Practice means the exercise of reasonable skill, care, diligence, efficiency, foresight and operating practice to be expected of a world class, appropriately skilled, experienced and qualified professional consultant experienced in each of the disciplines to which the Services relate and engaged in activities of a similar scope, nature, complexity and size to the Consultant's activities under this Agreement and under the same or similar circumstances, where such adviser is seeking to satisfy the UAE Nuclear Policy Objectives and comply with its contractual obligations and all Applicable Laws.

Business Day means a day (other than a Friday or Saturday) on which banks are generally open for business in the Emirate of Abu Dhabi, UAE.

Charges means all taxes, imposts, duties, withholding taxes, charges or other assessments of whatsoever nature.

Confidential Information means all information of whatever kind (including proprietary and trade secret information) disclosed by or on behalf of the Customer by any means whatsoever in respect of the Services, whether such information is disclosed before, on or after the Effective Date.

Consultant means the person named as Consultant in this Agreement, legal successors in title to the Consultant or any person or persons to whom this Agreement is assigned or otherwise transferred in accordance with clause 17.

Consultant's Representative means the person identified as such in Schedule I (Particulars), or such replacement as the Consultant may from time to time appoint in accordance with clause 9.

Created Intellectual Property Rights means all Intellectual Property Rights in any Documents which are produced by or on behalf of the Consultant pursuant to this Agreement.

Customer means the person named as Customer in this Agreement, legal successors in title to the Customer or any person or persons to whom this Agreement is assigned or otherwise transferred in accordance with clause 17.

Customer Indemnified Parties has the meaning given in clause 13.1.

Customer's Representative means the person identified as such in Schedule 1 (Particulars), or such replacement as the Customer may from time to time appoint in accordance with clause 9.

Deliverables means the deliverables set out in the Deliverables Schedule that the Consultant is required to submit/complete/achieve in accordance with this Agreement (each a Deliverable).

Deliverables Schedule means the programme for the performance of the Services and other Deliverables set out in Part III of Schedule 2 (Scope of Services) as the same may be updated or modified by the Customer from time to time.

Deputy Consultant's Representative means the person identified as such in Schedule 1 (Particulars), or such replacement as the Consultant may from time to time appoint in accordance with clause 9.

Dispute has the meaning given in clause 30.1.

Dispute Meeting has the meaning given in clause 30.3.

Documents means any and all drawings, models, plans, elevations, sections, perspectives, specifications, schedules, designs and all other works and documentation (including in electronic form) produced or to be produced as part of or in connection with the Services.

Effective Date means the date of this Agreement as set out on the cover page.

Employed means, in relation to any individual, that such individual is working for the Consultant pursuant to:

- (a) an employment contract between the Consultant and that individual;
- (b) a consultancy or similar contract between the Consultant and that individual;
- (c) an agency agreement between the Consultant and an agency company; or
- (d) a subcontract between the Consultant and a subcontractor,

and **Employ** and all derivations of **Employ** shall be construed accordingly.

Encumbrance means any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind.

Export Control Laws means: (1) all applicable UAE export control laws and regulations; (2) UAE international commitments to observe foreign laws and regulations regarding exports including but not limited to the export control of the Republic of Korea, the US export control regulations at US Code of Federal Regulations Title 10 parts 110 and 810 and Title 15 Chapter VII; and (3) ENEC contractual commitments regarding control of exports.

Export Controlled Information means information that is provided by the Consultant and that, under the terms of any Export Control Laws, requires an individual validated license, specific authorisation or the equivalent, prior to export.

Fee means the fees payable for the due and proper performance of the Services in accordance with clause 10 and as set out in Schedule 3 (Pricing), as may be adjusted from time to time in accordance with this Agreement.

IAEA means the International Atomic Energy Agency.

Insolvency Event means the Consultant becoming bankrupt or insolvent, going into liquidation, having a receiving or administration order made against it, compounding with its creditors or carrying on business under a receiver, trustee or manager for the benefit of its creditors, or if any act is done or event occurs which (under any Applicable Law) has a similar effect to any of these acts or events.

Intellectual Property Rights means copyrights, (including rights in computer software), patents, trade marks, trade names, service marks, business names (including internet domain names), design rights, database rights, rights in undisclosed or confidential information (such as Know-how, trade secrets and inventions (whether patentable or not)), and all other intellectual property or similar proprietary rights of whatever nature (whether registered or not and including applications to register or rights to apply for registration) which may now or in the future subsist anywhere in the world.

Key Personnel means those individuals listed in Schedule 1 (Particulars) as Key Personnel being members of the Consultant's staff and any person who replaces them in the role(s) opposite their name in Schedule 1 (Particulars) (each a Key Person).

Know-how means all information not publicly known, used, or required to be used, in, or in connection with, any business of the Customer, held in any form (including that comprised in or derived from design drawings, prototypes, models, discoveries, improvements, data, formulae, specifications, component lists, instructions, manufacturing technology manuals, brochures, catalogues, processes, process descriptions and all other technical information and materials) and relating to:

- (a) the manufacture, procurement, marketing or sale of goods or services including customer names and lists and other details of customers, sales targets, sales statistics, market share statistics, prices, market research reports and surveys and advertising or other promotional materials;
- (b) future projects, business development or planning, commercial relationships and negotiations; and/or
- (c) any other aspect of the business of the Customer.

National Security Information means information that is classified as national security information in the country of origin, unclassified information that is controlled in the county of origin for national security reasons, or Sensitive Nuclear Information as described by the UAE Federal Authority for Nuclear Regulation, including the details of the nuclear security plans, contingency response plans, or security officer training and qualification plans for nuclear facilities or for the transportation of nuclear material.

Nominated Personnel means those individuals listed in Schedule I (Particulars) as Nominated Personnel being members of the Consultant's staff and any person who replaces them in the role(s) opposite their name in Schedule I (Particulars) (each a Nominated Person).

Notice of Dispute has the meaning given in clause 30.1.

Nuclear Program means the program to implement a commercial, peaceful nuclear energy program in the UAE for the procurement, design and build of a fleet of nuclear power units.

Prohibited Acts has the meaning given in clause 21.1.

Regulatory Disclosure Requirement means any disclosure in connection with legal or arbitral proceedings or official request issued by a court of competent jurisdiction or by a judicial administrative, legislative, regulatory or self regulatory authority, including any stock exchange or the UAE Federal Authority for Nuclear Regulation.

Risks and Opportunities means any risks and/or opportunities that may impact upon the Nuclear Program.

Rules has the meaning given in clause 30.4.

Services means the Basic Services and the Varied Services.

Stakeholder means such persons as the Customer may designate as a Stakeholder from time to time.

UAE means the United Arab Emirates.

UAE Nuclear Policy Objectives has the meaning given in recital B.

US means the United States of America.

Variation Instruction means an instruction given by the Customer to the Consultant pursuant to clause 7 of this Agreement, entitling the Customer to vary (by way of addition, modification or omission) the Services, including the manner and timing of the performance of the Services.

Varied Services means any variations to the Basic Services as the Customer may instruct in accordance with clause 7.1.

1.2 Interpretation

In this Agreement, except where the context otherwise requires:

- (a) the contents page and headings are for convenience of reference only and shall not affect the interpretation of this Agreement;
- (b) defined terms include the plural as well as the singular and vice versa;
- (c) words importing gender include all genders;
- (d) unless otherwise specified, references to clauses, paragraphs and Schedules are references to clauses and paragraphs of, and Schedules to, this Agreement;
- (e) unless a contrary indication appears, any reference in this Agreement to:
 - (i) a Party is a reference to a party to this Agreement and a Party to this Agreement or a party to any other document or agreement shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

- (ii) assets includes present and future properties, revenues and rights of every description;
 - (iii) any document or agreement, including this Agreement, is a reference to such document or agreement as amended, restated, supplemented, replaced or novated from time to time in accordance with its terms and (where applicable) subject to the requirements of this Agreement;
 - (iv) indebtedness includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (v) a person shall be construed so as to include any corporation, general or limited or limited liability partnership, limited liability company, unincorporated association, joint venture, trust, estate, Authority, natural person, government, state, agency or other legal entity, in each case whether in its own or a representative capacity and its successors and assigns;
 - (vi) a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (vii) Applicable Laws or to a provision of law is a reference to such Applicable Law or that provision of law as amended or re-enacted;
 - (viii) a specific Authority shall be construed so as to include any and all successors to such Authority which take over the function or responsibilities of such Authority;
 - (ix) the words **including, includes or include** are to be construed without limitation;
 - (x) a time of day is a reference to UAE time; and
 - (xi) **staff** includes any person Employed by the Consultant including each Nominated Person and any Key Person (and if, but only to the extent, the Customer consents in writing to any sub-contracting by the Consultant pursuant to clause 17, any such subcontractor and any person working for that sub-contractor);
- (f) unless a contrary indication appears, a term used in any notice given under or in connection with this Agreement has the same meaning in that notice as in this Agreement;
- (g) unless expressly stated otherwise, days shall mean consecutive calendar days by reference to the UAE time zone;

- (h) calendar year, year, quarter, month or day shall be calculated in accordance with the Gregorian calendar; and
- (i) in the event of any conflict, the clauses of this Agreement shall have priority over the contents of the Schedules or other documents forming part of this Agreement or any policy document, for the purposes of the Customer's relations with the Consultant.

2. Framework and Reputation

The Consultant acknowledges that the Customer is committed to the UAE Nuclear Policy Objectives for the Nuclear Program and, in carrying out the Services, the Consultant shall have the utmost regard to the importance to the Customer of the UAE Nuclear Policy Objectives.

3. Representations and Warranties

3.1 The Consultant represents and warrants that:

- (a) it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;
- (b) it has the power to own its assets and carry on its business as it is being conducted under the laws of its jurisdiction of incorporation;
- (c) it is duly qualified to do business under the laws of each other jurisdiction in which such qualification is required;
- (d) the obligations expressed to be assumed by it in this Agreement are, subject to any general principles of law limiting its obligations, legal, valid, binding and enforceable obligations;
- (e) the execution, delivery and performance by it of this Agreement and the transactions contemplated by this Agreement do not and will not:
 - (i) contravene any existing Applicable Law, statute, regulation, order, injunction, judgment, decree or permit to which it is subject;
 - (ii) materially conflict with or be prohibited by any mortgage, indenture, contract or other agreement to which it is a party or affecting its properties;
 - (iii) contravene or conflict with any provision of its constitutional documents; or
 - (iv) result in the creation or imposition of any lien, security interest, charge or encumbrance upon its property (except as permitted by this Agreement);

- (f) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement;
- (g) all authorisations, approvals, licences, permits and consents from governmental authorities (including any Authority) and others that are necessary for:
 - (i) the execution and delivery by it of this Agreement; and
 - (ii) the performance of its obligations under this Agreement,have been obtained and are in full force and effect in each case other than those that are not now necessary and that are expected to be obtained (and if required to be obtained are so obtained) in the ordinary course of business by the time they are necessary; and
- (h) no litigation, arbitration, tax claim, dispute or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a material adverse effect upon it or its ability to perform its financial or other obligations under this Agreement have, to its knowledge, been started or threatened against it.

4. Scope of Agreement

- 4.1 The Customer appoints the Consultant:
 - (a) to carry out the Services in accordance with Best Industry Practice and the provisions of this Agreement; and
 - (b) to carry out its other duties and obligations on the terms set out in this Agreement.
- 4.2 The Consultant shall comply with the reasonable instructions of the Customer given from time to time with regard to the performance of the Services and any other obligations of the Consultant under this Agreement.
- 4.3 The Services to be performed by the Consultant shall include the Basic Services and such other consulting and advisory services within the Consultant's skill and relating to the Nuclear Program as may be instructed by the Customer pursuant to a Variation Instruction.
- 4.4 The Consultant does not have the authority to enter into contracts on behalf of the Customer or to bind the Customer in any way. The Consultant shall not hold itself out as having authority to bind or act on behalf of the Customer. Nothing in this Agreement constitutes or is deemed to constitute a partnership or a joint venture between the Parties for any purpose whatsoever.
- 4.5 Any approval, consent, comment, advice, authorisation, instruction and the like given (or not given as the case may be) by or on behalf of the Customer in relation to any Deliverable or any other matter under this Agreement shall not relieve the Consultant from any obligation under this Agreement (including its obligations to deliver the Deliverable in accordance with this Agreement or in relation to any other matter) and shall in no way diminish the Customer's right subsequently to reject a Deliverable or other matter if it is not found to be in accordance with this Agreement.

- 4.6 The Consultant shall permit the Customer and any consultant or adviser appointed by the Customer (including their authorised representatives) reasonable access at all times, upon reasonable notice, to relevant internal meetings, correspondence, information technology systems, files and records and to all premises of the Consultant for the purposes of inspecting, monitoring and/or auditing the Consultant's performance of this Agreement.
- 4.7 Without prejudice to the other provisions of this Agreement, the Consultant shall take such commercially reasonable steps and do or refrain from doing all such commercially reasonable things in addition to its obligations under the other provisions of this Agreement as the Customer may reasonably require from time to time to enable the Customer to comply with its obligations to any other person and/or the UAE to comply with its obligations under any applicable treaty or agreement with another state or states.
- 4.8 During the performance of the Services, the Consultant shall identify and define Risks and Opportunities and shall evaluate the likelihood, and impact, of such Risks and Opportunities occurring and a suggested course of action and shall submit a monthly report detailing any such Risks and Opportunities to the Customer, in the format set out in Part I of Schedule 2 (Scope of Services). For the avoidance of doubt, the Consultant shall provide such monthly report free of charge.
- 4.9 Should the Consultant consider it necessary in order to perform the Services to contact any Authority, then the Consultant shall liaise with the Customer prior to making such contact.

5. Time for Performance of the Services

- 5.1 This Agreement shall commence on the Effective Date. To the extent the Consultant has performed any of the Services prior to the Effective Date, then from the Effective Date such Services shall be deemed to have been performed pursuant to this Agreement and shall be governed by the terms of this Agreement.
- 5.2 The Deliverables Schedule shall be adjusted as is reasonably commensurate to the effect of the delay (to the extent this delay could not reasonably be mitigated by the Consultant) if the Consultant suffers delay as a result of the occurrence of any of the following events:
- (a) the Customer suspends the Services to the extent such suspension is not due to a negligent act, a negligent omission, a default or a breach of this Agreement by the Consultant; or
 - (b) an act of prevention by the Customer.

6. Duty of Care

6.1 The Consultant shall perform the Services and shall carry out its other duties and obligations as follows:

- (a) in accordance with Best Industry Practice;
- (b) in accordance with this Agreement;
- (c) in accordance with all Applicable Laws; and
- (d) in the absence of an agreed time frame, proceeding regularly and diligently.

6.2 In the event that any breach of clause 6.1 becomes apparent, the Consultant shall promptly notify the Customer or the Customer may notify the Consultant and in either case upon the Customer's written request the Consultant shall make good such breach in such manner so as to minimise any downtime or delay to the Nuclear Program and with the result that the Services will have been performed in accordance with this Agreement.

6.3 The costs to the Consultant of complying with clause 6.2 shall be borne entirely by the Consultant.

6.4 Should the Consultant fail to take any action required under clause 6.2 within such reasonable time as may be specified by the Customer, or if no time is specified, within fourteen (14) days of the relevant breach being identified, the Customer shall be entitled to take such action or to have such action taken and to recover from the Consultant the costs thereof and/or relating thereto.

6.5 The Customer's remedies under this clause 6 are without prejudice to its rights at law or under any other provision of this Agreement in respect of the relevant breach or failure.

7. Varied Services

7.1 The Customer may at any time issue to the Consultant a Variation Instruction to perform Varied Services.

7.2 If the Customer issues a Variation Instruction that will or might result in the Consultant incurring costs in addition to the Fee or saving costs allowed for in the Fee, the Consultant shall advise the Customer, within five (5) days of receipt of the Variation Instruction, of its proposals for the following:

- (a) any addition to or reduction in the Fee, calculated on the basis of the hourly rates set out in Schedule 3 (Pricing), together with any resulting alteration to Schedule 3 (Pricing), provided always that there shall be no addition to the Fee or corresponding alteration to Schedule 3 (Pricing) if the need for the Variation Instruction arose/arises as a result of a negligent act, a negligent omission, a default or a breach of this Agreement by the Consultant; and

- (b) the programme for such Varied Services together with details of the impact (if any) which such Varied Services may have upon the Deliverables Schedule.
- 7.3 If the Customer accepts the Consultant's proposals provided pursuant to clause 7.2 and wishes to proceed with the Variation Instruction, it shall confirm the Variation Instruction to the Consultant in writing.
- 7.4 If the Customer does not accept the Consultant's proposals provided pursuant to clause 7.2 but wishes to proceed with the Variation Instruction, it shall so advise the Consultant in writing who shall immediately implement the Variation Instruction. Any addition to or any reduction in the Fee (together with any alteration to Schedule 3 (Pricing)) and/or the details of the impact (if any) the Variation Instruction may have upon the Deliverables Schedule shall then be agreed between the Customer and the Consultant. In the event that the Customer and the Consultant cannot agree a fair and reasonable adjustment to the Fee, Schedule 3 (Pricing) and/or the details of the impact (if any) the Variation Instruction may have upon the Deliverables Schedule the dispute or disagreement shall be referred, within one (1) month of the Customer confirming the Variation Instruction under this clause 7.4, to a meeting of appropriately senior directors (or representatives) of each Party with a view to trying to resolve such dispute or disagreement fairly and reasonably, without reference to the dispute resolution procedure set out in clause 30. If the senior directors (or representatives) are unable to resolve such dispute or disagreement then either Party may invoke the dispute resolution procedure set out in clause 30 of this Agreement.
- 7.5 If the Customer decides not to proceed with the Variation Instruction, then it shall so advise the Consultant and shall either withdraw or revise and reissue any Variation Instruction previously given as appropriate.
- 7.6 The Consultant may, at any time, submit to the Customer a written proposal requesting a Variation Instruction in which case such proposal will include the items set out in clauses 7.2(a) and 7.2(b). The Parties shall then follow the procedure set out in clauses 7.3 to 7.5 as if the Customer had requested such proposal. For the avoidance of doubt, the Customer may reject such proposal in its absolute discretion and if the Consultant proceeds to carry out its proposal before a Variation Instruction has been issued by the Customer it shall do so entirely at its own risk and cost.
- 7.7 If pursuant to this clause 7 the Customer issues a Variation Instruction which reduces the scope of the Services, the Customer will not be responsible for or liable to compensate the Consultant for any loss of profit, loss of opportunity or any consequential loss but the Customer will be responsible for reimbursing the Consultant any and all reasonable demobilisation costs which may result directly from the Consultant having to stand down and repatriate personnel who are no longer required as a consequence of such reduction in scope, unless the Variation Instruction arose/arises as a result of a negligent act, a negligent omission, a default or a breach of this Agreement by the Consultant.
- 7.8 If pursuant to this clause 7 the Customer issues a Variation Instruction which increases the scope of Services, the Customer shall be entitled to require the Consultant to increase the level or scope of the professional indemnity insurance cover required under this Agreement and/or the Consultant's limit of liability under clause 14.2 by an amount which is commensurate with the increase in scope of Services (which shall be the difference between the Fee for the scope of Services prior to the Variation Instruction being issued and the Fee for the scope of Services including the Variation Instruction which is the subject of this clause 7.8) .

8. Consultant Staff

- 8.1 The Consultant shall act as an independent contractor under this Agreement and, except where this Agreement otherwise expressly provides, none of the Consultant's staff shall be deemed to be the employees, agents or representatives of the Customer.
- 8.2 The Consultant shall be responsible for Employing and fully training all staff required by it to comply with its obligations under this Agreement. The Consultant shall ensure that all staff Employed by it have sufficient skills and experience to perform the role(s) assigned to them.
- 8.3 Subject to clauses 8.4 and 8.5, the Consultant undertakes to keep the Nominated Personnel and Key Personnel engaged in the performance of the Services and in the roles opposite their name in Schedule 1 (Particulars) (or, where relevant, the role of the previous Nominated Person or Key Person who they have replaced) for the duration of this Agreement or such other period as the Consultant and the Customer may agree.
- 8.4 The Consultant will not be in breach of clause 8.3 if a Nominated Person or a Key Person ceases to be a member of its staff or cannot carry out the Services by virtue of death, long term illness or incapacity or cessation of Employment with the Consultant or for any other reason beyond the reasonable control of the Consultant.
- 8.5 The Consultant may remove and/or replace any Key Personnel at any time provided that prior to any such removal or replacement the Consultant has obtained the Customer's prior written approval to such removal or replacement (as the case may be).
- 8.6 The Customer in its absolute discretion, but subject to any restrictions imposed by Applicable Laws, may require the immediate withdrawal of any member of the Consultant's staff at any time. In such event the Consultant shall be afforded a reasonable time to secure a suitably qualified and experienced replacement.
- 8.7 The Customer may require that any proposed or other member of the Consultant's staff is subject to security clearance vetting by the Customer and/or any relevant Authorities prior to commencing work on the Services or at any time. To assist with this process, the Consultant shall produce such personnel information and complete such documents as may be required for the relevant members of its staff.
- 8.8 Where for any reason any member of the Consultant's staff fails to obtain the necessary security clearance required under clause 8.7, such person may not work for the Consultant in connection with this Agreement. It is the Consultant's responsibility to ensure that sufficient members of its staff obtain the security clearance necessary to enable the Consultant to fully discharge its obligations under this Agreement.

8.9 Where there is a statutory or regulatory requirement that any member of the Consultant's staff be licensed or authorised in order to carry out the role(s) assigned to it (whether by any Authority or otherwise), the Consultant shall inform the Customer and shall ensure that such person is duly licensed or authorised throughout the period of their involvement in the performance of the Services.

8.10 The Consultant shall procure that its staff and any and all sub-consultants and their staff observe and perform the Services in accordance with:

- (a) Applicable Laws;
- (b) Customer's procedures for oversight of contractor and subcontractor activities, as amended from time to time, as listed below:
 - (i) HSE-PRC-100-04 Contractor IISE Management Procedure, and
 - (ii) CON-PRC-111-31 CPO HSE Oversight Management Procedure;
- (c) the Customer's safety and security regulations for the time being in force;
- (d) all health, safety, security and environmental policies, rules and regulations relating to any site on which the Consultant works, whether applied by the Customer or any other person; and
- (e) in respect of Services that require Consultant's presence at the site designated for the nuclear power generation plants and associated facilities at Barakah, Abu Dhabi (the Barakah Site), Consultant shall abide by all Barakah Site health, safety and security rules. Further, Consultant hereby agrees to contact the Customer CPO Safety Manager or relevant delegate for instructions relating to the Barakah Site prerequisites prior to attending the Barakah Site and before starting the Services,

The Consultant shall take full responsibility for the safety of all such staff Employed in connection with the Services and shall indemnify and keep indemnified the Customer against any liability which the Customer may incur to such personnel in connection with the Services.

9. Representatives

9.1 The Consultant hereby appoints the Consultant's Representative to represent the Consultant under this Agreement and the Consultant hereby acknowledges that, subject to clause 9.3, the Consultant's Representative has full authority to act for and on behalf of the Consultant for all purposes in connection with this Agreement, including the giving and receiving of notices. Any matter, fact or thing within the knowledge of the Consultant's Representative will be deemed to be within the knowledge of the Consultant.

The Customer will address all requests, directions, notices, recommendations, approvals and information relating to the Services and this Agreement to the Consultant's Representative. The Consultant will be bound by the errors, acts and omissions of the Consultant's Representative.

- 9.2 The Customer hereby appoints the Customer's Representative to have full authority, subject to clause 9.3, to act for and on behalf of the Customer for all purposes in connection with this Agreement, including the giving and receiving of notices. The Consultant will address all correspondence to the Customer's Representative and provide a simultaneous copy to the Customer.
- 9.3 Neither the Customer's Representative nor the Consultant's Representative shall have the power to alter or vary any term of this Agreement or to terminate it save that the Customer's Representative shall have the power to issue Variation Instructions in accordance with clause 7.
- 9.4 The Customer may, in its absolute discretion, require the Consultant to remove and replace the Consultant's Representative and any such replacement shall be undertaken in accordance with clause 9.5.
- 9.5 The Parties will, in the event of any change of representative appointed pursuant to this clause 9, notify the other Party in writing immediately upon such change and, in the case of the Consultant's Representative, the reasons for the change. The Consultant shall not revoke the appointment of the Consultant's Representative or appoint a replacement without having first obtained prior written approval from the Customer.
- 9.6 The Consultant hereby appoints the Deputy Consultant's Representative to act for and on behalf of the Consultant's Representative during all periods of absence of the Consultant's Representative and when so acting shall be treated as if he were the Consultant's Representative. The Consultant shall notify the Customer when the Deputy Consultant's Representative will be acting for and on behalf of the Consultant's Representative and the period for which it will be so acting at least ten (10) days prior to the Deputy Consultant's Representative taking over from the Consultant's Representative and the Customer shall be entitled to rely on such notice as authorising the Deputy Consultant's Representative to act for and on behalf of the Consultant's Representative for such period.

10. Payment and Taxation

- 10.1 In consideration of the proper execution by the Consultant of its duties and obligations under and in accordance with this Agreement, the Customer hereby agrees to pay to the Consultant the Fee (or such part of the Fee as is determined to be properly payable in accordance with this Agreement) in accordance with Schedule 3 (Pricing) and the provisions of this clause 10.
- 10.2 The Consultant shall be entitled to render invoices in accordance with Schedule 3 (Pricing) detailing the amount of the Fee and the Services performed by the Consultant in the relevant period and complying with the requirements of Schedule 3 (Pricing). Such invoices shall be accompanied by such other information (including details of the basis on which such amounts have been calculated and any details of any reimbursable expenses) as may be necessary and/or reasonably requested by the Customer. Payment of any sums which are clearly due and undisputed shall be made within forty-five (45) days from the date on which the Customer receives the Consultant's invoice and any other appropriate documentation, provided that the invoice is correctly addressed.

- 10.3 The Consultant shall be entitled to be reimbursed those expenses set out in Schedule 3 (Pricing) at the rates set out therein provided:
- (a) they are reasonably and properly incurred by the Consultant in the performance of the Services; and
 - (b) they do not exceed the aggregate limit on all such items stated in Schedule 3 (Pricing) (if any).
- 10.4 If an aggregate limit on expenses is set out in Schedule 3 (Pricing), the Consultant shall provide prompt written notice to the Customer if the Consultant anticipates that the reimbursable expenses it will incur will exceed such aggregate limit. Following receipt of any such notice, the Customer may, in its absolute discretion, accept an increase in the aggregate limit of reimbursable expenses in accordance with this clause 10.4. The Customer shall notify the Consultant of any such approved increase in the aggregate limit of reimbursable expenses. The provision by the Consultant of the written notice required by this clause 10.4 shall be a condition precedent to the Customer approving any increase in the aggregate limit set out in Schedule 3 (Pricing) pursuant to this clause 10.4.
- 10.5 Payment by the Customer shall be without prejudice to any claims or rights which the Customer may have against the Consultant and shall not constitute any acceptance by the Customer of the performance by the Consultant of its obligations hereunder.
- 10.6 If the Consultant fails to perform the Services in accordance with this Agreement, the Customer shall, upon providing notice to the Consultant within forty-five (45) days of receipt of the Consultant's invoice, be entitled to withhold payment of such sums as the Customer considers fair and reasonable until such time as the Services are performed by the Consultant in accordance with this Agreement. The Customer is entitled to set off or reduce any payments due and owing to the Consultant under this Agreement by any amount which the Customer reasonably considers is owed to it by the Consultant. The Consultant may not set off or reduce any payments due and owing to the Customer under this Agreement by any amount which is due and owing by the Customer (or the Consultant claims is due and owing).
- 10.7 The sums payable pursuant to this clause 10 shall be the full and only remuneration payable to the Consultant for the performance of the Services and, subject to clause 10.8, are deemed to be inclusive of any and all Charges required to be paid. The sums payable pursuant to this clause 10 will not be adjusted save as expressly provided for in this Agreement and include the full cost to the Consultant of all risks and responsibilities assumed by the Consultant under this Agreement.

10.8 The Consultant shall be liable for all Charges levied by any government of any jurisdiction arising out of or as a consequence of the Consultant's performance of the Services, save in respect of any Charges levied by a UAE Authority for which the Customer shall be responsible.

10.9 All payments relating to sponsorship which shall enable the Consultant to work in the UAE or elsewhere, as well as all registration charges levied by a relevant Authority on or after the Effective Date, shall be borne by the Consultant.

11. Records and Accounting

11.1 The Consultant shall at all times maintain full, current and accurate financial and accounting records relating to the performance of its obligations under this Agreement.

11.2 The Consultant shall provide monthly reports to the Customer on all matters relating to the performance of the Services and its other obligations under this Agreement covering such matters and in such detail as the Customer may require.

11.3 The Consultant shall retain the records and reports referred to in this clause 11 for a period of at least six (6) years from their respective start dates or such longer period as may be required by Applicable Laws. Within ninety (90) days after the expiry of such period the Customer, upon written request, shall have the opportunity at its expense to obtain copies of all such records and reports.

12. Deliverables Schedule

12.1 The Consultant shall carry out the Services and its other obligations under this Agreement in accordance with the Deliverables Schedule or, where relevant, such other time periods as may be agreed from time to time with the Customer and where no date is specified or agreed with the Customer, within a reasonable time.

12.2 The Consultant acknowledges that the Deliverables Schedule may require updating and/or modification from time to time by the Customer. Changes to the Deliverables Schedule shall be by mutual agreement between the Parties.

12.3 Upon the achievement or completion of a Deliverable the Consultant shall notify the Customer's Representative who shall, in its entire discretion, confirm whether or not such Deliverable has been achieved or completed.

12.4 The Consultant shall notify the Customer of its progress in completing or achieving each Deliverable set out in the Deliverables Schedule in the monthly report to be submitted by the Consultant to the Customer in accordance with clause 11.2.

13. Liabilities

13.1 The Consultant shall indemnify the Customer, its subsidiaries and Affiliates and their respective agents, employees and shareholders (the Customer Indemnified Parties) against any and all losses, liabilities, damages, fines, costs, expenses, demands, actions, proceedings or judgments in respect of:

- (a) any third party claims against any Customer Indemnified Parties;
- (b) personal injury, sickness, disease or death of any person employed by or engaged on behalf of any Customer Indemnified Parties; and
- (c) loss or damage to any property belonging to any Customer Indemnified Parties,

in each case arising as a result of or in connection with the performance or non-performance of the Consultant's duties and the actions or inactions of it or any member of its staff in connection with this Agreement except to the extent that the same was caused by the negligence, wilful default and/or breach of this Agreement by any Customer Indemnified Parties.

13.2 No remedy or benefit which this Agreement provides for the Customer in relation to any breach or failure by the Consultant shall operate to exclude or limit any other remedy or benefit for the Customer provided for by Applicable Laws or elsewhere in this Agreement, unless expressly stated otherwise.

14. Limitation of Liability

14.1 Subject to clauses 14.3 and 14.4, neither Party shall be liable to the other in any way for loss of use, loss of profit or incentive payments, loss of production or business interruption or for any kind of indirect or consequential loss or damage, which is connected with any claim arising under this Agreement or the subject matter of this Agreement, howsoever the same may be caused.

14.2 Subject to clauses 14.3 and 14.4, the total liability of the Consultant to the Customer whether in contract, tort (including negligence), for breach of statutory duty or otherwise by the Consultant or its officers, directors, employees, agents or sub-consultants and/or any breach by the Consultant of its obligations under this Agreement shall not exceed the amount set out in Schedule 1 (Particulars).

14.3 The exclusions of liability provided for in clauses 14.1 and 14.2 shall not apply to the liability of the Consultant under any indemnity expressly set out in this Agreement or any liability for wilful default, fraudulent misrepresentation, criminal conduct or Prohibited Acts.

14.4 No provision under this Agreement shall limit or exclude either the Consultant's or the Customer's liability to each other for fraud nor shall it exclude or limit liability for death or personal injury resulting from negligence or any other liability to the extent the limitation or exclusion is prohibited by Applicable Law.

15. Consultant Insurances

- 15.1 The Consultant shall procure, put in place and maintain professional indemnity insurance in accordance with Schedule I (Particulars) with first class insurers of sound repute and financial standing in each case in the relevant insurance market in respect of its obligations under this Agreement which shall not be subject to any material excess or unusual exclusions provided such insurance is available in the market at commercially reasonable rates and terms.
- 15.2 Any increased or additional premium required by reason of the Consultant's own claims record or other acts, omissions, matters or things particular to the Consultant shall be deemed to fall within commercially reasonable rates.
- 15.3 If for any period such insurance is not available in the market at commercially reasonable rates or on commercially reasonable terms, the Consultant shall forthwith inform the Customer of the circumstances and availability of the insurance in respect of such period and decide with the Customer the method best covering the Consultant's liability to the Customer. The Consultant shall then put in place and maintain any replacement and/or additional protection which may be determined in all the circumstances to be appropriate.
- 15.4 When required to do so by the Customer, the Consultant shall provide to the Customer satisfactory documentary evidence that the insurance required by this clause 15 is being maintained, and the Consultant hereby warrants and undertakes to the Customer that, if and when required in order to maintain such insurance in full force and effect, this Agreement has been or shall be disclosed to the Consultant's professional indemnity insurers.
- 15.5 The taking out of any insurances by the Consultant or the Customer, whether pursuant to this Agreement or otherwise and/or whether or not the Consultant receives any payment or monies from such insurances, shall not diminish the Consultant's obligations under this Agreement.

16. Conflicts

- 16.1 The Consultant warrants and confirms to the Customer that, subject to clause 16.2, it will not accept any instructions from a third party which may, in the reasonable opinion of the Customer, adversely affect the Nuclear Program or the Consultant's performance of the Services, or create a conflict of interest in relation to the Consultant's obligations under this Agreement. Without prejudice to the generality of the foregoing and notwithstanding clause 16.2, the Consultant warrants that no Nominated Personnel or Key Personnel shall be engaged in the provision of services which in the Customer's opinion create a conflict of interest in relation to the Consultant's obligations under this Agreement.
- 16.2 In the event that the Consultant becomes aware of a potential conflict of interest, the Consultant shall notify the Customer immediately. The Customer shall determine whether or not any conflict may arise. In the event that the Customer determines that a conflict of interest may arise (whether or not following such notification by the Consultant) the Customer shall seek to agree with the Consultant the organisational and administrative arrangements necessary to identify, monitor and manage the relevant conflict of interest in a way so as to avoid the risk of damage to the interests of the Customer. Where the Customer (in its absolute discretion) considers that the organisational and administrative arrangements the Consultant has in place or proposes are not or will not be sufficient to ensure that the risk of damage to the interests of the Customer is avoided, the Customer shall notify the Consultant and the Consultant shall refuse the instructions giving rise to the potential conflict or cease any further work in respect of those instructions.

17. Sub-Contracting, Assignment and Transfer

- 17.1 The Consultant may not assign, charge, transfer, novate or otherwise dispose of or encumber the whole or any part of either the benefit or the burden of this Agreement without the prior written consent of the Customer which, notwithstanding clause 31.4, may be withheld by the Customer in its absolute discretion.
- 17.2 The Customer may, on one or more occasions, assign, charge, transfer, novate or otherwise dispose of or encumber the whole or any part of either the benefit or the burden of this Agreement to any person.
- 17.3 The Consultant shall be permitted to subcontract a portion of the Services consistent with the terms of Schedule 2 (Scope of Services) hereto. The Consultant shall not otherwise subcontract the performance of any of the Services or any of its other obligations under this Agreement to any person without the Customer's prior written consent to the identity of such person and the terms and conditions of such proposed subcontract which, notwithstanding clause 31.4, may be withheld by the Customer in its absolute discretion. If the Customer consents at any time to any subcontracting of the performance of the Services or any of the Consultant's other obligations under this Agreement, this shall be entirely without prejudice to and shall not derogate from the Consultant's liabilities and obligations under this Agreement. The Consultant shall be and remain fully responsible to the Customer for the performance of any and all Services delegated or sub-contracted to a sub-consultant, sub-contractor or supplier in accordance with the requirements of this Agreement. Once the Customer has accepted the identity and terms and conditions of appointment of a sub-consultant, sub-contractor or supplier, the Consultant shall not terminate or vary the terms of appointment of such sub-consultant, sub-contractor or supplier without the Customer's prior written approval. The Customer shall not be obliged to make any payment to the Consultant under this Agreement in respect of any of the Services which are performed by a sub-consultant, sub-contractor or supplier that has not been appointed in accordance with this Agreement.
- 17.4 The appointment of agency staff by the Consultant shall be treated as subcontracting of the Services and agency staff shall be deemed to be subcontractors for the purposes of this Agreement.

18. Intellectual Property

- 18.1 The Consultant hereby assigns to the Customer free from all Encumbrances: all of the Consultant's existing and future rights in the Created Intellectual Property Rights; and all rights of action arising or accrued relating to Created Intellectual Property Rights, both existing and future, including the right to take proceedings and to seek and recover damages and all other remedies for all past and future infringements of such Created Intellectual Property Rights.
- 18.2 With respect to the Created Intellectual Property Rights, the Consultant hereby waives absolutely its moral rights under the laws of the Emirate of Abu Dhabi and the federal laws of the UAE as applied in the Emirate of Abu Dhabi and, so far as is legally possible, any broadly equivalent rights the Consultant may have in any territory of the world.
- 18.3 The Consultant agrees to procure that all Created Intellectual Property Rights shall automatically vest in the Customer upon production without the need for further formality or documentation being required, so far as is possible. The Consultant shall carry out or procure the carrying out of all such further acts and things reasonably required by the Customer and the execution of or procurement of the execution of all such other documents as the Customer may from time to time reasonably require in order to give the Customer the full benefit of this Agreement, whether in connection with any registration of title or other similar right or otherwise.
- 18.4 The Consultant agrees to deliver promptly to the Customer, upon the Customer's request, free from all Encumbrances, any and all copies of the Documents which are or come into the Consultant's possession and to procure the delivery of any further copies (free from all Encumbrances) which are or may be in the possession of third parties.
- 18.5 The Consultant hereby warrants to the Customer as follows:
- (a) the use of the Documents which have been or shall be produced by the Consultant shall not infringe the Intellectual Property Rights of a third party;
 - (b) the Created Intellectual Property Rights shall be the Consultant's original work and shall not be copied wholly or substantially from any other source and the use by the Customer of the rights assigned to it will not infringe the rights of any third party;
 - (c) where the Created Intellectual Property Rights contain registered Intellectual Property Rights such that the Consultant is not able to assign such rights in accordance with clause 18.1, the Consultant shall procure that the Customer is granted a non-exclusive, irrevocable, royalty-free transferable worldwide licence in respect of such rights; and
 - (d) the Consultant has not licensed or assigned any of the Created Intellectual Property Rights to any third party in any part of the world and the Created Intellectual Property Rights are free from all Encumbrances.

- 18.6 The Consultant shall indemnify and keep indemnified the Customer against any and all losses, liabilities, damages, fines, costs, expenses, demands, actions, proceedings or judgments arising out of any breach by the Consultant of any of its warranties under this clause 18. At the request of the Customer and at the Consultant's own expense, the Consultant shall provide all reasonable assistance to enable the Customer to resist any and all claims, actions or proceedings brought against the Customer as a consequence of any such breach.
- 18.7 The Customer hereby grants the Consultant a non-exclusive, non-assignable, royalty-free licence to use and reproduce the Documents solely for the purposes contemplated by this Agreement. Such licence shall entitle the Consultant to grant sub-licences to the Consultant's key personnel, sub-consultants and third parties on equivalent terms to this clause 18.7.
- 18.8 The Consultant hereby grants or shall procure the grant to the Customer of a non- exclusive, perpetual, irrevocable, royalty-free, transferable, world-wide licence of any Intellectual Property Rights (other than Created Intellectual Property Rights) in the Documents.
- 18.9 Where the Consultant sub-contracts any or all of its obligations under this Agreement to a sub-consultant, each such sub-consultant shall be required, as a minimum, to agree to equivalent obligations as those set out in this clause 18. Without prejudice to the generality of the foregoing, the Consultant shall procure that all Created Intellectual Property Rights developed by any sub-consultant shall vest in the Customer.

19. Termination and Suspension

- 19.1 The Customer shall have the right (but not the obligation) to terminate this Agreement or suspend the Services at its absolute discretion at any time on thirty (30) days' notice in writing to the Consultant.
- 19.2 If the Customer terminates or suspends this Agreement under clauses 19.1, 19.3, 19.4 or 19.7:
- (a) the Consultant shall proceed in an orderly and expeditious manner to take such steps as are necessary to terminate or, as the case may be, suspend the Services;
 - (b) the Consultant shall, at the Customer's request, deliver to the Customer all Documents and other items of any kind whatsoever relating to the Services in the Consultant's control, custody or possession or that of its sub-consultants, sub- contractors or suppliers and their respective personnel;
 - (c) the Customer may appoint another/other consultant(s) to complete the Services following any termination and the Consultant shall co-operate fully with such consultant(s) for the orderly transfer of the Services; and
 - (d) subject to clauses 19.5 and 21.3, the Customer shall pay to the Consultant as its sole liability in respect of that termination the proportion of the Fee payable for the Services as it relates to the work properly and satisfactorily carried out or where the Services are charged on a time basis, for the time properly and necessarily spent on the Services prior to termination or suspension together with any expenses which the Consultant may have reasonably and unavoidably incurred in complying with clauses 19.2 (a), (b) and (c).

- 19.3 Subject to clause 19.4, the Customer shall also have the right (but not the obligation) to terminate this Agreement or suspend the Services on no less than twenty (20) days' notice in writing to the Consultant at any time after the occurrence of any of the following:
- (a) any material or persistent breach of this Agreement by the Consultant (other than a breach referred to elsewhere in this clause 19.3);
 - (b) any Insolvency Event;
 - (c) the circumstances set out in clause 21.3 occur; or
 - (d) any breach by the Consultant of clauses 16, 17 or 20.
- 19.4 Where the Consultant demonstrates to the reasonable satisfaction of the Customer that an event under clause 19.3 is capable of remedy, the Customer shall prior to exercising its right to terminate this Agreement or suspend the Services, give the Consultant an opportunity to remedy the relevant breach or event within a reasonable period of time. If the event is not remedied within such a period to the reasonable satisfaction of the Customer, the Customer may terminate this Agreement or suspend the Services with immediate effect.
- 19.5 If this Agreement is terminated pursuant to clause 19.3, 19.4 and subject to clause 21.3:
- (a) the Customer shall have no liability to the Consultant in respect of such termination except for its obligations under this Agreement to make payment in respect of work properly performed by the Consultant prior to the date of termination including in respect of any costs incurred in complying with clauses 19.2(a) to 19.2(c) and 19.5(c);
 - (b) the Customer shall have no liability to make any further payment to the Consultant until the Customer's additional costs, losses and liabilities consequent upon such termination or suspension have been fully determined, including those incurred in connection with clause 19.5(d);
 - (c) the Consultant shall proceed in an orderly and expeditious manner to take such steps as are necessary to terminate or suspend the Services and shall comply with the Customer's reasonable instructions in connection with the discontinuance of the performance of the Services and any hand over to a replacement consultant;
 - (d) the Consultant shall indemnify the Customer against any and all losses, liabilities, damages, fines, costs, expenses, demands, actions, proceedings or judgments incurred by the Customer as a result of such termination including the costs of appointment of a total or partial replacement, internal management time and any other additional costs, losses and liabilities arising as a result of or in connection with such termination; and

- (e) such termination shall be without prejudice to any rights which the Customer may have in relation to the relevant events, breach or failure.
- 19.6 In the event that the sum due to the Consultant under clause 19.5 exceeds the Customer's additional losses, liabilities, damages, fines, costs, expenses, demands, actions, proceedings or judgments consequent upon such termination or suspension, the Customer shall pay the balance to the Consultant. In the event that the Customer's additional costs, losses and liabilities under clause 19.5 exceed the sum due to the Consultant, the balance shall be a debt payable by the Consultant to the Customer.
- 19.7 The Consultant may terminate this Agreement if the Customer fails to make a payment to the Consultant under this Agreement (which is not being disputed by the Customer in good faith) of an amount which remains due and unpaid sixty (60) days after a written notice from the Consultant to the Customer (issued not earlier than the date upon which the amount of that payment became due and payable and specifying the amount of the payment and the basis on which the Consultant considers it is entitled to that amount).
- 19.8 Termination or expiry of this Agreement shall not affect the continued application of any provisions of this Agreement which expressly or impliedly survive termination or expiry.

20. Confidentiality

- 20.1 The Consultant will maintain the confidentiality of all Confidential Information. The Consultant will keep Confidential Information safe in a secure place and properly protected against theft, damage, loss and unauthorized access and will keep all documents and other materials reproducing or incorporating Confidential Information separate from its own confidential information. The Consultant will use Confidential information solely for the purposes of considering, evaluating or carrying out the Services and not for any other purpose. The Consultant will not disclose any Confidential Information to any person or entity, except to the Consultant's employees, directors or professional advisers, in each case who have a need to have Confidential Information disclosed to them for the purposes of their role in respect of the Services and who agree to abide by nondisclosure terms at least as comprehensive as those set forth herein.
- 20.2 In the event the Consultant intends to disclose Confidential Information to its employees, directors or professional advisers as outlined in Clause 20.1 above, the Consultant shall:
 - (a) advise the Customer of the identity and nationality of all persons to whom Confidential Information is intended to be disclosed for prior approval by the Customer;
 - (b) provide Customer with a signed acknowledgement from the person(s) to whom the Consultant intends to disclose Confidential Information in which such person(s) acknowledge their responsibility to abide by confidentiality requirements as set forth in this Agreement or to the similar terms and conditions agreed upon between the Consultant and its employees, directors or professional advisers, as the case may be;

- (c) upon the request of the Customer, provide the Customer with a list of all persons to whom Confidential Information is disclosed and copies of the signed acknowledgements referenced in this Clause 20.2.; and
- (d) ensure that its employees, directors or professional advisers are aware that Confidential Information so disclosed may be subject to and/or covered under Article 379 of the UAE Penal Code.

20.3 The Consultant acknowledges and warrants:

- (a) that the protections afforded by its internal confidentiality policies and/or confidentiality agreements with third parties are at least as comprehensive as those set forth in this Agreement;
- (b) that the Consultant will remain liable for any breach of confidentiality by its employees or directors, whether or not the individual in question is in the employ or subsequently leaves the employ of the Consultant;
- (c) that the Consultant will remain liable for any breach of confidentiality by its professional advisers; and
- (d) the confidentiality obligations of the Consultant, its employees, directors or professional advisers shall survive the termination or expiration of this Agreement.

20.4 The Consultant will not be liable for the disclosure of any Confidential Information which is:

- (a) generally made available publicly by the Customer without restriction on disclosure;
- (b) rightfully known to the Consultant prior to receipt from the Customer, without any limitation on disclosure, and pursuant to a legally binding contractual obligation with a third party entitled to disclose the same; or
- (c) required to be disclosed by law, regulation or any Authority (including, without limitation, any securities exchange or the UAE Federal Authority for Nuclear Regulation), provided that so far as it is lawful and practical to do so prior to disclosure, the Consultant will promptly notify the Customer of such requirement with a view, so far as is reasonably practical, to providing the opportunity for the Customer to:
 - (i) contest, at its own cost and expense, such disclosure by the Consultant; or

(ii) agree with the Consultant the proposed form, timing, content and purpose of the disclosure.

- 20.5 The Customer has no obligation to disclose Confidential Information to the Consultant. The Customer may, at any time:
- (a) cease giving Confidential Information to the Consultant without any liability; and/or
 - (b) request in writing the return or destruction of all or part of any Confidential Information previously disclosed, and all copies thereof, and the Consultant will at its own expense comply promptly with such request and, if so requested, certify in writing its compliance.
- 20.6 Without prejudice to clause 20.5, the Consultant shall not be required to expunge Confidential Information from any computer, word processor or other similar device storing Confidential Information in electronic format, provided that the confidentiality of such electronically stored Confidential Information continues to be maintained by the Consultant in accordance with the terms of this Agreement and is not at any time copied, reproduced or summarised.
- 20.7 Subject to clauses 20.1 and 20.4(c), the Consultant undertakes that without the Customer's prior written consent, it will not reveal to any person or entity or otherwise announce:
- (a) the existence of this Agreement;
 - (b) the status or progress of the Services; or
 - (c) that Confidential Information has been received.
- 20.8 The Consultant will inform the Customer promptly if it becomes aware that Confidential Information has been disclosed to any person or entity, other than those permitted by clause 20.1.
- 20.9 Without affecting any other rights or remedies that the Customer may have, the Consultant acknowledges that the Customer may be irreparably harmed by any breach of the terms of this clause 20 and that damages alone may not necessarily be an adequate remedy. Accordingly, the Consultant hereby acknowledges that injunctive relief, specific performance or other equitable relief in favour of the Customer may be an appropriate and necessary remedy for any threatened or actual breach of the terms of this clause 20.
- 20.10 Without prejudice to clause 20.9, the Consultant shall indemnify the Customer in respect of any and all losses, liabilities, damages, fines, costs, expenses, demands, actions, proceedings or judgments arising out of or relating to any breach or non-performance by the Consultant of any terms of this clause 20.

- 20.11 The Consultant acknowledges that the Customer is required to adhere to the highest standards of safety, security and non-proliferation in developing a peaceful nuclear program in the UAE. Any unauthorised disclosure of Confidential Information may result in the Consultant contravening laws in the UAE or elsewhere.
- 20.12 The Customer discloses Confidential Information without waiver of confidentiality and/or legal privilege which attaches to any of the Confidential Information.
- 20.13 The provisions and obligations set out in this clause 20 shall survive and remain in full force following the termination of this Agreement.

21. Anti-Corruption Provisions

21.1 The following are Prohibited Acts for the purposes of this Agreement:

- (a) offering, giving or agreeing to offer or give to, or accepting or agreeing to accept from, any person employed by or on behalf of the Customer, an Affiliate of the Customer, any public body or Authority any bribe, gift, gratuity, commission or consideration of any kind as an inducement or reward:
 - (i) for doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement or any other agreement or arrangement relating to the Services; and/or
 - (ii) for showing or not showing favour or disfavour to any person in relation to this Agreement or any other agreement or arrangement relating to the Services;
- (b) entering into this Agreement or any other agreement or arrangement with the Customer, an Affiliate of the Customer or any public body or Authority relating to the Services in connection with which commission has been paid or has been agreed to be paid by the Consultant or on its behalf or to its knowledge, unless before this Agreement is entered into, the particulars of any such commission and the terms and conditions of any such arrangement for the payment thereof have been disclosed in writing to the Customer and any relevant public body or Authority;
- (c) committing any offence under any Applicable Laws creating offences in respect of fraudulent acts in relation to the obtaining or performance of this Agreement or any other agreement or arrangement relating to the Services; or
- (d) defrauding or attempting to defraud or conspiring to defraud the Customer, an Affiliate of the Customer, any public body or Authority.

21.2 The Consultant represents to the Customer that it has not committed any Prohibited Act in connection with its entry into this Agreement and covenants that it will not commit any Prohibited Act in connection with this Agreement.

- 21.3 Where a Prohibited Act is or has been committed by the Consultant or an Affiliate of the Consultant the Customer may terminate this Agreement forthwith pursuant to clause 19.3 without having to make further payment to the Consultant for any of the Services carried out prior to such termination notwithstanding the provisions of clauses 19.2 and 19.5.
- 21.4 Where a Prohibited Act is or has been committed by a sub-consultant, sub-contractor or by a staff member, servant or agent of the Consultant, an Affiliate of the Consultant, sub- contractor or sub-consultant, the Customer may give written notice to the Consultant of its intention to terminate this Agreement pursuant to clause 21.3 as if the Prohibited Act had been committed by the Consultant or Affiliate of the Consultant. The Customer may proceed to terminate this Agreement forthwith pursuant to clause 21.3, unless the Consultant terminates or procures the termination of the employment, appointment or involvement of the relevant sub-consultant, sub-contractor, staff member, servant or agent in relation to this Agreement within fourteen (14) days of receipt of such written notice. This clause 21.4 shall be subject to the proviso that any Prohibited Act committed by any person with the prior knowledge or approval of the directors and/or officers of the Consultant or an Affiliate of the Consultant shall be deemed to have been committed by the Consultant or Affiliate of the Consultant itself.
- 22. Export Regulations**
- 22.1 The Consultant shall comply with all applicable Export Control Laws and obtain all of the licenses, permits or authorisations that are required by such laws.
- 22.2 Upon the Consultant's request, the Customer shall provide a statement specifying the ultimate consignee and purchaser.
- 22.3 As required by any UAE Applicable Laws and in compliance with the UAE's international obligations, the Customer shall not re-export or transfer Services to:
- (a) any embargoed countries that are specified in the Export Administration Regulations, and any applicable US Department of the Treasury, Office of Foreign Assets Control (OFAC) regulations; or
 - (b) individuals or companies listed in the US Commerce Department's Denied Persons List (<http://www.bis.doc.gov/dol/thedeniallist.asp>) Entity List (Supplement No. 4 to 15 C.F.R. Part 744), Unverified List (<http://www.bis.doc.gov/enforcement/unverifiedlist/unverifiedparties.htm1>), or the OFAC List of Specially Designated Nationals and Blocked Persons (SDN List) (<http://www.treas.gov/offices/enforcement/ofac/sdn>).
- 22.4 As required by any UAE Applicable Laws and in compliance with the UAE's international obligations, the Customer shall not use the Services for any of the activities proscribed by 15 CFR §744.2, (Restrictions on Certain Nuclear End-Uses), §744.3 (Restrictions on Certain Chemical And Biological Weapons End-Uses) or §744.4 (Restrictions on Certain Missile End-Uses) nor will it knowingly re-export or transfer the Services to parties that are involved in such activities.

22.5 The Consultant shall provide timely notification to the Customer before providing Export Controlled Information or National Security Information to the Customer. The notice shall inform the Customer of the information that must be controlled, the nature of the control that is required and the source of the requirements for control. Export Controlled Information and National Security Information that are provided to the Customer shall be properly marked and identified as is required by the competent export control authority.

22.6 If the Consultant requires access to Export Controlled Information or National Security Information that is under the cognizance of the Customer, the Consultant must have a security plan governing such information that is acceptable to the Customer.

23. General

The Parties acknowledge and agree that the terms and conditions of this Agreement have been freely, fairly and thoroughly negotiated. No provision in this Agreement is to be interpreted against any Party because the original draft of this Agreement or a provision was put forward by such Party and mutual releases or exclusions of liability are not to be construed against the Party in fact relying on them.

24. Entire Agreement

24.1 This Agreement constitutes the entire agreement among the Parties and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties relating to the subject matter of this Agreement.

24.2 Each of the Parties acknowledges and agrees that there are no warranties, representations or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically provided herein and that in entering into this Agreement it did not rely on any pre-contractual representation or statement.

24.3 Liabilities for, or any remedy in respect of, fraudulent misrepresentation is not hereby excluded.

25. Partial Invalidity

25.1 If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect under any law, neither the validity, legality and enforceability of the remaining provisions nor the validity, legality and enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

25.2 In the event that any portion or all of this Agreement is held to be illegal, void or unenforceable, the Parties agree to negotiate in good faith to reach an equitable agreement which shall reflect the intent of the Parties as set forth in this Agreement.

26. Remedies and Waivers

No failure on the part of a Party to exercise and no delay in exercising, and no course of dealing with respect to, any right or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy under this Agreement prevent any other or further exercise or the exercise of any other right or remedy. The rights or remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

27. Amendments and Waivers

This Agreement may be amended, modified, supplemented or be subject to a waiver only by an agreement in writing signed by each Party.

28. Further Assurances

Each Party shall promptly execute and deliver all such documents, and do all such things, as the other Party may from time to time reasonably require for the purpose of giving full effect to this Agreement.

29. Costs

Each Party shall pay its own costs in connection with the negotiation, preparation, execution, implementation and performance of this Agreement and the transactions contemplated by it.

30. Arbitration

30.1 In the event of any dispute, difference, controversy or claim arising out of or in connection with or relating to this Agreement, including the breach, termination or invalidity thereof (Dispute), any Party may serve formal written notice on the other Party that a Dispute has arisen (the Notice of Dispute).

30.2 The Parties shall use all reasonable endeavours to resolve the Dispute on an amicable basis.

30.3 The Parties shall within ten (10) days of the Notice of Dispute hold a meeting (the Dispute Meeting) in an effort to resolve the dispute. Each Party shall use all reasonable endeavours to send a representative to the meeting who has the authority to settle the Dispute at the Dispute Meeting.

30.4 Any Dispute not resolved within forty (40) days after service of the Notice of Dispute, whether or not a Dispute Meeting has been held, may be referred to and finally resolved by arbitration under the rules of the Abu Dhabi Commercial Conciliation and Arbitration Centre's Procedural Regulations (the Rules) before a single arbitrator who shall be appointed in accordance with the Rules. The place of arbitration shall be Abu Dhabi and the language of the arbitration shall be English. The Parties waive the right of appeal to any court in any jurisdiction, insofar as such waiver can validly be made.

30.5 The Parties undertake to keep confidential all awards in any arbitration, together with all materials in the proceedings created for the purpose of the arbitration and all other documents produced by another Party in the proceedings not otherwise in the public domain, save and to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in bona fide legal proceedings before a state court or other judicial or regulatory authority.

- 30.6 Any arbitrator appointed in accordance with this clause 30 shall have the power to order in his award that all or part of the arbitration and legal costs (including legal fees and disbursements) (Arbitration Costs) incurred by a Party be paid by another Party. The arbitrator shall determine and fix the amount of each item comprising such Arbitration Costs on such reasonable basis as he thinks fit and shall make his order on Arbitration Costs on the general principle that Arbitration Costs should reflect the Parties' relative success and failure in the award or arbitration, except where it appears to the arbitrator that in particular circumstances this general approach is inappropriate. Any order for Arbitration Costs shall be made with reasons in the award containing such order.
- 30.7 This clause 30 shall survive the expiration or termination of this Agreement and in such event shall be treated as an independent arbitration agreement. This clause 30 shall not be regarded as invalid, non-existent or ineffective in the event that the rest of this Agreement is invalid, or did not come into existence or has become ineffective, and shall for that purpose be treated as a distinct agreement.

31. Notices and Consents

31.1 A notice or other communication to be made under or in connection with this Agreement:

- (a) shall be in writing in the English language (or be accompanied by a properly prepared translation into English upon which the recipient may rely for all purposes);
- (b) shall be sent for the attention of the person, and to the postal address, email address (but only where the email attaches the instruction, notification, agreement, authorisation, approval or acknowledgement as a "PDF" document) or fax number, set out in Schedule 1 (Particulars) (or for the attention of such person or to such other postal address, email address or fax number as the Party may notify to the other, such notice to take effect five (5) days from the notice being received); and
- (c) shall be delivered personally, sent by fax, sent by email, sent by pre-paid first- class post, recorded delivery or registered post or (if the notice is to be served by post outside the country from which it is sent) sent by registered airmail by courier.

31.2 A notice or other communication is deemed to have been received:

- (a) if delivered personally, at the time of delivery;
- (b) in the case of a fax (but only if received in legible form and if receipt is confirmed by return fax transmission), at the time of transmission;

- (c) in the case of email upon the generation of a receipt notice by the recipient's server or, if such notice is not so generated, upon delivery to the recipient's server;
- (d) in the case of pre-paid first class post, recorded delivery or registered post, five (5) days from the date of posting; or
- (e) in the case of registered airmail by courier, five (5) days from the date of posting.

31.3 If deemed receipt under the previous paragraphs above of this clause 31 is not within business hours (meaning 9:00 a.m. to 5:30 p.m.) on a Business Day, notice is deemed to have been received on the immediately following Business Day.

31.4 Any approval, certificate, consent and/or determination given by either Party pursuant to this Agreement shall not be unreasonably withheld or delayed.

32. Counterparts

This Agreement may be executed in any number of counterparts and by the different Parties on separate counterparts, each of which when executed and delivered shall be an original, and all the counterparts shall together constitute one and the same instrument.

33. Third Party Rights

Except as may be expressly provided for in this Agreement, a person who is not a Party to this Agreement has no right to enforce or to enjoy the benefit of any term of this Agreement.

34. Governing Law

This Agreement is governed by, and construed in accordance with, the laws of the Emirate of Abu Dhabi and the federal laws of the UAE as applied in the Emirate of Abu Dhabi.

SIGNATORIES

WHEREAS, this Agreement has been signed by the duly authorized representatives of the Parties the day and year first before written.

SIGNED for and on behalf of

EMIRATES NUCLEAR ENERGY CORPORATION

By: /s/ Amar Al Subimaw for Mohamed Al Zaabi
Name: Mohamed Al Zaabi
Title: Procurement & Contracts Management Member
Date: November 4, 2013

SIGNED for and on behalf of

LIGHTBRIDGE CORPORATION

By: /s/ Seth Grae
Name: Seth Grae
Title: President & CEO
Date: 25 October 2013

**Schedule 1
(Particulars)**

1. Type of Consultant

The Consultant is a *Nuclear Energy advisor*.

2. Nominated Personnel

The below individuals are Nominated Personnel for the purposes of this Agreement:

The proposed primary Surveillance Team will consist of:

[Redacted]

[Redacted]

3. Key Personnel

The below individuals are Key Personnel for the purposes of this Agreement:

[Redacted]

[Redacted]

4. Representatives

The Customer's Representative is:

Mr. Guerman Kornilov — Nuclear Fuel Procurement Manager

The Consultant's Representative is:

Jonathan Baggett

The Consultant's Deputy Representative is:

James Malone

5. Notices

The Customer's address for service is:

EMIRATES NUCLEAR ENERGY CORPORATION

Attention: Mr. Guerman Komilov

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

PO Box 112010
9th Floor, Mammoura B
Al Muroor Road
Abu Dhabi
United Arab Emirates

Tel.: +971 2 6595 555
Fax: +971 2 6595 666

The Consultant's address for service is:

Attention: Mr. Jonathan Baggett
Lightbridge Corporation
1600 Tysons Blvd. Suite 550
McLean, VA 22102
USA

Tel.: +971 2 6595 555
Fax: +971 2 6595 666

6. Limitation

The Consultant's limit of liability is:
an amount equal to 1 time the Fee.

7. Insurance

The Consultant is required to take out professional indemnity insurance with a limit of indemnity of no less than *FIVE MILLION* US DOLLARS (US\$ 5,000,000) for each and every occurrence from the date of commencement of the Services until one month after completion of Services.

8. Commencement & Duration

Commencement Date:	November 1, 2013
Duration:	December 31, 2013

Schedule 2
(Scope of Services)

PART I
General Requirements to the Basic Service

This Schedule 2 (Scope of Services) describes, without limitation, the nature of the Services to be executed by the Consultant pursuant to this Agreement. It is intended to provide a summary and general description of the Services and to highlight factors of particular importance which the Consultant must take into account in performing the Services. The requirements identified and set out in this Schedule 2 (Scope of Services) shall be regarded as the minimum Services or minimum standards of performance required to be executed or satisfied by the Consultant under this Agreement. This scope of Services shall not be taken to comprise all of the Consultant's obligations under this Agreement, which must be construed in light of this Agreement read in its entirety.

Subject only to Variation instructions, any part or aspect of the Services not expressly detailed in the documents furnished to the Consultant or not specified in this Agreement but necessary for the proper performance and completion of the Services according to the provisions of this Agreement and internationally accepted economic and demographic consulting practices and necessary to ensure that the Services are fit for the purpose for which they are intended shall be performed by the Consultant and are deemed to be included in, and to form part of, the Services.

Pursuant to clause 4.8, the Consultant shall submit monthly Risks and Opportunities reports to the Customer in the format set out below:

Risk description:

Describe the impact of this risk:

Describe the likelihood of occurrence:

Opportunity description:

Describe the impact of this opportunity:

Describe the likelihood of occurrence:

PART II
The Basic Services

Scope of Services

Based on the ENEC requirements as presented in the ITT and three Bulletins, the following Scope of Services has been developed.

Part I: General Requirements to the Basic Services

The Surveillance Team will provide technical and quality assessment of the conversion of UF6 to UO2 to be performed at the Westinghouse Springfields facility during the period of November —December 2013. The surveillance will be performed to ensure that the Westinghouse activities are consistent with the Westinghouse QMS and related Level 2 and Level 3 procedures, consistent with industry standards and practices. The goal of these services will be to ensure that the converted UO2 delivered to KNF for use in the KNF pellet production qualification tests has been properly handled and well characterized to ensure that it will be representative of the material to be supplied by Springfields to the initial ENEC cores. As part of the surveillance activities, the Surveillance Team will provide ENEC with a Risks and Opportunities report in the format specified by ENEC. The potential impact of any identified risks and their likelihood of occurrence will be summarized. Additionally, any identified opportunities, their potential impact and likelihood of occurrence will also be summarized. Due to the limited duration of the oversight at Springfields provided under this portion of the ENEC ITT, only one such report is expected and it may be included as part of the Final Oversight Summary Report.

Part II Basic Services

The WEC/SFL manufacturing activity is the conversion of approximately 2,500 to 4,500 kgU EUP from UF6 to UO2 powder. This task is to be completed in November — December 2013. The Surveillance Team will provide technical and quality surveillance oversight services related to Westinghouse Springfields manufacturing activities for ENEC by conducting quality surveillance (QS) and where appropriate quality assurance (QA) functions during all stages of UF6 to UO2 powder conversion process that include:

- Review and evaluation of the Springfields quality and manufacturing procedures to be used in the conversion process and in handling the ENEC materials. Identified issues and gaps will be reported to ENEC and Westinghouse.
- Review and evaluation of the Springfields conversion process qualifications including identification of the process and product critical parameters. This is particularly important to ensure that the UO2 powder used in the KNF pellet qualification testing is consistent with that which will be provided by Springfield for the ENEC full core fuel fabrication campaigns.
- As Springfields has equipment that employees multiple conversion processes, identify which process will be used for the planned production materials in 2015 and 2016. This will help assure the applicability of the KNF pellet production testing to the final full core production.

- Comparison of Springfields manufacturing processes with industry best practices; Performance of the onsite surveillance during all stages of UF6 to UO2 powder conversion process.
- Verification of Springfield compliance with all applicable standards and procedures during the conversion operations.
- The intent of the *[Redacted]* surveillance activities is to provide additional assurance that the WEC/SFL conversion activities are in compliance to: ASME NQA-I 1994 with 1995 Addendum, ISO 9001, ISO 14001, as applicable.

Please note: The development of the resource requirements for this Tender are based upon what is believed to be a reasonable assumption for the length of time required for the conversion of the limited quantity of material specified by ENEC. It is expected that ENEC will use their best efforts to work with Springfields to schedule the conversion activities to be completed within this time period.

Part III Deliverables:

The proposed *[Redacted]* Scope of Work defines three (3) Deliverables:

- (1) Surveillance Plan: General plan prepared based on review of available Springfields Level 1 (Westinghouse QMS Manual) and Level 2 (Westinghouse and Springfields) procedures and Springfields conversion process qualification documents. The intent is for this plan to be available prior to or concurrent to the start of surveillance observation at Springfields, dependent upon availability of Westinghouse and Springfields documents.
- (2) Surveillance Performance: Actual observation of Springfields conversion process for ENEC UF6 cylinders, including review of applicable SFL Level 3 procedures, relevant Springfields production, quality, and certification documents, and review of powder packing process to ensure powder integrity and quality will be maintained during shipment to KNF.
- (3) Surveillance Report: Final report summarizing observations from the surveillance as well as recommendations for ENEC consideration. This report will be provided to ENEC within thirty (30) days following completion of the surveillance.

Knowledge Transfer:

Due to the limited duration and scope of the requested quality surveillance services to be performed at the Westinghouse Springfields facilities, it is recommended that the Knowledge Transfer aspects of this activity be provided to ENEC in the form of the Surveillance Plan and Surveillance Summary Report. These documents will clearly identify the approach used by the team to prepare for and perform the surveillance at Springfields. It will also identify the relevant Westinghouse documents needed to support the Knowledge Transfer aspects of the actual fuel fabrication process to follow.

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Additional Recommendation

Based on the extensive *[Redacted]* experience with nuclear fuel production process implementations, particularly with UO2 pellet production, it is strongly recommended that ENEC consider performance of a detailed technical review and direct quality surveillance of the pellet production qualification testing that will be performed by KNF with the Springfields supplied UO2 powder. This task is outside the scope of work requested by ENEC in the ITT, but it is considered an important action for ENEC to take to ensure success of the full core production activities. This review could also be performed as part of the preparation for the planned production oversight activities included in the second phase of the ENEC ITT.

Key Personnel

The Lightbridge/*[Redacted]* Surveillance Team

In response to the ENEC ITT requested Scope of Services, Lightbridge/*[Redacted]* proposes the formation of a team of *[Redacted]* highly experienced *[Redacted]* senior consultants, backed up by *[Redacted]* additional members of the *[Redacted]* staff, to provide the quality surveillance of the Springfields UF6 conversion activities.

The proposed primary Surveillance Team will consist of:

- *[Redacted]*
- *[Redacted]*

The proposed secondary (backup) Surveillance Team members will consist of:

- *[Redacted]*
- *[Redacted]*

All *[Redacted]* proposed Surveillance Team members are considered "key" personnel. The proposed surveillance is expected to be performed by the identified primary members. General resumes for the proposed team members are provided below.

[Redacted]

[Redacted]

[Redacted]

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

PART III

Deliverable

The Consultant shall carry out the Services and achieve or submit each of the Deliverables set out below by the relevant date for such Deliverable to be delivered to Customer's Representative.

Deliverable	Date
(1) Surveillance Plan	TBD
(2) Surveillance Performance	TBD
(3) Surveillance Report	TBD

**Schedule 3
Pricing**

1. The Fee

The Consultant's Fee shall be a fixed lump sum of *TWO HUNDRED FIFTY TWO THOUSAND NINETEEN* DIRHAMS (AED 252,019) and, subject to paragraph 3, is inclusive of all expenses payable by the Customer and is comprised as follows:

DELIVERABLES	AMOUNT (AED)
De-conversion to UO2 powder at SFL	252,019

2. Invoices

2.1 The Consultant shall submit monthly invoices for the Fee within ten (10) Business Days of the end of the calendar month during which Services are completed together with details of the identities of the personnel who have performed Services during that period and the payment which the Consultant considers is due accordingly.

2.2 The Consultant shall submit invoices and any queries thereof to the following address (with one copy electronically submitted to the below email address) in one (1) original, clearly stamped 'ORIGINAL' and two (2) copies:

EMIRATES NUCLEAR ENERGY CORPORATION (ENEC)

Attention: Accounts Payable
PO Box 94075
1st Floor, Mammoura B
Al Muroor Road
Abu Dhabi
United Arab Emirates

Tel.: +971 2 6595 555
Fax: +971 2 6595 666
Email: accounts.payable@enec.gov.ae

2.3 The invoices shall:

- (a) bear reference to this Agreement number and the title and name of the Customer's Representative;
- (b) be supported by all necessary documentation to enable the Customer to review and accept them;
- (c) clearly state for which Services payments are required;
- (d) state the bank details where the payments are to be made; and

(e) be signed by an authorized person from the Consultant.

3. Reimbursable Expenses [Not Applicable]

3.1 Not Applicable

3.2 Not Applicable

4. Limit on Expenses

Not Applicable

5. Varied Services

Any adjustment to the Fee for Varied Services shall be calculated according to hourly rates as follows:

Principal Consultant: *AED* ***[Redacted]***

Senior Consultant: *AED* ***[Redacted]***

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

CHANGE ORDER NO. 01

TO

AGREEMENT NO. FCM-CON-13-004

BETWEEN

EMIRATES NUCLEAR ENERGY CORPORATION

AND

LIGHTBRIDGE CORPORATION

FOR

FUEL FABRICATION QA/QS SERVICES

AGREEMENT CHANGE ORDER

Agreement No.: FCM-CON-13.004	Change Order No.: 01	Effective Date: 01-Jan-2014	
Agreement Title: Fuel Fabrication QA/QS Services			
Contractor: Lightbridge Corporation			
Change Order Duration: 01-Jan-2014 to 30-Sep-2014			
Preamble:			
This Change Order No. 01 is Customer's formal approval of this Change Order to the above Agreement.			
Change Order Details:			
This Change Order is for extension of the QA/QS (oversight) services. This will include PQT preparations, Pre-PQT/PQT execution KNF and provision of the PQT Oversight Report.			
Services are based on a fixed lump sum pricing based on the delivery of the PQT Oversight Report. Price breakdown is as follows:			
	Description	Payment Milestones	Price (AED)
1	PQT Services (*[Redacted]* personnel)	*[Redacted]*	*[Redacted]*
2	Airfare (*[Redacted]* personnel) – 1 trip each	*[Redacted]*	*[Redacted]*
3	Allowance (Seoul + Daejeon) – 3 weeks, *[Redacted]* personnel	*[Redacted]*	*[Redacted]*
4	Train Use in Korea (Seoul + Daejeon) – *[Redacted]* personnel	*[Redacted]*	*[Redacted]*
5	Contingency— Maximum Value	*[Redacted]*	*[Redacted]*
		Total	1,153,322.00
Payment to be made upon delivery of the PQT Oversight Report. Invoicing for Contingency shall be pre-approved by ENEC before submission.			
Effect On Agreement Schedule:			
Revised total Agreement Duration: 01-Nov-2013 to 30-Sep-2014			
Terms and Conditions:			
Except as otherwise stated in this Change Order No. 01, all other terms and conditions of the original Agreement shall remain unchanged.			
Effect on Agreement Price:			
• Original Agreement Value (AED)		252,019	
• Change Order No. 01 Value (AED)		1,153,322	
• Revised Agreement Value (AED)		1,405,341	

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

SIGNATORIES

IN WITNESS of which each of the parties has signed this Agreement Change Order No. 01:

SIGNED by
For and on behalf of **Emirates Nuclear Energy
Corporation (ENEC)**

)
)
)

By: /s/ Yagoob Al Shehhi
Name: Yagoob Al Shehhi
Title: Executive Director Group Finance & Supply
Chain:
Date: 01/07/14

SIGNED by
for and on behalf of **LIGHTBRIDGE
CORPORATION**

/s/ James D. Guerra
Name: James D. Guerra
Title: COO
Date: 18/6/14

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

STRICTLY CONFIDENTIAL

CONSULTANCY AGREEMENT

DATED: 15 JULY 2012

THE FEDERAL AUTHORITY FOR NUCLEAR REGULATION

AND

LIGHTBRIDGE CORPORATION

CONSULTANCY AGREEMENT

This Consultancy Agreement (this “**Agreement**”) is made on 15 July 2012 and entered into by and between The Federal Authority for Nuclear Regulation, established pursuant to United Arab Emirates Federal Law No. (6) of 2009 (the “**Nuclear Law**”), whose principal office is at Crescent Tower, Mezzanine Floor, Sheikh Zayed First Street, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates (“**FANR**”) and the Lightbridge Corporation, whose principal office is at 1600 Tysons Boulevard, Suite 550, Tysons Corner, VA 22102 USA, (the “**Consultant**”), each a “**Party**” and collectively the “**Parties**”.

RECITALS

- A. FANR is the regulator of nuclear-related activities in the United Arab Emirates;
- B. The Consultant has been providing strategic advice on civilian nuclear programs to FANR pursuant to a Nuclear Regulatory Consulting and Strategic Advisory Agreement between FANR (prior to its incorporation) and Thorium Power Ltd. (now Lightbridge Corporation) dated August 1, 2008 as amended by an amendment agreement dated May 18, 2009 (together the “**Original Agreement**”);
- C. The Parties agree that the term of the Original Agreement is deemed to have expired on 31 December 2011; and
- D. For the avoidance of doubt the survival provisions contained in Article 24.3 of the Original Agreement shall continue to be effective, notwithstanding the execution of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth in the recitals above, which are incorporated herein by reference, the Parties hereby agree as follows:

1. TERMS OF INTERPRETATION

For the purposes of this Agreement, except to the extent that the context otherwise requires:

- (a) when a reference is made in this Agreement to a clause, Schedule or Appendix such reference is to a clause, Schedule or Appendix to this Agreement, unless otherwise indicated;
- (b) the Recitals, Schedules and Appendices form part of this Agreement;
- (c) the headings of this Agreement are for reference purposes only and do not affect, in any way, the meaning or interpretation of this Agreement;
- (d) the words “hereof”, “herein”, “hereto”, and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

- (e) whenever the words “include”, “includes” or “including” (or similar terms) are used in this Agreement, they are deemed to be followed by the words “without limitation”;
- (f) the words and definitions contained in this Agreement are applicable to the singular, as well as the plural, forms of such terms;
- (g) words denoting a gender include the other gender;
- (h) the use of “or” is not intended to be exclusive, unless expressly indicated otherwise;
- (i) words denoting persons shall include individuals, sole proprietorships, companies, corporations, partnerships, firms, joint ventures, trusts, unincorporated associations, states and governmental entities;
- (j) reference to a person (including to FANR and the Consultant) includes reference to the person’s successors, permitted transferees and permitted assigns; and
- (k) dates and periods of time referred to in this Agreement shall be construed in accordance with the Gregorian calendar.

2. THE SERVICES

- 2.1 The Consultant shall provide to FANR the services identified in Schedule 1, including any supplementary services as described in clause 14 (the **“Supplementary Services”**) on a work-for-hire basis, in accordance with the timeline set out therein. Where used hereinafter in this Agreement, the term Services shall include Supplementary Services (if any).
- 2.2 The Consultant shall commit to its obligations under this Agreement the time, attention and skill necessary for the proper performance of those obligations.
- 2.3 The Consultant shall not commence performance of any Services until the Parties have executed a mutually agreeable task order. The form of task order is attached as Schedule 5 (each a **“Task Order”**). Subject to clause 2.4 the Consultant shall not perform any Services which have not first been set forth in a Task Order.
- 2.4 Where a Task Order describes parts of the Services in general terms, but not in complete detail, it is understood that the Services include any incidental work and/or services that can reasonably be inferred as required and necessary to complete the Services.
- 2.5 Where any Services have been performed between 1 January 2012 and the date of this Agreement, by or on behalf of the Consultant for FANR, in relation to or in connection with any Services described hereunder (the **“Prior Works”**), the Parties agree that, upon the execution of this Agreement, this Agreement will:

- (a) retrospectively apply to all Prior Works;
- (b) supersede and replace any contractual or other arrangements between the Parties in relation to the Prior Works;
- (c) retrospectively apply to any instructions or directions given by FANR to the Consultant in relation to or in connection with the Prior Works; and
- (d) take into account any sums paid by FANR to the Consultant in relation to or in connection with the Prior Works, provided that Schedule 2 shall apply from 1 August 2012.

3. TERM AND TERMINATION

- 3.1 This Agreement shall commence on the date hereof and shall continue until 31 December 2014 (the “**Term**”). FANR may upon written notice to the Consultant, provided no later than 30 November 2013, extend the Term for an additional period of either one (1) year, two (2) years or for such other period as agreed between the Parties.
- 3.2 Either Party may terminate this Agreement with immediate effect by giving written notice to the other if the other Party is in material breach of the terms of this Agreement and, where such breach is capable of a remedy, fails to remedy such breach within thirty (30) days of receipt of notice of the breach and the steps required to remedy it.
- 3.3 FANR may terminate this Agreement with immediate effect by giving written notice to the Consultant if the Consultant:
 - (a) passes a resolution for winding up (other than for the purposes of a solvent amalgamation, reconstruction or restructuring) or a court makes an order to that effect; or
 - (b) becomes or is declared insolvent or convenes a meeting of or makes or proposes to make any arrangement or composition with its creditors, which would result in the Consultant becoming insolvent; or
 - (c) has a liquidator, receiver, administrator, administrative receiver, manager, trustee or similar officer appointed over any of its assets; or
 - (d) ceases, or threatens to cease, to carry on its business.
- 3.4 FANR may, upon fourteen (14) days’ written notice to the Consultant, terminate this Agreement at any time for its convenience, at its absolute and sole discretion. In the event of such termination for convenience, FANR shall reimburse the Consultant for all Services performed prior to the effective date of such termination, plus all pre-approved costs incurred prior to such dates.

- 3.5 Either Party may terminate this Agreement pursuant to clause 19.
- 3.6 FANR may terminate this Agreement with immediate effect by giving written notice to the Consultant in the event that the Consultant has breached its obligations in respect of:
- (a) confidentiality set out in clause 16;
 - (b) intellectual property set out in clause 7; and/or
 - (c) unlawful inducement and other requirements set out in clause 4(n).
- 3.7 Upon expiration or termination of this Agreement, no Party shall have any further liability to the other Party unless otherwise specifically stated herein; provided that such expiration or termination shall be without prejudice to the accrued rights of any Party as of the time of expiration or termination.
- 3.8 Upon expiration or termination of this Agreement, the Consultant shall transfer, assign and make available to FANR all property and materials of FANR in the Consultant's possession or subject to the Consultant's control.

4. REPRESENTATIONS AND WARRANTIES

The Consultant represents and warrants to FANR that:

- (a) it is a corporation duly organised, validly existing and in good standing under the laws of the state, country or jurisdiction of its formation;
- (b) it has all requisite corporate or similar power and authority, and has taken all corporate action necessary in order to execute, deliver and perform the Services and its obligations under this Agreement;
- (c) this Agreement is a legal, valid and binding obligation of the Consultant enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;
- (d) it shall comply with all applicable laws, rules, regulations, proclamations and orders, both in the United Arab Emirates and in any other relevant jurisdiction, in connection with the provision of the Services, including all laws related to obtaining any required business or work permits or licenses, the health and safety of its employees, immigration, and customs (and the Consultant shall pay the costs and expenses of all of the foregoing);
- (e) the execution, delivery and performance of this Agreement by the Consultant, and the consummation of the transaction contemplated hereby, will not constitute or result in (i) a breach or violation of, or a default under, its certificate of incorporation, by-laws, or other organisational documents; or (ii) a breach or violation of; or default under, or the acceleration of any of its obligations, or the creation of a lien, pledge, security interest or other encumbrance on its assets (with or without notice, lapse of time or both) pursuant to any agreement binding upon it;

- (f) it shall perform the Services with the care, diligence, skill and judgment (including good, safe and prudent practice) and foresight that would reasonably be expected to be observed by a highly skilled and highly experienced international consultant carrying out activities the same as or similar to the Services under the same or similar circumstances;
- (g) it shall deliver all deliverables to FANR free of all liens, claims, charges, limitations, restrictions and encumbrances of any kind, and ready for exploitation anywhere in the world in perpetuity in all respects, and in compliance with the terms and conditions hereof;
- (h) it shall acquaint itself with and comply with any working practices, rules or procedures applicable to others (whether independent contractors or employees) at any location where it is performing the Services;
- (i) it shall maintain safeguards against the destruction, loss or alteration of any information created or supplied by FANR or by the Consultant in the course of providing the Services;
- (j) it shall attend such meetings, video conferences, or conference calls to discuss the Services as FANR may request from time to time;
- (k) it shall keep FANR informed at all times regarding the status of the Services and provide such information to FANR as FANR may request from time to time;
- (l) it shall comply with the instructions of FANR, including those of the FANR Project Manager (defined in clause 6.1), relating to the Services which may be given from time to time;
- (m) it shall keep detailed records, including financial and operational records, of all activities undertaken in connection with the provision of the Services and shall, at FANR's request, make them available for inspection and/or provide copies thereof to FANR;
- (n) it shall not, without the prior written consent of FANR, accept or give any commission or gift or other financial benefit or inducement or reward from or to any person in relation to the Services and shall ensure that personnel, employees and staff ("**Personnel**") of the Consultant, agents and subcontractors shall not accept or give any commission, gift, benefit or inducement, and shall immediately give FANR details of any commission, gift, benefit or inducement which may be offered to it; and

- (o) it shall make available its Personnel listed in Schedule 1, Part 3 to perform the obligations of the Consultant under this Agreement, or shall provide for such Personnel replacements of equivalent status as may be approved by FANR (any replacement of any member of the Personnel without the prior approval of FANR shall be considered a material breach of this Agreement).

5. PERSONNEL AND STAFF

5.1 The Consultant shall:

- (a) ensure that each member of its Personnel (i) is competent, trained and qualified to perform the Services in accordance with best industry practice; (ii) holds a valid visa or work permit for such times as such member is in the United Arab Emirates; (iii) complies with all other immigration, background checking, customs and legal requirements of any relevant authorities arising out of their assignment hereunder; (iv) complies with all applicable laws in the United Arab Emirates, the Emirate of Abu Dhabi and their home country of residence; and (v) complies with the standards for delivery of the Services set out herein;
- (b) perform a thorough screening of each member of its Personnel to be used in the delivery of the Services, including a complete background check, criminal record background check and verification of eligibility to work;
- (c) not provide any member of its Personnel who has a criminal record or a criminal case pending, or who is ineligible to work in the United Arab Emirates or elsewhere; and
- (d) immediately remove and/or replace any member of its Personnel unsatisfactory to FANR for any reason.

5.2 The Consultant acknowledges and agrees that:

- (a) all terms of its Personnel's employment will be governed by their existing agreements with the Consultant;
- (b) it is solely responsible for all employer/employee matters related to its Personnel, including all matters related to supervision, discipline, payroll, immigration, visa, compensation, insurance benefits (including medical insurance, disability insurance and life insurance), pensions, savings benefits, withholdings, taxes and insurance for work-related injuries; and
- (c) neither it nor any of its Personnel, agents or subcontractors (approved by FANR in accordance with clause 17.1) shall be entitled to participate in any employee benefit or welfare plan, including any medical plan, disability plan, life insurance plan, pension plan, savings plan or any other plan sponsored by FANR, nor will the Consultant or any of its Personnel, agents or subcontractors receive any benefits under any such plan.

- 5.3 During the Term and for a period of twelve (12) months thereafter, the Consultant shall not, without the prior written consent of FANR, solicit for employment, or offer employment to, or enter into any contract for services with, any individual employed or subcontracted by FANR (or any individual who was employed or subcontracted by FANR in the preceding twelve (12) months, as calculated from the date of such solicitation or offer).
- 5.4 The Consultant shall, if and to the extent directed by FANR, undertake a structured transfer of certain of the Consultant's Personnel from its payroll into a direct contractual relationship with FANR.
- 5.5 If FANR directs that there is to be the transfer of any Personnel in accordance with clause 5.4, the provisions for the transfer of such Personnel from the Consultant's payroll to FANR's payroll shall be as follows:
- (a) the Consultant shall cooperate in the transfer of Personnel;
 - (b) the transfer shall either be permanent or for a period as agreed between the Parties;
 - (c) employment or consulting agreements between the Consultant and transferring Personnel shall be modified to the extent agreed between FANR and the relevant Personnel immediately prior to transfer and the Consultant shall waive applicable portions of non-compete provisions to facilitate the provisions of this Agreement;
 - (d) FANR shall provide three (3) months notice ("**Transfer Notice Period**") to the Consultant of the intention to hire the Consultant's Personnel;
 - (e) following the transfer notice, FANR shall continue to pay the Consultant for such Personnel for any Services duly performed by that Personnel for FANR in accordance with the terms and conditions of this Agreement during the Transfer Notice Period at the relevant rate for such Personnel as set forth in Schedule 1, Part 3 hereto at the time of notice;
 - (f) upon the effective transfer from the Consultant's payroll, FANR shall pay the Consultant a transfer fee of ***[Redacted]*** percent of the Personnel's new first twelve (12) months cash compensation (excluding any bonus), plus reasonable costs as agreed to by the Parties to cover the Consultant's recruiting, administrative and overhead expenses;
 - (g) no more than ***[Redacted]*** percent of the Consultant's Personnel as set forth in Schedule 1, Part 3 during any 12 month period can be transferred to FANR over the subsequent twelve (12) month period. For the avoidance of doubt, this paragraph does not apply to consultants or to agents of the Consultant;

* ***[Redacted]*** indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

- (h) in order to maintain stability in the Services, FANR shall not offer employment to the Consultant's Personnel without the Consultant's permission; and
- (i) the Consultant shall ensure that such member of the Consultant's Personnel enters into an employment agreement with FANR in accordance with the FANR HR policy.

6. PROJECT MANAGEMENT

- 6.1 Each Party has appointed or shall appoint a project manager (a "**Project Manager**") who shall be responsible for the coordination of each such Party's obligations relating to delivery of the Services. The Consultant shall also appoint a single point of contact who FANR may contact for matters relating to the Services. Such single point of contact may be the Consultant's Project Manager or such other Personnel of the Consultant engaged in the Services. For the avoidance of doubt, FANR may communicate at any point during the Term with any Personnel of the Consultant engaged in the Services.
- 6.2 The Consultant will plan and facilitate quarterly reviews of the Services where the Parties will:
 - (a) meet, as necessary, at a location agreed by the Parties;
 - (b) review the performance of the Consultant, other key vendors and other entities as relevant to the activities of the Parties under this Agreement, in relation to the Services, budget and other objectives and policies; and the Consultant shall prepare a written report in advance of the review on these topics;
 - (c) modify, as appropriate and as agreed between the Parties, the Services schedule, budget or other objectives and correspondingly agree on updates to the Services; and
 - (d) review the Parties' Personnel needs for the activities of the Parties under this Agreement and agree on any Personnel level changes
- 6.3 The Consultant shall be subject to the terms and conditions of Schedule 7 (the "**Key Performance Indicators**").

7. INTELLECTUAL PROPERTY

- 7.1 For the purposes of this Agreement, the following definitions apply: "**Intellectual Property Rights**" means (a) copyright, patents, know-how, confidential information, database rights, and rights in trademarks and designs (whether registered or unregistered) used and/or developed by the Consultant in the course of performing its obligations under or in relation to this Agreement; (b) applications for registration, and the right to apply for registration, for any of the same; and (c) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world in any and all media and formats whether now known or hereafter devised; and "**IP Materials**" means all documents, software, photographic or graphic works of any type, and other materials in any medium or format, whether now known or hereafter devised, which are created by or on behalf of the Consultant in the course of performing its obligations under this Agreement and which are protected by or relate to Intellectual Property Rights.

- 7.2 For the consideration hereunder, which the Parties acknowledge is valuable and adequate consideration, the Consultant hereby expressly acknowledges, certifies and agrees that all of the results and proceeds of the Services of every kind heretofore rendered by and hereafter to be rendered by the Consultant hereunder shall be deemed a “work-made-for-hire” in favour of FANR in that (a) they are prepared within the scope of FANR’s engagement of the Consultant hereunder; and/or (b) they constitute works specifically ordered by FANR for use as a contribution to a collective work. Accordingly, the Consultant further acknowledges, certifies and agrees that FANR is and shall be deemed the author and/or exclusive owner of all of the foregoing for all purposes and the exclusive owner throughout the universe of all the rights of any kind comprised in the IP Materials and Intellectual Property Rights and any renewal or extension rights in connection therewith and of any and all other rights thereto, and that FANR shall have the right to exploit, or to refrain therefrom, any or all of the foregoing in any and all media, now known or hereafter devised, throughout the universe, in perpetuity, in all configurations and formats, including in any audio-visual, audio and/or visual device, as FANR determines at its absolute and sole discretion. The Consultant hereby irrevocably and unconditionally waives any and all moral and like rights that the Consultant has in the Services and hereby agrees not to make any claim against FANR or any party authorized by FANR, to exploit the IP Materials and Intellectual Property Rights based on such moral or like rights. To the extent that the Consultant may be deemed the “author” of either the IP Materials and/or Intellectual Property Rights, the Consultant hereby assigns all of the Consultant’s interest, and future interest, in and to the IP Materials and Intellectual Property Rights to FANR without any further actions or consideration required.
- 7.3 The Consultant shall, upon request, execute, acknowledge and deliver, and/or cause to be executed, acknowledged and delivered, to FANR such additional documents as FANR may deem necessary to evidence and effectuate FANR’s rights hereunder, and the Consultant hereby grants to FANR the right as attorney- in-fact, such right coupled with an interest, to execute, acknowledge, deliver and record all such documents evidencing FANR’s full and exclusive one hundred percent (100%) undivided interest in and to the IP Materials and Intellectual Property Rights. Without limitation of anything herein contained, as the author of the IP Materials and Intellectual Property Rights, as between the Parties, FANR hereby reserves any and all remuneration or income derived from the IP Materials and Intellectual Property Rights, any and all to which the Consultant shall have no claim whatsoever.

- 7.4 The Consultant may only use the Intellectual Property Rights and IP Materials to perform its obligations under this Agreement, and shall not disclose any Intellectual Property Rights or IP Materials to any third party without the express prior written consent of FANR.
- 7.5 The Consultant shall defend, protect, release, hold harmless, indemnify and keep indemnified FANR, as well as its Personnel, agents, officers, directors and related parties, from and against any and all losses, damages, expenses (including professional advisors and legal costs and disbursements on an attorney and client basis) and other liabilities incurred in connection with any Claims (as defined in clause 11.1 below) against FANR that the receipt of the Services, or the use of any item provided by the Consultant under this Agreement infringes any Intellectual Property Right of any person.
- 7.6 For the avoidance of doubt, clauses 7.1 to 7.5 shall also apply to the Consultant's subcontractors (approved by FANR in accordance with clause 17.1).

8. FEES

- 8.1 In consideration for the due performance of the Services (or any part of the Services) during the Term, FANR shall pay to the Consultant those fees specified in each Task Order mutually agreed and executed between the Parties (collectively, the "Fees"). The Fees specified in each Task Order shall be calculated based on the schedule of rates provided in Schedule 1. The Fees shall be payable in accordance with the procedures specified in clause 9.
- 8.2 In addition to the Fees, the Consultant shall be entitled to pre-approved expenses as described in Schedule 2 that are reasonably and actually incurred in connection with the provision of the Services, subject to providing FANR with appropriate itemized receipts or any other evidence of expenditure as FANR may reasonably require. For the avoidance of doubt, any expenses with respect to any Services performed by subcontractors (as approved by FANR in accordance with clause 17.1) shall be identified and the necessary invoices, pre-approved expenses and other accompanying evidence shall be attached to such invoice. No expenses (including those described in Schedule 2) shall be reimbursed, unless they are pre- approved by FANR in writing. All expenses shall be payable to the Consultant in accordance with the procedures specified in clause 9.
- 8.3 Subject to Schedule 2, the Consultant shall be responsible for all other costs, fees, charges, overheads, out-of-pocket expenses and other amounts, including:

- (a) all operating risks, expenses, staffing costs, and costs of supplying, servicing, maintaining and testing any equipment required for the delivery of the Services;
- (b) all training costs in relation to its Personnel;
- (c) all costs arising under or in connection with instituting, maintaining and renewing the insurance policy coverage detailed in clause 13;
- (d) all costs of compliance with the laws of the Emirate of Abu Dhabi, and the federal laws of the United Arab Emirates, including health and safety, security, labour laws, traffic regulations and ordinances;
- (e) all taxes, withholdings, customs, duties, fees, levies, value-added tax, goods and services tax, sales tax, payroll-related taxes and other administrative charges; and
- (f) all profits, payroll, salaries, benefits, shift premiums, emoluments, national insurance, accommodation, subsistence, disbursements, contributions, pension contributions, social security contributions, travel costs and other costs, fees and expenses incurred, paid or payable by or on behalf of the Consultant, any member of its Personnel, any agent, director, officer or subcontractor.

8.4 FANR may review the actual and projected scope of Services to ensure that the resources meet FANR's requirements. If FANR determines that more or fewer resources are required, the Parties will mutually agree on equitable adjustments to the Fees payable hereunder to reflect the necessary adjustments.

9. BILLING PROCEDURES

9.1 The Consultant shall submit to FANR no more than one (1) invoice per calendar month during the Term in respect of the Fees (or pro-rated portion of the Fees) identified in any Task Order(s), along with any pre-approved expenses incurred during provision of the Services in respect of such Task Order(s), provided that the Fees with respect to each Task Order shall be specifically detailed in such invoice.

In support of the Fees (or pro-rated portion of the Fees) and the pre-approved expenses, the invoice shall be accompanied by (i) a monthly status report containing a detailed breakdown of the work done by Lightbridge on a monthly basis in relation to each Task, and any additional information requested by FANR, in a form approved by FANR applicable to the month under which payment is sought, (ii) a timesheet report for each member of the Consultant's Personnel and subcontractors (as approved by FANR under clause 17.1), and (iii) any other appropriate evidence and information that FANR may, at its absolute and sole discretion, require at any time in order to verify compliance with the terms of this Agreement. Such timesheet report may be in electronic format and shall be broken down by hour (in whole or in part) for each Task (as defined in Schedule 1) as such terms are described in a given Task Order and contain any other information that FANR may require at its absolute and sole discretion.

9.2 Payment of all undisputed sums on an invoice shall be made by FANR within thirty (30) days after receipt by FANR of such invoice and other accompanying evidence. The Consultant will maintain complete and accurate records of, and supporting documentation for, all amounts billable to and payments made by FANR hereunder, in accordance with United Arab Emirates generally accepted accounting principles applied on a consistent basis, and will retain the records for each invoice for a period of six (6) years from the date that such invoice was received by FANR.

9.3 All payments shall be made in United States Dollars (USD) and by bank transfer to the account details shown on the invoice.

10. RELATIONSHIP BETWEEN THE PARTIES

Nothing in this Agreement shall be construed to create a joint venture, partnership or employer/employee relationship between FANR and the Consultant. This Agreement shall not, in and of itself, give rise to any authority on the part of the Consultant to obligate or bind FANR in any way whatsoever, and the Consultant shall not represent or hold itself out to have such authority. The Consultant shall not assume any of the other duties or obligations of FANR or any agent of FANR.

11. LIABILITY, INDEMNIFICATION AND AGGREGATE LIABILITY LIMIT

The Consultant shall defend, protect, release, hold harmless, indemnify and keep indemnified FANR, as well as its Personnel, agents, officers, directors and related parties, from and against any and all costs (including attorneys' fees and other legal costs and expenses), fees, expenses (including lost profits), liabilities, losses, damages, suits, causes of action, claims or any other proceedings whatsoever (collectively, "Claims") when arising out of:

- (a) any breach or non-compliance with or non-performance of any obligations under this Agreement by the Consultant or any person working for or on behalf of the Consultant (including any member of its Personnel), including third party Claims and losses or monies due to the negligence, dishonesty or fraud of its Personnel;
- (b) any wrongful act or negligence by the Consultant or any person working for or on behalf of the Consultant (including any member of its Personnel);
- (c) all injuries to, deaths, accidents, illnesses and damage to property of, any person working for or on behalf of the Consultant (including any member of its Personnel);

- (d) damage to or loss of property of or by any shareholder, officer, director or agent of or by any person working for or on behalf of the Consultant (including any member of its Personnel) resulting from their deliberate act or negligence; and
 - (e) all Claims for salaries, wages, taxes, benefit plans and programs by the Consultant or by any person working for or on behalf of the Consultant (including any member of its Personnel).
- 11.2 Neither Party shall be liable for any indirect, consequential, special and/or punitive loss arising out of or related to this Agreement, provided that nothing in this clause 11.2 is intended to prevent, limit or exclude:
- (a) the Consultant's liability for fraud, wilful misconduct or gross negligence, or
 - (b) any breach by the Consultant of its obligations set out in clauses 4(n), 7 or 16.
- 11.3 The aggregate liability of the Consultant under this Agreement for any and all losses, expenses, damages, claims or actions (whether based on contract, infringement, negligence, strict liability, tort or otherwise), shall in no circumstances exceed the greater of two and a half times the aggregate fees paid and payable to the Consultant under the Original Agreement and this Agreement and the amount of any subrogation claim made against FANR by the Consultant's insurer (the "Aggregate Liability Limit"). The Aggregate Liability Limit shall not apply to nor be reduced by:
- (a) the Consultant's liability in the case of fraud, wilful misconduct or wilful default, or gross negligence;
 - (b) any breach by the Consultant of its obligations set out in clauses 4(n), 7 or 16;
 - (c) any actual or attempted repudiation of the Agreement by the Consultant;
 - (d) payments made by the Consultant to the extent that corresponding payments are received by the Consultant pursuant to any insurance policy required to be effected and maintained under this Agreement; or
 - (e) any costs or expenses which the Consultant is obliged to incur or expend in order to carry out and complete the Services in accordance with this Agreement.
- 11.4 The Consultant shall not alter its legal or corporate status without the prior written consent of FANR.

12. WARRANTY; DEFECTS LIABILITY

The Consultant warrants that each product of the Services and the Services themselves shall be free of errors, omissions, inconsistencies and discrepancies that would be identifiable by a highly skilled and highly experienced international consultant with experience carrying out activities the same as or similar to the Services under the same or similar circumstances as described herein (a “**Defect**”), for a period of three (3) years from completion of the relevant part of the Services or such longer term as may be required by applicable law (the “**Warranty Period**”). During the Warranty Period, the Consultant shall, within seven (7) days of receiving FANR’s written notice, submit a corrective action plan stating the methodology to be employed and the time requirements necessary to remedy any Defect(s), and in any event, shall remedy such Defect(s) as expeditiously as possible in accordance with clause 4(f), without any charge to FANR, within fourteen (14) days of receiving FANR’s notice with respect to any such Defect(s) (or such longer period as may be approved in writing by FANR). If the Consultant fails to submit the corrective action plan, or remedy any Defect(s), within the time periods set forth above, FANR may, at its sole and absolute discretion, engage a third party to remedy such Defect(s) and the Consultant shall fully indemnify FANR and be responsible for the costs associated with remedying such Defect(s).

13. INSURANCE

- 13.1 Without prejudice to its obligations under this Agreement or otherwise at law, the Consultant shall maintain, for so long as may be necessary to cover its obligations and liabilities under or in connection with this Agreement, the insurances specified in Schedule 3, for the limits of indemnity stated in Schedule 3.
- 13.2 The insurances referred to in clause 13.1 shall be with a well-established insurance office or reputable underwriter to be approved by FANR, and FANR shall be added as an additional assured to the Professional Indemnity Insurance policy and Worker’s Compensation Insurance policy set forth in Schedule 3, for their vicarious liability arising out of the professional services being performed by Lightbridge.
- 13.3 Should the Consultant be in breach of any of its applicable obligations under this clause 13, FANR may itself insure against any risk with respect to which the default shall have occurred and may deduct a sum or sums equivalent to the amount paid or payable in respect of premiums from any monies due or to become due to the Consultant under this Agreement and/or recover them from the Consultant as a debt due and payable.
- 13.4 Without prejudice to the above, the Consultant shall ensure that the indemnity limits under the insurance policies set out in Schedule 3 shall be a minimum requirement and shall not be construed in any way as a limit of liability or as constituting acceptance by FANR of responsibility for any liability in excess of such indemnity limits.

- 13.5 The Consultant shall give FANR at least thirty (30) days' notice of any cancellation, non-renewal or material change in the insurance coverage of any policy under this clause 13. The Consultant shall not do or omit to do anything whereby the insurance may be vitiated, either in whole or in part.
- 13.6 Within ten (10) days from the date hereof (or such later date as may be agreed by FANR in writing), the Consultant shall provide FANR with a letter from the Consultant's insurance brokers confirming (a) that the Consultant has in force the applicable insurance referred to in clause 13.1; (b) the name of the Consultant's insurers; and (c) numbers and renewal dates of the policies.

14. SUPPLEMENTARY SERVICES

- 14.1 The Consultant shall carry out and perform any Supplementary Services requested by FANR from time to time in accordance with the form set out in Schedule 4 (or any other form of written request which FANR may elect to use at its absolute and sole discretion). Supplementary Services are any services that:
- (a) are not related to the Services identified in Schedule 1;
 - (b) are required other than as a result of any default or negligent or wrongful act or omission on the part of the Consultant; and
 - (c) involve additional cost to the Consultant.
- 14.2 If FANR at any time requests the Consultant to perform Supplementary Services, the Consultant shall give FANR written notice to that effect, together with a written estimate of the cost thereof (taking into account any reduction in work or cost which might occur as a result of the circumstances giving rise to the Supplementary Services). The Consultant shall not be entitled to receive any payment for the performance of Supplementary Services, unless it has complied with this clause 14.2 prior to the commencement of any such Supplementary Services.
- 14.3 If the Consultant is required to provide Supplementary Services, then, unless otherwise agreed between the Parties, FANR may, at its absolute and sole discretion, direct that the same be performed by the Consultant either:
- (a) for the amount specified in the Consultant's written estimate given under clause 14.2; or
 - (b) in accordance with the hourly rates for the Consultant's Personnel set out in Schedule 1, Part 3, which are inclusive of all costs, expenses, disbursements, taxes and duties, administration, overheads and profit.

15. SUSPENSION OF SERVICES

- 15.1 FANR may, upon giving five (5) days' prior written notice to the Consultant, require the Consultant to immediately suspend performance of the Services and upon receipt of such notice:
- (a) the Consultant shall immediately take measures to cease performance of the Services by its Personnel, subcontractors and agents; and
 - (b) the Consultant shall exercise best efforts to mitigate the Fees, costs and expenses incurred in connection with the suspension of the Services.
- 15.2 FANR may, at any time within ninety (90) calendar days after such a suspension of the Services, direct the Consultant to resume its performance of the Services in which event the Consultant shall resume such performance in accordance with the terms hereof. FANR shall reimburse the Consultant for all Services performed prior to the effective date of any such suspension, plus all pre-approved expenses.
- 15.3 In the event the Services are suspended by FANR in accordance with clause 15.1, FANR shall pay to the Consultant (i) any instalment (if any) of the Fees, and (ii) any payment (if any) for Supplementary Services (the amount as determined in accordance with clause 14.3 and Schedule 3, subject always to clause 14.2), due and unpaid as at the date of such suspension. The payment procedures set out in clause 9 shall apply in respect of such amounts.

16. CONFIDENTIALITY

- 16.1 It is the Consultant's duty not to disclose, without FANR's prior written consent, which may be granted by FANR at its absolute and sole discretion, any Confidential Information (as defined below) made available to the Consultant or any person working for or on the Consultant's behalf (including any member of the Consultant's Personnel), or otherwise obtained by the Consultant (whether prior to or after the entry into this Agreement and including information disclosed in contemplation of this Agreement). The Consultant agrees to use the same means as it uses to protect its own confidential information, and in any event, not less than reasonable means, to prevent disclosure and to protect the confidentiality of FANR's Confidential Information that it has been given or otherwise obtained as set out above.
- 16.2 For purposes of this Agreement, "**Confidential Information**" includes:
- (a) information of whatever nature concerning the business, finances, assets, liabilities, dealings, transactions, budgets, data, plans, customers, vendors, suppliers, contractors, Personnel, processes, transactions, know-how, or affairs of FANR;
 - (b) the nature of the relationship between FANR and the Consultant, including the existence and contents of this Agreement, and any other agreement, document or arrangement referred to or contemplated by this Agreement, and the fact that FANR has engaged the Consultant;

- (c) FANR's present activities or future plans or actual or potential business dealings or trade, product or customer information of a similar nature concerning any parent, subsidiary or associated concern of FANR; and
- (d) any information which is indicated or considered to be confidential or sensitive or is imparted by FANR to the Consultant and/or any member of its Personnel, its agents and/or subcontractors, in circumstances imparting an obligation of confidence and which any Party may, from time to time, receive or obtain (orally or in writing or in disk or electronic form) as a result of entering into, or performing its obligations pursuant to this Agreement or otherwise.

16.3 Confidential Information shall not include:

- (a) information which is or becomes available to the public other than as a result of a disclosure by the Consultant;
- (b) information that the Consultant documents in writing which was available to the Consultant on a non-confidential basis prior to or on its disclosure; or
- (c) information which the Consultant documents in writing was available to the Consultant on a non-confidential basis from a source other than FANR, provided that such source is not known by the Consultant to be subject to any prohibition against transmitting the Confidential Information to any third person.

16.4 The Consultant shall not be in breach of its obligations under this clause 16 if it discloses Confidential Information to comply with any applicable and relevant law, court order or subpoena (an "**Order**"), provided that if the Consultant is asked to disclose any Confidential Information to comply with an Order, it shall immediately inform the FANR Director General and the FANR Project Manager (in writing to the FANR address specified in clause 21.2, or such other address as may be notified by FANR to the Consultant, and by telephone and secure email), specifying in detail the nature of the Order, and must, prior to responding to any Order, work in good faith with FANR to prevent such disclosure, and if prevention is not possible, to limit the disclosure to the fullest extent permissible and ensure that any disclosure is made in general terms to the maximum extent possible.

16.5 Without the prior written consent of FANR, which may be granted or withheld at its absolute and sole discretion, neither the Consultant nor the Consultant's Personnel, agents or subcontractors (including its affiliates, officers, directors, representatives, shareholders, members and suppliers) shall make any public or private commercial use of their relationship to FANR, including:

- (a) by permitting or authorizing the making of any reference to the Original Agreement, this Agreement or to the Services or to FANR and any of its business operations, marketing and other plans, in any medium now known or hereafter devised, including any leaflets, brochures, publications, journals, newspapers, sales letters, client lists, press releases, brochures, marketing or other literature, other written materials, or in any radio or television broadcasts, except as may be necessary for the Consultant to perform its obligations under the terms of this Agreement. Any request by the Consultant to make any such reference shall be made in writing to FANR and shall be accompanied, for any advertising request, by a copy of all announcements, photographs and other documentation whatsoever and details of the time and medium for advertisement or announcement together with such other information or documentation as FANR may request;
 - (b) mentioning the name of FANR in connection with any advertising, marketing proposals or solicitations or similar materials;
 - (c) by using or allowing the use of any service marks, trademarks or trade names or other intellectual property now or which may hereafter be associated with, owned by or licensed by FANR; or
 - (d) by contracting with or receiving money or anything of value from any person or commercial entity to facilitate such person or entity obtaining any type of commercial identification, advertising or visibility in connection with the Services.
- 16.6 The Consultant shall have no right to grant commercial identification rights of any kind or description with respect to this Agreement, FANR or any supplier of goods or services or to any subcontractor, without the express prior written consent of FANR, which may be granted or withheld at its absolute and sole discretion.

17. ASSIGNMENT

- 17.1 The Consultant may not assign, sub-license, transfer, create a charge over or otherwise dispose or delegate any of its rights or subcontract, transfer or otherwise dispose of any of its obligations under this Agreement without the prior written consent of FANR.
- 17.2 Nothing in this Agreement shall prevent or restrict FANR from assigning, sub-licensing, transferring, novating, creating a charge over or otherwise disposing of any of its rights or from subcontracting, transferring or otherwise disposing of any of its obligations under this Agreement to any party, provided that FANR gives notice regarding the foregoing to the Consultant.
- 17.3 If the Consultant appoints an agent, subcontractor or other person, pursuant to clause 17.1 above, to perform any of the Services, it shall warrant that such person shall comply with the terms of this Agreement, has adequate insurance to cover any and all Services performed under this Agreement and is fully experienced and properly qualified, equipped, organised and financed to undertake the work concerned. Further, if the Consultant subcontracts any of the obligations or Services it has contracted to provide, it shall remain liable to FANR for the performance of all the obligations and Services so contracted. In addition, the Consultant will actively supervise its subcontractors and agents.

17.4 In the event that the Consultant establishes a legal presence in the Emirate of Abu Dhabi (an “**Abu Dhabi Company**”), the Consultant will, at the written request of FANR, take all such steps as directed by FANR to assign the Consultant’s rights and obligations under the agreement to the Abu Dhabi Company.

18. AMENDMENT

No amendment, modification, supplement, deletion or waiver of any rights hereunder shall be effective, unless it is in writing signed by or on behalf of each of the Parties.

19. FORCE MAJEURE

Neither Party shall be liable to the other Party for any delay or non-performance of its obligations under this Agreement arising from any cause beyond a Party’s reasonable control, including any of the following: act of God, governmental act, war, fire, flood, explosion, or civil commotion. Subject to the affected Party promptly notifying the other Party in writing of the cause of the delay or non-performance and the likely duration of such delay or non-performance, and provided that the affected Party uses its reasonable endeavours to limit the effect of that delay or non-performance on the other Party, the performance of the affected Party’s obligations, to the extent affected by the cause, shall be suspended during the period that the cause persists. If performance is not resumed within thirty (30) days after that notice, the other Party may terminate this Agreement immediately by written notice to the affected Party.

20. SURVIVING OBLIGATIONS

Notwithstanding the expiration or termination of this Agreement, the obligations of the Parties as set out in clauses 3.7, 3.8, 4, 5.2, 5.3, 7, 9-13, 16 and 18-21 23-32 shall survive any such expiration or termination.

21. NOTICES

21.1 Any notice, invoice or other communication which either Party is required by this Agreement to serve on the other Party shall be sufficiently served if sent to the other Party at its specified address in clause 21.2 or such other address as is notified to the other Party in writing as follows: (a) by hand; (b) by registered courier or recorded delivery; or (c) by facsimile transmission confirmed by registered or first class post or recorded delivery.

21.2 Any notice, invoice or other communication required to be served under clause 21.1 should be sent to the following specified addresses:

If to **The Federal Authority for Nuclear Regulation:**

Crescent Tower, Mezzanine Floor
Sheikh Zayed First Street, Khalidiya
P.O. Box 112021
Abu Dhabi, United Arab Emirates
Fax: +971 2 651 6661
Attention: Faisal Echtibi

If to **Lightbridge Corporation:**

Lightbridge Corporation
1600 Tysons Boulevard,
Suite 550,
Tysons Corner,
VA 22102 USA,
Fax: +1.571.730.1260
Attention: James Guerra

21.3 Notices sent by registered post or recorded delivery shall be deemed to be served three (3) Working Days following the day of posting. Notices sent by facsimile transmission shall be deemed to be served on the day of transmission if transmitted before 4:00 p.m. (United Arab Emirates time) on a Working Day, but otherwise on the next following Working Day. In all other cases, notices are deemed to be served on the day when they are actually received. **“Working Days”** shall mean business days on which banks are open in the Emirate of Abu Dhabi.

22. CONFLICTS

22.1 The Consultant warrants that:

- (a) it shall immediately disclose to FANR any conflict of interest which arises in relation to the provision of the Services as a result of any present or future appointment, employment or other interest of the Consultant (in the UAE or elsewhere);
- (b) when requested by FANR, oblige each member of its Personnel to promptly sign a confidentiality undertaking in the form provided to it by FANR;
- (c) the Consultant's Personnel, advisors and consultants who support FANR (the **“FANR Team”**) will not work in support of the Emirates Nuclear Energy Corporation (“ENEC”) and vice-versa;
- (d) the FANR Team will not perform work for ENEC contractors or subcontractors;

(e) work performed in support of FANR will not be shared with or communicated to the Consultant's Personnel, advisors and consultants supporting ENEC (the "ENEC Team") and the Consultant shall ensure that this information is protected from disclosure and at all times act in accordance with clause 4(f); and

(f) decisions about the scope, content, and technical adequacy of work performed for FANR will be independent and not influenced by the ENEC Team.

22.2 Exceptions to the warranties in clause 22.1 shall only be made with the prior written consent of FANR.

23. LANGUAGE

Any document provided in connection with this Agreement must be in English unless the Parties otherwise agree.

24. WAIVER

The rights of each Party hereunder (a) may be exercised as often as necessary; (b) are cumulative and not exclusive of rights or remedies provided by law; and (c) may be waived only in writing and specifically. A Party's delay in the exercise or non-exercise of any right is not a waiver of such right.

25. FURTHER ASSURANCE

Each Party undertakes to sign all documents and to do all other acts, which may be necessary to give full effect to this Agreement.

26. COSTS

Each Party shall pay the costs and expenses incurred by it in connection with the entering into of this Agreement.

27. THIRD PARTY RIGHTS

Except as explicitly provided herein, no person or entity of any nature may enforce any of the terms, provisions or rights under this Agreement or shall have any third party rights of any kind.

28. ENTIRE UNDERSTANDING

This Agreement constitutes the entire agreement of the Parties in relation to its subject matter, and any and all prior agreements, understandings, and representations are terminated and cancelled and are of no further force and effect, provided however that Article 24.3 of the Original Agreement shall survive the expiry of the Original Agreement.

29. SEVERANCE

If, at any time, any part of this Agreement is held to be or becomes void or otherwise unenforceable for any reason under any applicable law, the same shall be deemed omitted from this Agreement, and the validity and/or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired as a result of that omission.

30. SET-OFF AND COUNTERCLAIM

FANR shall have the right to deduct from any monies due or which may become due to the Consultant, any monies or sums recoverable from the Consultant by FANR in respect of any Claims (as defined in clause 11.1) whatsoever.

31. GOVERNING LAW

This Agreement shall be governed by and construed, performed and enforced in all respects in accordance with the laws of the Emirate of Abu Dhabi, United Arab Emirates, and the federal laws of the United Arab Emirates, without giving effect to the principles of conflicts of laws or choice of law provisions thereof.

32. DISPUTE RESOLUTION

32.1 Any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination shall be referred to and finally resolved by binding arbitration in accordance with the provisions on arbitration provided in the Abu Dhabi Commercial Conciliation and Arbitration Centre's Procedural Regulations (the "**Regulations**") (which Regulations are deemed incorporated by reference in this clause 32.1). The following shall apply in respect of any such arbitration:

- (a) the tribunal shall consist of one (1) arbitrator, who shall be nominated and summoned up in accordance with the Regulations. The arbitrator shall have the authority to grant all forms of relief and remedies related to this Agreement, including equitable relief;
- (b) the venue for such arbitration shall be Abu Dhabi, United Arab Emirates, and the Parties hereby irrevocably consent to such forum and waive any claims to alternative venues on the ground of *forum non conveniens* or otherwise;
- (c) the language used in the arbitration, including the language of the proceedings, the language of the decision, and the reasons supporting it, shall be English; and
- (d) an arbitration award rendered hereto binds each Party. Judgment upon an arbitration award rendered may be entered in any court in the United Arab Emirates having jurisdiction or application may be made to such court for judicial acceptance of the award or an order of enforcement, as the case may be. Without limiting the foregoing, each Party irrevocably agrees to submit to the jurisdiction of the courts of the Emirate of Abu Dhabi with respect to the enforcement of any arbitration award or order.

33. COUNTERPARTS

This Agreement may be signed in any number of counterparts, and each Party may sign one or more counterpart. The counterparts shall together form and be construed as one and the same document.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

For and on behalf of: **The Federal Authority for Nuclear Regulation**

By: /s/ William D. Travers
Name: William D. Travers
Title: Director General

For and on behalf of: **Lightbridge Corporation**

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

[Signature Page – Consultancy Agreement]

**SCHEDULE 1
THE SERVICES**

The Consultant shall provide certain Services, in accordance with the working practises set forth in Schedule 6 and all applicable FANR regulations, regulatory guides, review procedures and instructions, as agreed by FANR in writing and set out in a Task Order in the form set forth in Schedule 5.

1. PART 1 - GENERAL SERVICES

- 1.1 The Consultant shall act as strategic advisor to FANR on civilian nuclear regulatory and energy matters, based on priorities set by FANR from time to time.
- 1.2 The Consultant shall support FANR and its ongoing project management and project oversight activities in relation to the evaluation and, if relevant, development of the nuclear energy program of the UAE.
- 1.3 The Consultant will provide FANR quarterly status reports that summarize the status of each Task and hours expended, by Task. As part of the reports, the Consultant will recommend reallocation of resources as needed between Tasks.

2. PART 2 - 2012 SERVICES

- 2.1 For the period beginning 1 January 2012 and ending on 31 December 2012 the Consultant shall, to the extent requested by FANR through Task Order(s), perform the following Services (each a “Task”):
- 2.2 In general, the Consultant will support the goals of FANR by providing on-going strategic advice and assistance to FANR. This includes proactively identifying issues and proposing solutions to ensure FANR meets its regulatory objectives, and responding quickly with appropriate expertise to requests from FANR. This includes completing the development of most nuclear facilities regulations, regulatory guides and licensing review procedures. The Services also recognize the increasing emphasis on inspection of nuclear facilities, and program enhancements that were identified by the IAEA Integrated Regulatory Review Service (“IRRS”) in 2011.

Task 1 - Licensing Process and Guidelines for Nuclear Facilities

Summary

Support FANR to implement licensing guidance and guidelines and to identify/resolve licensing issues to support the review of license applications for nuclear facilities.

Objective

The objective of this Task is to support FANR to implement processes, procedures, guidelines, and criteria, and resolve issues in order to effectively and efficiently review nuclear facility license applications.

Approach/Work Activities

The Consultant will support FANR to implement licensing guidance that is necessary for the assurance of safety, security and for siting, constructing, and operating nuclear facilities. This includes providing assistance and advice to FANR to assist in the identification and resolution of licensing issues.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Support implementation of licensing guidelines and assist in identifying and resolving licensing issues.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

The Parties shall work together to identify and resolve licensing issues. FANR will review proposed solutions to issues and provide any comments to the Consultant for resolution.

Task 2 - Regulations and Regulatory Guides for Nuclear Facilities

Summary

Provide support to FANR for identifying and developing safety regulations and regulatory guides to support submission and review of license applications for construction and operation of nuclear facilities.

Objective

A major part of FANR's mission is to make safety and security decisions on license applications to site, construct and operate nuclear facilities. The Nuclear Law, regulations and supporting documents help implement this responsibility. These documents will also help ensure the quality of ENEC's applications and decisions made by FANR. The overall objective of this Task is to assist FANR in implementing its regulatory responsibility by identifying and developing regulations and regulatory guides for nuclear facilities.

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Approach/Work Activities

The Consultant will support FANR in the development of regulations and regulatory guides for the assurance of safety and security for siting, constructing and operating nuclear facilities. The Consultant will also prepare a “comparison analysis” of the FANR regulations to the International Atomic Energy Agency (“IAEA”) safety standards.

The specific regulations and guides to be developed, and their development schedule will be determined by FANR. However, the regulations and guides will include those remaining to be developed (e.g. FANR-REG 14 and 16). Development of regulatory guides will follow the development of the regulations and they will be based on a review of the IAEA requirements and guides, the “Country of Origin” guides, the United States’ guides and other countries’ guides, as appropriate. For each regulation, a “comparison analysis” with the appropriate IAEA standard(s) will also be developed.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Develop regulations and guides. Specific regulations and guides, and schedule for development to be determined by FANR.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

The Parties shall work together to determine what regulations and guides to pursue and on what time schedule. FANR will review draft regulations and guides provided to it by the Consultant and provide comments. The Parties shall work together to issue proposed regulations to ENEC and other stakeholders for comments.

Task 3 — Safeguards and Export/Import Program Regulatory Support

Summary

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

The Consultant shall support FANR to develop and implement the UAE national safeguards and export/import program to regulate the tracking and monitoring of, and accounting for, regulated material, as defined in the Nuclear Law (“**Regulated Material**”), to implement safeguards agreements through the conduct of specific activities, and to implement systems to control the export/import of Regulated Material.

Objective

The overall objective is to support the development of regulations and procedures; and define programs and activities that can be used by FANR to license, provide regulatory oversight, track, monitor and account for Special Nuclear Material (as defined by Title I of the US Atomic Energy Act of 1954) to deter and protect against theft or diversion of such materials. This includes Regulated Material control and accountability and implementation of the FANR responsibilities regarding import/export controls.

Approach/Work Activities

The Consultant will support FANR in the development/implementation of an effective and efficient safeguards program, including export/import controls. This includes:

- Assisting in the development of safeguards and export/import regulatory guides; Schedule 1-3 Consultancy Agreement — July 2012 — FANR / Lightbridge Corporation
- Reviewing licensed safeguards and export/import activities;
- Supporting safeguards inspections, including the IAEA complimentary access; and Supporting UAE outreach activities.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Safeguards and Export/Import Regulatory Program Support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

The Parties shall work together to determine what regulations and guides to pursue and on what time schedule. FANR will review draft regulations and guides provided to it by the Consultant and provide comments. The Parties shall work together to issue proposed regulations to ENEC and other stakeholders for comments.

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task 4 — FANR Operating Experience Program

Summary

Provide assistance to FANR in establishing a global operating experience feedback program, including obtaining foreign countries' experience and guidance in relation to the siting, construction and operation of nuclear power reactors. The program shall also be designed to collect and analyze experience for other nuclear programs relevant to safety and to share FANR experience with international organizations.

Objective

The objective of this Task is to assist FANR in achieving its safety mission for nuclear power plants and other nuclear programs relevant to safety. The review and understanding of previous experience will provide insight to help focus FANR regulatory activities so as to achieve the highest level of safety. Such review will also help avoid mistakes that have been made in existing nuclear programmes.

Approach/Work Activities

The Consultant will assist FANR to design and build an effective operating experience program that has a solid operating experience platform, is focused on FANR's needs and is results oriented. This includes developing and implementing a program and projects plans. The Consultant will give first priority to knowledge transfer related to operating experience in connection with the siting and construction of nuclear power plants in other countries (especially China, Finland, France, Japan, Korea and the United States).

IAEA documents and discussions with key personnel involved with operating experience will also be examined for relevant information. The Consultant will interact with regulators and vendors in the selected countries to obtain appropriate data, and will assist FANR to develop memoranda of understanding ("MOUs"), as requested by FANR. The Consultant will analyze the data obtained and provide reports to FANR. Once these activities for siting and construction experience data are completed, collection of foreign experience data from nuclear power plant operations and other safety-related nuclear programs, especially for start-up and power ascension, will be collected and analyzed.

Schedule 1-5

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
a. Collect and analyze foreign reactor siting and construction experience, manufacturing defects, and corrective actions taken by regulators and industry. This Task shall also include any industry experience in the UAE for large construction projects.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
b. Develop program description, procedures and specifications for the infrastructure (e.g. databases), and project plan needed for FANR to implement a regulatory operating experience program.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

As necessary and where possible, facilitate access to foreign regulatory organizations and vendors.

Task 5 — Nuclear Facilities Inspection Program Support

Summary

Support FANR to develop and implement an inspection and assessment program for nuclear facilities and vendors.

Objective

The objectives of this Task are to assist FANR to develop a construction and operations inspection program, and perform its safety regulatory oversight responsibilities. Specifically, (1) the Consultant will develop a draft of all the elements of a FANR inspection program; and (2) when requested by FANR in writing, the Consultant will help FANR conduct reviews and inspections of site activities, ENEC quality assurance, including related vendor manufacturing and fabrication activities, and other construction related activities. The Consultant will also assist with training/

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Approach/Work Activities

The Consultant will assist FANR to complete the development of its inspection program, including implementation of FANR decisions on the Inspection Program White Paper report (which the Consultant is developing for FANR and which will form a basis for construction inspection of the Braka nuclear site). The Consultant shall assist in completing remaining inspection instructions, maintaining an inspection manual and developing enforcement instructions/guidelines.

The Consultant will provide experienced inspection support to facilitate FANR's inspections and assessments of ENEC's site activities and Management System (as defined in the Nuclear Law), vendor activities and other Construction (as defined in the Nuclear Law) related activities.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
a. Develop inspection program	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
b. Conduct inspections	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Provide reasonable site access and accompany the Consultant on inspections where required. Review, comment and approve the inspection instructions with the Consultant.

Task 6 — International Agreements and Conventions Implementation

Summary

Provide assistance to FANR for implementing international agreements and conventions.

Objective

The UAE has entered into multilateral agreements with the IAEA and has become a party to nuclear and radioactive waste safety conventions. The overall objectives of this Task are to assist FANR in meeting the UAE obligations under these conventions, and support FANR in their preparation for receiving IAEA safety services.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Approach/Work Activities

The Consultant will support FANR's development of the UAE national report for the Second Convention on Nuclear Safety (the "CNS") Extraordinary Meeting related to Fukushima, and the implementation of the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (the "**Joint Convention**").

The specific Services for this Task follows:

Second CNS Extraordinary Meeting related to Fukushima:

- Develop UAE national report (due 26 May 2012);
- Assist FANR in preparing for the Second CNS Extraordinary Meeting related to Fukushima; and
- Support the FANR Fukushima task force (ongoing),

Joint Convention:

- Review national reports of other countries specified by FANR;
- Develop questions for other contracting parties;
- Assist in the development of answers to UAE questions from other contracting parties;
- Develop briefing book for Joint Convention UAE delegation; and
- Assist FANR in the preparation for the Joint Convention review meeting in May 2012.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
a. Second CNS Extraordinary Meeting related to Fukushima	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
b. Joint Convention	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Key Personnel

[Redacted]

FANR Support

FANR will review detailed outlines, and drafts of reports provided to it by the Consultant and provide comments; provide insights into any unique UAE requirements and policies that must be considered; and facilitate interaction with ENEC and other UAE government organizations where possible.

Task 7 — Other Advice and Assistance for Nuclear Regulatory Program

Summary

Provide advice and assistance to FANR management and staff for activities not specified in the other Tasks, when requested by FANR in writing (i.e. “on call” assistance and advice). This may include but not be limited to providing assistance and advice in identifying and resolving technical, policy and administration issues and defining and implementing regulatory strategy for licensing reviews and inspections.

Objective

New issues/questions will arise as FANR develops and implements its regulatory and administration program and activities, and new managers and staff are hired. The objective of this Task is to assist FANR in meeting its regulatory responsibilities in a timely and effective manner. To this end, when requested by FANR in writing, the Consultant will provide advice and assistance to help FANR develop and implement its nuclear regulatory program.

Approach/Work Activities

The specific activities under this Task are unknown at this time, but will be identified and specified by FANR. Examples of past activities include assisting FANR recruit staff, development of job descriptions, evaluation of administration and regulatory policy questions, and assistance with the development of FANR products not included in other tasks. The Consultant shall proactively suggest activities for FANR approval and will respond quickly with appropriate expertise to requests from FANR in writing. The Consultant’s response to a FANR written request may be in the form of a written report, briefing, or discussion with FANR management via phone or in meetings.

Work activities will be in response to requests from the Director General, the Deputy Director General for Operations and/or the Deputy Director General for Administration, or their designee. The work activities and estimated hours (40 hours per month for each division of FANR as set forth below) are shown below.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
a. Advice and assistance to the Director General's Office	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
b. Advice and assistance to the Operations Division	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
c. Advice and assistance to the Administration Division	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

The Parties shall identify and decide issues/questions and activities on which advice and assistance is needed by FANR from the Consultant.

Task 8 — Radiation Safety Regulatory Support Summary

Provide support to FANR for developing and implementing regulations, regulatory guides, and license reviews and inspections in the radiation safety area.

Objective

Support FANR implementation of licensing and inspection of Regulated Materials safety, and internal FANR emergency preparedness and response.

Approach/Work Activities

The Consultant will support FANR in the development and implementation of an effective and efficient radiation safety regulatory program. This includes:

- Implementation of a program to license Regulated Materials users;
- Implementation of an inspection program;
- Implementation of improvements resulting from the IAEA IRRS mission; Identification of regulatory issues and proposing solutions;

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

- Training and mentoring FANR staff; and Supporting other radiation safety regulatory activities, when requested by FANR in writing, such as the source registry, dose registry, internal FANR emergency preparedness and Incident Response Center.

Consultant support of the above will include (as decided by FANR) the long-term assignment of a senior staff to the FANR office to be managed by the Director of Radiation Safety Department.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Radiation Safety (as defined in the Nuclear Law) regulatory program support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

The Parties shall work together to determine what regulations, guides, and review and inspection procedures to pursue and on what time schedule. FANR will review draft regulations, guides and review procedures provided to it by the Consultant and provide comments. FANR will issue proposed regulations for comments. FANR will direct and supervise long-term staff assigned to FANR by the Consultant unless otherwise agreed.

Task 9 — Communications Support Summary

Assist FANR in developing plans for communicating with the public and other stakeholders on significant FANR activities.

Objective

Public and stakeholder understanding is a key element to the acceptance of the UAE nuclear program. FANR will contribute substantially to public and stakeholder understanding by how it regulates and communicates issues and actions. The overall objective of this Task is to ensure that FANR is prepared to communicate effectively with the public and other stakeholders on significant activities and topics that might arise.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Approach/Work Activities

The Consultant will support FANR in communications planning for outreach with the public and other stakeholders. The Consultant will assist FANR in the development of specific communications plans focused on specific events or issues. Communications plans will be based on the integrated management system procedure for developing communication plans, and may use a collaborative process, including “brain storming” sessions with key managers and staff who will be doing the communicating.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Develop a communication plan, including questions and answers, when requested by FANR in writing.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Provide policy and program directions. The development of specific communications plans will involve the FANR communications advisor to the Director General, Government and International Affairs Department staff and program managers and staff who are involved in the regulatory action at hand.

Task 10 — Integrated Management System (IMS) Processes and Procedures, and Internal Operating Systems

Summary

Provide advice and assistance to FANR in completing the development and review of processes, procedures, instructions and templates to support the FANR IMS, and the development of support systems and tools.

Objective

The overall objective is to assist FANR in establishing a highly efficient and effective organization by continuing implementation and evaluation of the IMS, and implementation of support systems (e.g. document management system).

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Approach/Work Activities

The Consultant will work with FANR to develop, refine and finalize a series of processes, procedures and instructions needed to support the FANR IMS. The Consultant will also assist FANR in developing and implementing management support systems needed for effective and efficient operation. This will include supporting the implementation of a FANR document management system. If requested by FANR in writing, the Consultant will assist in a general advisory role in this regard.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
a. Develop and modify procedures in support of the FANR IMS, when requested by FANR in writing.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
b. Assist in developing and implementing management support systems, including document management system, when requested by FANR in writing.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Provide policy and program directions. FANR shall review, comment and approve work products provided to it by the Consultant.

Task 11 - Training and Development of FANR Staff

Summary

Provide assistance to FANR in developing and providing regulatory and technical training to the FANR staff, and developing and maintaining a knowledge management program.

Objective: The overall objective is to assist FANR to ensure that it has a highly qualified staff to accomplish FANR's mission. The specific objective is to help identify FANR training needs and provide training to FANR staff in sufficient time for them to perform required regulatory responsibilities and assist FANR in capturing and transferring the knowledge of its program, activities and decisions. To this end, when requested by FANR in writing, the Consultant will support the development of FANR training programs.

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Approach/Work Activities

Based on key milestones for the regulatory program, utilizing the recognized Systematic Approach to Training (“SAT”) and FANR requirements for hiring, the training of the necessary staff will be identified by the Consultant. When requested by FANR in writing, the Consultant will work interactively with FANR to identify training needs, lectures and lesson plans from the SAT and develop technical, regulatory and leadership (e.g., leadership blueprint) training course outlines or syllabus and present the training to FANR staff.

The specific activities and estimated hours are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
a. Develop and conduct technical and regulatory training when requested by FANR in writing.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
b. Develop program description, procedures and specifications for the infrastructure (e.g. databases) needed for FANR to implement a knowledge management program.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Provide policy and program directions. The Parties shall also work together to define training needs and develop course outlines and syllabus. FANR shall review, comment and approve work products provided to it by the Consultant.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task 12 — Security of Regulated Materials Regulatory Support

Summary

Provide support to FANR for developing and implementing regulatory guides, license reviews and inspections processes in the Regulated Materials security area.

Objective

The objective is the development of regulatory guides, procedures and instructions regarding the license process and inspection process associated with the security of Regulated Materials.

Approach/Work Activities

The Consultant will support FANR in the development and implementation of an effective and efficient Regulated Materials security program. This includes:

1. Identification and development of regulatory guide(s) for the implementation of FANR- REG-23 on security of radioactive sources (the **“REG-23 Guide”**). The IAEA Nuclear Security Series No 14 (nuclear security recommendations on radioactive material and associated facilities), No 9 (security in the transport of radioactive material) and No 11 (security of radioactive sources) may be used for that purpose;
2. Development of a program related to licensing the security aspects of Regulated Materials, including the establishment of security instructions for the licensing process (the **“Licensing Program”**). In particular, based on the general procedure regarding the license of a Regulated Activity (defined in the Nuclear Law) or Regulated Material, an instruction for the assessment of the security plan and the transport security plan provided by applicants shall be established;
3. Development of an inspection program for Regulated Materials security, including the establishment of procedure and instruction for security inspection (the **“Inspection Program”**); and
4. Supporting other Regulated Materials and/or security regulatory activities upon written request by FANR.

The following deadlines should, subject to any instructions by FANR to the contrary, be respected for planning purposes:

- Establishment of regulatory guides, including REG-23 Guide during 1st and 2nd quarters of 2012;
- Establishment of the Licensing Program during 2nd and 3rd quarters of 2012;
- Establishment of the Inspection Program during 3rd and 4th quarters of 2012.

Taking into account the sensitivity of the information to be managed, this Task 12 shall be conducted on FANR premises.

The activity and estimated hours follow.

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Security of Regulated Materials regulatory support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

A kick-off meeting will be organized by the Consultant at the beginning of Task 12 to finalize the Services to be performed as well as the list of documents to be established. Each document established will be submitted to FANR by the Consultant for review and comment. Regarding the Task set out in paragraph 4 above of this Task 12, FANR will formally request assistance and the Consultant will propose a timeline and estimated resources for approval before its realization.

3. PART 3 - BILLING RATES

The Consultant's Personnel shall be billed at the following rates for their performance of the Services only where such performance has been authorized by the relevant Task Order. No member of the Consultant's Personnel shall bill more than *[Redacted]* hour per day to FANR, except as agreed by FANR in writing.

Personnel and consultants	2012 Hourly Rate (USD)
Pay Level I — Special Expert	
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
Pay Level II — Senior Expert	
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
Pay Level III — Project Support	
[Redacted]	*[Redacted]*

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Additional Consultant's Personnel may be added to the above table only with the written consent of FANR, such consent to be given in FANR's sole discretion.

Substitution of Personnel will be handled in accordance with clause 4(o) of the Agreement. Invoices sent to FANR shall break down each partial hour worked into 1/10 of an hour increments based on the time actually spent in performing the Services.

Hour Caps

The Task Order process shall be used in accordance with clauses 2.3 and 8.1 and Schedule 7 of this Agreement to determine the budget and applicable Fee associated with each Task Order. No Services shall proceed without a mutually agreed and executed Task Order. The hour caps for the Tasks performed under the Agreement are indicated in the table below (the "**Hour Caps**"). The Hour Caps constitute a ceiling that shall not, without the prior written consent of FANR, be exceeded (excluding pre-approved travel costs, per diems and other pre-approved expenses, but inclusive of any discounts).

Task	Amount
Task 1 - Licensing Process and Guidelines for Nuclear Facilities	*[Redacted]* total hours
Task 2 - Regulations and Regulatory Guides for Nuclear Facilities	*[Redacted]* total hours
Task 3 - Safeguards and Export/Import	*[Redacted]* total hours
Program Regulatory Support	
Task 4 - FANR Operating Experience Program	*[Redacted]* total hours
Task 5 - Nuclear Facilities Inspection Program Support	*[Redacted]* total hours
Task 6 - International Agreements and Conventions Implementation	*[Redacted]* total hours
Task 7 - Other Advice and Assistance for Nuclear Regulatory Program	*[Redacted]* total hours
Task 8 - Radiation Safety Regulatory Support	*[Redacted]* total hours
Task 9 - Communications Support	*[Redacted]* total hours
Task 10 - Integrated Management System (IMS) Processes and Procedures, and Internal Operating Systems	*[Redacted]* total hours
Task 11 - Training and Development of FANR Staff	*[Redacted]* total hours
Task 12 - Security of Regulated Materials Regulatory Support	*[Redacted]* total hours
TOTAL	*[Redacted]*

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

FANR may only authorize increases to the Hour Caps if such authorization is in writing and signed by the Director General, the Deputy Director General for Operations and/or the Deputy Director General for Administration, or their designee.

Further, as noted in clause 8.4 of the Agreement, FANR may review the actual and projected scope of Services to be performed under the Agreement to ensure that the resources meet FANR's requirements. If FANR determines that fewer resources are required, the Parties will mutually agree on a reduction to the Fees payable hereunder to reflect the necessary adjustments. For the avoidance of doubt, if any such reduction is implemented, the Hour Caps set forth above shall be subject to a corresponding reduction.

4. PART 4 - 2013 SERVICES

On or before 15 December 2012 the Consultant shall submit to FANR a draft services schedule for the Services to be performed in 2013 complete with a comprehensive list of its Personnel with the hourly rates for each. Once such schedule has been agreed between the Parties in writing it shall be incorporated into this Agreement by written amendment.

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

5. **PART 5 - 2014 SERVICES**

On or before 15 December 2013 the Consultant shall submit to FANR a draft services schedule for the Services to be performed in 2014 complete with a comprehensive list of its Personnel with the hourly rates for each. Once such schedule has been agreed between the Parties in writing it shall be incorporated into this Agreement by written amendment.

Schedule 1-19

**SCHEDULE 2
EXPENSES**

Performance of the Services in Flight

For all flights to and from Abu Dhabi pre-approved by FANR in writing, each of the Consultant's Personnel on such flights shall be entitled to bill (at the applicable hourly rates provided in the tables for the relevant year as set out in Schedule 1) for the actual time spent performing the Services on such flights, provided that such Personnel shall be entitled to bill for a maximum of ***[Redacted]*** hours on such flights regardless of the number of actual hours worked on the flights. As an example, if the Consultant's Personnel perform the Services for ***[Redacted]*** hours during a flight, such Personnel shall be entitled to bill FANR for

[Redacted] hours (not ***[Redacted]*** hours).

Travel Costs

The effective date for this part of the Agreement is March 31, 2013. Prior to the effective date, the Consultant will make flight arrangements and pay the cost for travel pre-approved by FANR in writing and related to this Agreement.

FANR shall, for all of the Consultant's travel pre-approved by FANR in writing and related to this Agreement, make arrangements for, and pay the cost associated with, the Consultant's airfare directly to the airlines or travel agent. All travel pre-approved by FANR in writing will be conducted using business class airfares on a reasonably direct route without an excessive number of stops. FANR will pay for flights to and from Abu Dhabi or Dubai only and shall not be required to pay any greater amount than a standard business class round trip between the United States and Abu Dhabi or Dubai. FANR will pay for Consultant's flights from the United States or Abu Dhabi or Dubai to locations outside of the United Arab Emirates, when such travel is requested and pre-approved by FANR. FANR may in its discretion, where it receives at least ten (10) days advance notice from the Consultant, book extra flight legs, not related to this Agreement, for the Consultant. The costs attributable to such extra flight legs shall be, at FANR's discretion, either set off against the Fees or promptly reimbursed by the Consultant to FANR.

If FANR books airfare (or hotels in accordance with paragraph 1 of the Per Diem section immediately below) on behalf of the Consultant and any of the Consultant's Personnel cancel their travel (which includes cancelling or changing flights and/or routes) or otherwise do not travel or do not stay in any hotel room booked by FANR on behalf of the Consultant (each being a "**Cancellation**"), the Consultant shall give FANR as much advance notice as possible in respect of any such Cancellation and if: (i) such notice is provided less than five (5) days prior to the applicable travel date or arrival date at a hotel; (ii) the Cancellation is not at the request of FANR; and (iii) cancellation fees or charges are levied against FANR, then, at FANR's option, either the Consultant shall promptly reimburse FANR in respect of all such Cancellation fees or charges or FANR shall set off all such fees or charges against any payments to be made by FANR to the Consultant under this Agreement.

* ***[Redacted]*** indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Per Diem

1. The Consultant will charge a per diem rate of AED *[Redacted]* per day to cover all accommodation, incidentals, meals and ground transportation expenses incurred during the time spent by the Consultant's Personnel in the Emirate of Abu Dhabi in the provision of the Services (the "Per Diem").

Where requested by the Consultant, FANR may at its discretion make arrangements for the Consultant's hotel booking and accommodation in Abu Dhabi. Such hotel accommodation will be selected in accordance with FANR's policies and located within reasonable proximity to the location(s) where the Consultant shall be providing the Services. If FANR elects to make and pay for such hotel arrangements, FANR shall be entitled to set off all such fees or charges against any payments to be made by FANR to the Consultant under this Agreement.
2. The Consultant will charge a per diem rate of AED *[Redacted]* per day when requested by FANR to provide services as a member of a FANR team at a location other than the United Arab Emirates.
3. The expenses covered by the Per Diem include all accommodation, meals, beverages, tips, laundry, internet services, phone usage, taxi charges and other ground transportation charges and all other miscellaneous expenses. Air travel expenses are excluded from the Per Diem.
4. The Per Diem is payable to the Consultant in accordance with the payment mechanisms provided in this Schedule 2 without itemization of expenses or receipts. The Consultant's invoice will include the trip duration, including the start and end travel dates and air travel receipts associated with the provision of the Services.
5. The Per Diem arrangement shall only be for the duration of this Agreement and shall only be applicable to the Consultant's Personnel in their performance of the Services. Any personal stay during the travel period will not be covered by the Per Diem.

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

**SCHEDULE 3
THE INSURANCES**

Insurance Coverage	Minimum Coverage
<p>Worker's Compensation (including Employer's Liability) covering the Personnel of the Consultant for all compensation and other benefits required by the Workmen's Compensation or similar statutory insurance laws of any nation or governmental authority thereof anywhere in the world to which Services are subject, in respect of liability for bodily injury by accident or disease, including death resulting therefrom, sustained by any Personnel of the Consultant arising out of and in the course of employment.</p>	<p>The limit of liability under the Employer's Liability Section of such insurance coverage shall be the greater of the requirements of applicable laws and US\$ 500,000</p>
<p>Motor Vehicle Third Party and Passenger Liability Insurance in respect of death of or injury to persons and/or loss of or damage to property only in respect of and to the extent that motor vehicles are used in connection with the performance of the Services.</p>	<p>The limit of liability of such insurance coverage shall not be less than the requirements of applicable laws.</p>
<p>Professional Indemnity Insurance on an each and every claim basis. FANR shall be added as an additional assured for their vicarious liability arising out of the professional services being performed by Lightbridge.</p>	<p>The limit of liability of such insurance coverage shall not be less than US\$5,000,000 per occurrence and US \$5,000,000 annual aggregate.</p>
<p>Any other insurances required by applicable laws</p>	<p>The limit of liability of such insurance coverage shall not be less than the requirements of applicable laws.</p>

Schedule 3-1

**SCHEDULE 4
FORM OF REQUEST FOR SUPPLEMENTARY SERVICES**

Pursuant to clause 2.1 of the consultancy agreement (the “**Agreement**”) entered into on 15 July 2012 between The Federal Authority for Nuclear Regulation (“**FANR**”) and Lightbridge Corporation (the “**Consultant**”), each being a “**Party**” and collectively the “**Parties**”, the undersigned, being duly authorized representatives of the Parties, hereby conclude this supplementary services agreement (the “**SSA**”) and agree as follows:

DESCRIPTION OF SERVICES	
PERSONNEL	
START DATE	
END DATE	
FEE ¹	
ADDITIONAL INFORMATION	

This SSA shall be construed under and governed by the laws of Abu Dhabi, United Arab Emirates, and the Federal Laws of the United Arab Emirates, without giving effect to the principles of conflicts or choice of law provisions therein.

All disputes or controversies arising out of, related to, or in connection with this SSA shall be governed by clause 32 (Dispute Resolution) of the Agreement (except such clause shall be amended such that the word “Agreement” shall be replaced by “SSA” throughout clause 32) and clause 32 (as amended) shall be applicable as if it were set out in full herein.

The Parties agree and acknowledge that the provisions of the Agreement, except as amended to incorporate changes made by this SSA, shall remain in full force and effect.

[Signature Page Follows]

¹ Any Supplementary Services proposed herein that exceed 5% of the total estimated hours for the relevant year and/or the value of the Agreement for the relevant year (as determined by FANR) will require the approval of the FANR tender committee, which must be obtained prior to executing this SSA.

The Parties have caused their duly authorized representatives to execute and deliver this SSA as of [DATE].

For and on behalf of: **The Federal Authority on Nuclear Regulation**

By: _____
Name:
Title:

For and on behalf of: **Lightbridge Corporation**

By: _____
Name:
Title:

Schedule 4-2

**SCHEDULE 5
FORM OF TASK ORDER**

Lightbridge Corporation
1600 Tysons Blvd,
Suite 550,
Tysons Corner,
VA 22102 USA,
Fax: +1 571.730.12260
Attention: Jon Johnson

201_

TASK ORDER NO. [X]

Dear [],

The Federal Authority for Nuclear Regulation ("**FANR**") writes to confirm that FANR is issuing Lightbridge Corporation, (the "**Consultant**") this task order no. [X] (this "**Task Order**"), pursuant to the consultancy agreement entered into by and between FANR and the Consultant dated 15 July 2012 (the "**Agreement**"). The details of the services to be completed under this Task Order are described in Section 1 of this Task Order and set forth in Appendix 1 hereto (the "**Services**"). The Services are to be completed in accordance with the terms of the Agreement.

The Consultant shall not commence the Services until FANR has received the enclosed duplicate original of this Task Order executed by the Consultant and the conditions listed in Section 1 of this Task Order and paragraph 3 of Appendix 1 of this Task Order are fully satisfied.

Yours faithfully,

[NAME]

For and on behalf of The Federal Authority for Nuclear Regulation

Schedule 5-1

Section 1— Services

Reference	Tasks to be completed	List of deliverables and deliverable due dates for each Task
-	[1]	
	(a)	
	(b)	
	(c)	
	(d)	
	(e)	
-	[2]	
	(a)	
	(b)	
	(c)	
	(d)	
	(e)	
-	[3]	
	(a)	
	(b)	
	(c)	
	(d)	
	(e)	

[Note: insert as many Tasks in Section 1 of this Task Order as required by FANR]

FANR and the Consultant acknowledge and agree that the Services shall be performed in accordance with Schedule 1 of the Agreement and categorized as in the table immediately above. The number of total person hours (and associated Fees) shall be equitably adjusted in accordance with clause 8.4 of the Agreement.

Conditions Related to this Task Order

The Consultant shall not commence any of the following Tasks or activities without specific prior written approval from FANR:

- a. [insert restrictions (if any)].

Section 2 — Number of Hours for Each Task

Grade/Pay Level	Task	Maximum Number of Hours to be Used	Total Number of Hours Per Grade/Pay Level
Special Expert	[1]		
	[2]		
	[3]		
Senior Expert	[1]		
	[2]		
	[3]		
Project Support	[1]		
	[2]		
	[3]		

Note: After execution of this Task Order, FANR and the Consultant may mutually agree in writing to adjust the allocation of hours between the Grades/Pay Levels and Tasks as set forth above in this Section 2.

Consultant's Personnel to be engaged in Services for this Task Order	Grade/Pay Level	Hourly Rate (in accordance with Schedule 1 of the Agreement)
[insert name]	[insert Grade/Pay Level]	[insert hourly rate]

Section 3 — Fee

The cost of providing the Services for this Task Order shall not, without the prior written consent of FANR, exceed the amount of (United States Dollars [X] and [X] Cents Only) USD [X] (the "Fee")

Section 4 — Commencement and Completion Date

Commencement date of the Services (the "Commencement Date")	-
Completion date of all the Services under this Task Order (the "Completion Date")	-

Section 5 — Project Management

The Project Manager for FANR for this Task Order shall be:	
Name:	-
Address:	-
Telephone:	-
Email:	-
Fax:	-

The Project Manager for FANR for this Task Order shall be:	
Name:	-
Address:	-
Telephone:	-
Email:	-
Fax:	-

Section 6 - Signatures

FANR and the Consultant have caused their duly authorized representatives to execute and deliver this Task Order as of [.], 201_.

For and on behalf of **The Federal Authority for Nuclear Regulation** by:

Name:
Title:

For and on behalf of **Lightbridge Corporation** by:

Name:
Title:

Appendix 1
TASK ORDER DETAILS

The details and requirements for this Task Order are as follows:

1. SERVICES AND DELIVERABLES

This Task Order is concerned with the Services described in Section 1 of this Task Order. Where this Task Order describes parts of the Services in general terms, but not in complete detail, it is understood that the Services include any incidental work and/or services that can reasonably be inferred as required and necessary to complete the Services.

2. FEES AND EXPENSES

The Fee for the Services provided under this Task Order is based on the schedule of rates set forth in Schedule 1 of the Agreement and the total cost of providing the Services shall not exceed the Fee specified in Section 3 of this Task Order without the written consent of FANR. The Consultant acknowledges that the Services may require staff to work outside of normal working hours, but Consultant shall not be entitled to any additional fee or remuneration in addition to the Fee in relation to providing the Services outside of normal working hours, unless pre-approved by FANR in writing.

3. PROJECT MANAGEMENT

FANR and the Consultant shall mutually agree upon a project plan for providing the Services.

4. INVOICES

- 4.1 The Consultant shall be entitled to submit an invoice to FANR for the Fee (or any prorated portion of the Fee), as well as for any pre-approved expenses (approved in accordance with clause 8 of the Agreement) incurred during provision of the Services in respect of this Task Order in accordance with clause 9 of the Agreement.
- 4.2 In support of the Fee (or any prorated portion of the Fee) and any applicable pre- approved expenses, the invoice shall be accompanied by such supporting information and documentation as required pursuant to clause 9 of the Agreement and payment shall be made by FANR in accordance with said clause 9.

5. COMPLIANCE

The Consultant's performance of the Services shall comply with all applicable laws, rules, regulations, proclamations and orders, both in the United Arab Emirates and in any other relevant jurisdiction, including all laws related to obtaining any required business or work permits or licenses, the health and safety of its employees, immigration, and customs as well as any other requirements referenced in the Agreement or specifically included in this Task Order.

6. COMMENCEMENT AND COMPLETION

The Commencement Date of the Services is specified in Section 4 of this Task Order. The Completion Date of the Services is specified in Section 4 of this Task Order and may be extended only upon the mutual written agreement between the Parties.

7. ADDITIONAL PROVISIONS

7.1 Key Performance Indicators

In performing the Services, the Consultant shall use its best efforts to meet the Key Performance Indicators (“**KPIs**”) set forth in Schedule 7 of the Agreement and shall ensure that all of its Personnel and subcontractors performing the Services on its behalf meet the KPIs. Total deductions for failure to meet the KPIs in respect of this Task Order shall be capped at the maximum amount of ***[Redacted]*%** of the Task Order value.

7.2 Application of the Agreement

All of the terms and conditions of the Agreement remain in full force and effect and shall apply to the Services and the management and administration of this Task Order unless the Agreement is specifically modified by the terms and conditions of this Task Order.

Furthermore, all capitalized terms used but not defined in this Task Order shall have the meaning ascribed to them in the Agreement.

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

**SCHEDULE 6
WORKING PRACTISES**

The Consultant shall perform the Services in accordance with the following:

1. Quality Assurance Procedures

The Consultant shall establish and implement written procedures (“**Quality Assurance Procedures**”) covering the delivery of the Services that meets IAEA standards and is suitable for the work with FANR. The Quality Assurance Procedures shall be made available for review and approval by FANR. The Consultant shall amend the Quality Assurance Procedures in order to obtain FANR’s approval. Review and approval by FANR of the Consultant’s Quality Assurance Procedures shall not relieve the Consultant of its responsibility to perform the Services in accordance with the Quality Assurance Procedures and the other provisions of this Agreement.

2. Subcontractor Quality Assurance Procedures

In accordance with the Consultant’s Quality Assurance Procedures, the Consultant shall require its subcontractors to establish, implement and maintain appropriate quality assurance procedures which shall meet the requirements of the Consultant’s Quality Assurance Procedures.

3. Non-conformances

The Consultant shall provide FANR with an opportunity to audit any reports of a nonconformance under the Quality Assurance Procedures or any subcontractor’s quality assurance procedures, or any non-conformance of a Service.

4. Adequacy of Methods and Equipment

If at any time FANR determines that the Consultant’s or a subcontractor’s methods, performance or any other aspect or element of the Services are inadequate for ensuring the requisite quality, FANR may order the Consultant to improve its performance and/or change its procedures or Personnel, and the Consultant shall take all actions necessary so as to ensure the requirements of FANR are met and the high quality of the Services and compliance with the requirements of this Agreement.

5. Safety Culture

- a) the Consultant shall conform to all IAEA standards in establishing a safety culture. As part of that culture, the Consultant shall comply with all applicable Abu Dhabi, UAE and international laws and regulations which prohibit Discrimination (defined below) against workers for engaging in certain Protected Activities (defined below). “**Discrimination**” includes discharge or any other adverse actions that relate to compensation, terms, conditions, and privileges of employment. The term “**Protected Activities**” includes, among other things, workers raising nuclear safety or quality control complaints either internally to their employer or to a regulatory agency. The Consultant shall fully investigate, and ensure that its subcontractors investigate, any allegation of Discrimination for engaging in Protected Activities with respect to the Services under this Agreement.

- b) Within two (2) business days after the receipt by the Consultant or any of its subcontractors of (i) an allegation associated with Services under this Agreement by a member of Personnel or a former member of Personnel of the Consultant or any of its subcontractors of Discrimination because of engagement in Protected Activities or (ii) notice of the filing of a complaint to any competent authority by any such member of Personnel or a former member of Personnel, the Consultant shall inform FANR and shall cooperate fully with any investigation of any such allegations.
- c) the Consultant shall ensure that no agreement affecting the compensations, terms, conditions and privileges of employment, including, but not limited to, any agreement to settle a complaint filed by a member of Personnel or a former member of Personnel of the Consultant or a subcontractor under applicable law shall contain any provision which prohibit, restrict, or otherwise discourage a member of Personnel or a former member of Personnel from participating in any Protected Activity, including, but not limited to, providing information to FANR or any other regulatory authority.
- d) the Consultant shall ensure that its employees understand that they can raise safety related concerns and directly contact the competent regulatory agencies without fear of employer reprisals or job related discrimination.

6. Code of Ethics

The Consultant shall maintain and comply with a “**Code of Ethics**” and ensure that its subcontractors shall comply with a code of ethics that is consistent with the Consultant’s Code of Ethics. FANR shall have the right to review the Consultant’s Code of Ethics and be informed of any change in the Code of Ethics before such change comes into force.

7. Safeguards Information

The Consultant and its subcontractors may have access to “**Safeguards Information**” provided by the IAEA, the UAE, foreign governments, or industry participants during performance of the Services. Safeguards Information is information not otherwise classified as restricted that identifies (1) security measures for the physical protection of special nuclear material or (2) security measures for the physical protection and location of certain plant equipment vital to the safety of nuclear production or utilization facilities. The Consultant agrees that Safeguards Information shall be handled and protected from unauthorized disclosure in accordance with the requirements of the applicable Abu Dhabi and UAE authorities and clause 16 hereof.

**SCHEDULE 7
KEY PERFORMANCE INDICATORS**

In performing the Services, the Consultant shall meet the KPIs set forth below and shall ensure that all of its Personnel and subcontractors performing the Services on its behalf meet the KPIs. If any KPI is not met (as determined by FANR acting reasonably) FANR shall be entitled, without prejudice to any other remedy of FANR under the Agreement, to deduct the amount set forth below for each instance of breach from any Fees payable to the Consultant in respect of the Task Order to which such breach of the KPI applies. Total deductions for failure to meet the KPIs under this Agreement shall be capped at *[Redacted]*% of the aggregate value of the applicable Task Orders issued during the Term. Additionally, if one or more breaches of a given KPI occurs, the Consultant will, at the request of FANR (and at no cost or expense to FANR) prepare a corrective action plan, within three (3) business days of FANR's request, regarding the same.

Ref	Key Performance Indicators	Financial Deduction for Breach (AED)
1.1	The Consultant submits the deliverables specifically identified in each Task Order to FANR in accordance with the timelines set forth in a Task Order.	None
1.2	The Consultant submits the deliverables specifically identified in each Task Order to FANR after the date required in the timeline set forth in a Task Order, other than:	*[Redacted]*% of the Task Order value to which such breach applies for each day or part day that the deliverable is late. Total deductions shall not to exceed *[Redacted]*% of the Task Order value
	A. as permitted in accordance with clause 19 (Force Majeure) of the Agreement; or	
	B. where the failure to comply with the deadline is directly attributable to delay by FANR.	
	For the avoidance of doubt, in the event that there is a revision in the scope of Services to this Agreement, the Parties agree to equitably adjust the timelines set forth in the Task Order affected by such revision in scope, as they pertain to these KPIs.	

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Ref	Key Performance Indicators	Financial Deduction for Breach (AED)
2.1	The Consultant submits evidence of insurance in accordance with the requirements of clause 13 (Insurance) of the Agreement.	None
2.2	The Consultant submits evidence of insurance after the timelines set out in clause 13 (Insurance) of the Agreement.	* [Redacted] *% of the Task Order value to which such breach applies for each day or part day that the Insurance requirements are late. Total deductions shall not to exceed * [Redacted] *% of the Task Order value
3.1	The Consultant and its Personnel and subcontractors comply with all FANR written policies regarding safety in the workplace, information technology or billing procedures provided to the Consultant.	None
3.2	The Consultant or any of its Personnel or subcontractors fails to comply with any FANR written policies regarding safety in the workplace, information technology or billing procedures provided to the Consultant.	* [Redacted] *% of the Task Order value to which such breach applies (for each breach). Total deductions shall not to exceed * [Redacted] *% of the Task Order value

* **[Redacted]*** indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

AMENDMENT NO. 1 TO CONSULTANCY AGREEMENT

This Amendment No. 1 (this “**Amendment No. 1**”) to the Agreement (defined below) is made on January 1, 2013 and entered into by and between The Federal Authority for Nuclear Regulation, established pursuant to United Arab Emirates Federal Law No. (6) of 2009, whose principal office is at Crescent Tower, Mezzanine Floor, Sheikh Zayed First Street, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates (“**FANR**”) and Lightbridge Corporation, whose principal office is at 1600 Tysons Boulevard, Suite 550, Tysons Corner, VA 22102 USA, (the “**Consultant**”), each a “**Party**” and collectively the “**Parties**”.

RECITALS

- A. **WHEREAS**, FANR and the Consultant entered into a consultancy agreement on the 15th day of July 2012, pursuant to which, FANR engaged the Consultant to provide certain consultancy services in relation to the nuclear sector (the “**Agreement**”).
- B. **WHEREAS**, Part 4 (2013 Services) of Schedule 1 to the Agreement requires (i) the Consultant to submit to FANR a draft services schedule for the services to be performed by the Consultant under the Agreement in 2013 complete with a comprehensive list of its Personnel with the hourly rates for each and (ii) that once such schedule has been agreed between the Parties in writing (the “**Schedule**”) it shall be incorporated into the Agreement by written amendment.
- C. **WHEREAS**, the Parties now wish to amend the Agreement as described herein to incorporate the Schedule.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth in the recitals above, which are incorporated herein by reference, the Parties hereby agree as follows:

1 AMENDMENT TO THE AGREEMENT

Part 4 (2013 Services) of Schedule 1 to the Agreement shall be amended, restated and replaced in its entirety with the attachment hereto.

2 MISCELLANEOUS

- 2.1 Binding. The Parties acknowledge and agree that, subject to paragraph 2.3 of this Amendment No. 1, the provisions of the Agreement remain in full force and effect.
- 2.2 References to “this Agreement” or similar. Each reference in the Agreement to “this Agreement”, “hereunder” or words of like import referring to the Agreement shall mean and be a reference to the Agreement, as amended by this Amendment No. 1.

- 2.3 Precedence. In the event of any discrepancy, ambiguity or inconsistency between the content of this Amendment No. 1 and any provision of the Agreement in relation to the matters covered herein, the provisions of this Amendment No. 1 shall take precedence and shall prevail to the extent of such conflicting provisions of the Agreement.
- 2.4 Successors and Assigns. This Amendment No. 1 shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.
- 2.5 Third Party Rights. Except as explicitly provided herein, no person may enforce any of the terms, provisions or rights under this Amendment No. 1 or shall have any third party rights of any kind.
- 2.6 Counterparts. This Amendment No. 1 may be signed in any number of counterparts, and each Party may sign one or more counterpart. The counterparts shall together form and be construed as one and the same document.
- 2.7 The provisions of clauses (4) Representations and Warranties, 5 (Personnel and Staff), 7 (Intellectual Property), 10 (Relationship between the Parties), 11.1 (Indemnification), 11.2 (Consequential Loss), 16 (Confidentiality), 17 (Assignment), 18 (Amendment), 19 (Force Majeure), 21 (Notices), 22 (Conflicts), 24 (Waiver), 25 (Further Assurance), 26 (Costs), 27 (Third Party Rights), 28 (Entire Understanding), 29 (Severance), 30 (Set-off and Counterclaim), 31 (Governing Law), and 32 (Dispute Resolution) of the Agreement shall apply *mutatis mutandis* to this Amendment No. 1.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment No 1 as of the day and year first above written.

For and on behalf of: **The Federal Authority for Nuclear Regulation**

By: /s/ William D. Travers
Name: William D. Travers
Title: Director General

For and on behalf of: **Lightbridge Corporation**

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

**ATTACHMENT
2013 SERVICES**

4 2013 SERVICES

- 4.1 For the period beginning January 1, 2013 and ending on December 31, 2013 the Consultant shall, to the extent requested by FANR through Task Order(s), perform the Services described below (each a “Task”).
- 4.2 In general, the Consultant will support the goals of FANR by providing on-going strategic advice and assistance to FANR. This includes proactively identifying issues and proposing solutions to ensure FANR meets its regulatory objectives, and responding quickly with appropriate expertise to requests from FANR.

Task 1 – Licensing Process and Guidelines for Nuclear Facilities

Summary

Support FANR to implement licensing guidance and guidelines and to identify/resolve licensing issues to support the review of license applications for nuclear facilities.

Objective

The objective of this Task is to support FANR to implement processes, procedures, guidelines, and criteria, and resolve issues in order to effectively and efficiently review nuclear facility license applications.

Scope of Work

The Consultant will support FANR to implement licensing guidance that is necessary for the assurance of safety, security and safeguards for siting, constructing, and operating nuclear facilities. This includes providing assistance and advice to FANR to assist in the identification and resolution of licensing issues.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Support implementation of licensing guidelines and assist in identifying and resolving licensing issues	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Key Personnel

[Redacted]

FANR identify licensing issues for resolution. FANR will review proposed solutions to issues and provide any comments to the Consultant for resolution.

Task 2 – Regulations and Regulatory Guides for Nuclear Facilities

Summary

Provide support to FANR for identifying and developing safety regulations and regulatory guides to support submission and review of license applications for construction and operation of nuclear facilities.

Objective

A major part of FANR’s mission is to make safety and security decisions on license applications to site, construct and operate nuclear facilities. The Nuclear Law, regulations and supporting documents help implement this responsibility. These documents will also help ensure the quality of ENEC’s applications and decisions made by FANR. The overall objective of this Task is to assist FANR in implementing its regulatory responsibility by identifying and developing regulations and regulatory guides for nuclear facilities.

Scope of Work

The Consultant will support FANR in the development of regulations and regulatory guides for the assurance of safety, security and safeguards for siting, constructing and operating nuclear facilities.

The specific regulations and guides to be developed, and their development schedule will be determined by FANR. Development of regulatory guides will follow the development of the regulations and they will be based on a review of the IAEA requirements and guides, the “Country of Origin” guides, the United States’ guides and other countries’ guides, as appropriate. For each regulation, a “comparison analysis” with the appropriate IAEA standard(s) will also be developed.

The Consultant will also support FANR in the development of a “basis file” or similar document for FANR regulations, which would provide a historical perspective of the regulation or guide and the various reasons for it and input to it.

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Regulations and regulatory guides development support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine what regulations and guides to pursue and on what time schedule. FANR will provide guidance for developing regulations, and review draft regulations and guides provided to it by the Consultant and provide comments.

Task 3 – Safeguards and Export/Import Program Regulatory Support

Summary

The Consultant shall support FANR to develop and implement the UAE national safeguards and export/import program to regulate the tracking and monitoring of, and accounting for, regulated material, as defined in the Nuclear Law (“**Regulated Material**”), to implement safeguards agreements through the conduct of specific activities, and to implement systems to control the export/import of Regulated Material.

Objective

The overall objective is to support the development of regulations and procedures; and define programs and activities that can be used by FANR to license, provide regulatory oversight, track, monitor and account for nuclear material to deter and protect against theft or diversion of such materials. This includes Regulated Material control and accountability and implementation of the FANR responsibilities regarding import/export controls.

Scope of Work

The Consultant will support FANR in the development/implementation of an effective and efficient safeguards program, including export/import controls. This includes:

- Assisting in the development of safeguards and export/import regulatory guides;
- Reviewing licensed safeguards and export/import activities; and
- Supporting safeguards inspections, including the IAEA complimentary access.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Safeguards and export/import regulations, licensing and inspection support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine what regulations and guides to pursue and on what time schedule. FANR will provide guidance for developing regulations, and review draft regulations and guides provided to it by the Consultant and provide comments.

Task 4 – FANR Operating Experience Program

Summary

Provide assistance to FANR in establishing an operating experience feedback program, including obtaining foreign countries’ experience and guidance in relation to the siting, construction and operation of nuclear power reactors. The program shall also be designed to collect and analyse experience for other nuclear programs relevant to safety and to share FANR experience with international organizations.

Objective

The objective of this Task is to assist FANR in achieving its safety mission for nuclear power plants and other nuclear programs relevant to safety. The review and understanding of previous experience will provide insight to help focus FANR regulatory activities so as to achieve the highest level of safety. Such review will also help avoid mistakes that have been made in existing nuclear programmes.

Scope of Work

The Consultant will assist FANR to design and implement an effective operating experience program that is focused on FANR’s needs and is results oriented. This includes developing and implementing a program and projects plans. The Consultant will give first priority to knowledge transfer related to operating experience in connection with the siting and construction of nuclear power plants in other countries (especially China, Finland, France, Japan, Korea and the United States).

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

IAEA documents and discussions with key personnel involved with operating experience will also be examined for relevant information. The Consultant will interact with regulators and vendors in the selected countries to obtain appropriate data, and will assist FANR to develop memoranda of understanding (“MOUs”), as requested by FANR. The Consultant will analyse the data obtained and provide reports to FANR. Once these activities for siting and construction experience data are completed, foreign experience data from nuclear power plant operations and other safety-related nuclear programs, especially for start-up and power ascension, will be collected and analysed.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Support the development of a program related to Construction Operating Experience Feedback (COEF)	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

As necessary and where possible, facilitate access to foreign regulatory organizations and vendors.

Task 5 – Nuclear Facilities Inspection Program Support

Summary

Support FANR to develop and implement an inspection and assessment program for nuclear facilities and vendors.

Objective

The objectives of this Task are to assist FANR to develop and implement a construction and operations inspection program, and perform its safety regulatory oversight responsibilities. Specifically, (1) the Consultant will develop draft new or modifications of the elements of FANR’s inspection program; (2), the Consultant will help FANR conduct reviews and inspections of site activities, ENEC quality assurance, including related vendor manufacturing and fabrication activities, and other construction related activities; and (3) the Consultant will help FANR conduct licensee assessments. The Consultant will also assist with training/mentoring of newly certified FANR inspectors.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Scope of Work

The Consultant will assist FANR in the development of its inspection program. The Consultant shall assist in completing or modifying inspection instructions, maintaining an inspection manual and developing enforcement instructions/guidelines.

The Consultant will provide experienced inspection support to facilitate FANR's inspections and assessments of ENEC's site activities and Management System as defined in the Nuclear Law, FANR regulations or license conditions, vendor activities and other construction or operations related activities.

The Consultant will assist with the license performance assessment using FANR procedures and instructions.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Inspection Program Development Support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Conduct Inspections	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Provide reasonable site access and lead inspections. Review, comment and approve the inspection instructions developed by the Consultant.

Task 6 – International Agreements and Conventions Implementation

Summary

Provide assistance to FANR for implementing international agreements and conventions. Objective The UAE has entered into multilateral agreements with the IAEA and has become a party to nuclear and radioactive waste/spent fuel safety conventions. The overall objectives of this Task are to assist FANR in meeting the UAE obligations under these conventions, and support FANR in their preparation for receiving IAEA safety services.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Scope of Work

The Consultant will support FANR’s preparation for and development of the UAE national report for the IAEA Convention on Nuclear Safety (the “CNS”) 6th Review Meeting and other IAEA or international activities. In carrying out this scope of work, the Consultant will train and mentor FANR employees in order to facilitate knowledge transfer.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
IAEA Convention on Nuclear Safety (the “CNS”) 6th Review Meeting Support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Other IAEA activities, including Fukushima related activities	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR will review detailed outlines, and drafts of reports provided to it by the Consultant and provide comments; provide insights into any unique UAE requirements and policies that must be considered; and facilitate interaction with ENEC and other UAE government organizations where necessary.

Task 7 – Other Advice and Assistance for Nuclear Regulatory Program

Summary

Provide advice and assistance to FANR management and staff for activities not specified in the other Tasks, when requested by FANR in a Task Order (i.e. “on call” assistance and advice). This may include but not be limited to providing assistance and advice in identifying and resolving technical, policy and administration issues and defining and implementing regulatory strategy for licensing reviews and inspections.

Objective

New issues/questions (e.g. implementation of the new Nuclear Liability Law) will arise as FANR develops and implements its regulatory and administration program and activities, and new managers and staff are hired. The objective of this Task is to assist FANR in meeting its regulatory responsibilities in a timely and effective manner. To this end, when requested by FANR in a Task Order, the Consultant will provide advice and assistance to help FANR develop and implement its nuclear regulatory program.

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Scope of Work

The specific activities under this Task are unknown at this time, but will be identified and specified by FANR. Examples of past activities include assisting FANR recruit staff, development of job descriptions, evaluation of administration and regulatory policy questions, and assistance with the development of FANR products not within the scope of other tasks. The Consultant shall proactively suggest activities for FANR approval and will respond quickly with appropriate expertise to requests from FANR. The Consultant's response to a FANR written request may be in the form of a written report, briefing, or discussion with FANR management via phone or in meetings.

Work activities will be in response to requests from the Director General, the Deputy Director General for Operations and/or the Deputy Director General for Administration, or their designee. The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Advice and assistance to the Director General's office	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Advice and assistance to the Operations Division	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Advice and assistance to the Administration Division	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR shall identify and decide issues/questions and activities on which advice and assistance is needed by FANR from the Consultant.

Task 8 – Radiation Safety Regulatory Support

Summary

Provide support to FANR for developing and implementing regulations, regulatory guides, license reviews and inspections in the radiation safety area, including waste and emergency planning and preparedness.

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Objective

Support FANR implementation of licensing and inspection of Regulated Materials and waste safety, and internal FANR emergency preparedness and response, as well as those radiation protection and emergency preparedness and response activities associated with nuclear facilities.

Scope of Work Activities

The Consultant will support FANR in the development and implementation of an effective and efficient radiation safety regulatory program. This includes:

- Implementation of a program to license Regulated Materials users and radiation safety at nuclear facilities;
- Implementation of an inspection program;
- Implementation of improvements resulting from the IAEA IRRS mission;
- Implementation of the UAE nuclear waste policy;
- Identification of regulatory issues and proposing solutions;
- Training and mentoring FANR staff; and
- Supporting other radiation safety regulatory activities, such as the source registry, dose registry, internal FANR emergency preparedness and Incident Response Centre.

Consultant support of the above will include (as decided by FANR) the long-term assignment of a senior staff to the FANR office to be managed by the Director of Radiation Safety Department.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Radiation Safety (as defined in the Nuclear Law) regulatory program support, including FANR emergency preparedness and incident response	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

FANR Support

FANR will determine what regulations, guides, and review and inspection procedures to pursue and on what time schedule. FANR will provide guidance for developing regulations, and review draft regulations, guides and review procedures provided to it by the Consultant and provide comments. FANR will direct and supervise long-term staff assigned to FANR by the Consultant unless otherwise agreed.

Task 9 – Government Communications Support

Summary

Assist FANR’s Government Communications Department with the development of its international, UAE Government and information outreach activities.

Objective

The overall objective of this Task is to assist FANR to develop and implement an effective and efficient program for international cooperation, UAE Government cooperation, public communication outreach, and internal FANR communication and engagement.

Scope of Work

The Consultant will support FANR with the development and review of activities under the Government Communication Department scope of responsibility. This include, but is not limited to, activities in support of international cooperation, UAE Government cooperation and public communication outreach, internal FANR communication and engagement, and emergency communication.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Government Communication Department programs and activities support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine what activities to pursue and on what time schedule. FANR will provide guidance for support requested from the Consultant.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task 10 – Integrated Management System (IMS) Processes and Procedures, and Internal Operating Systems

Summary

Provide advice and assistance to FANR in completing the development and review of processes, procedures, instructions and templates to support the FANR IMS, and the development of support systems and tools.

Objective

The overall objective is to assist FANR in establishing a highly efficient and effective organization by continuing implementation and evaluation of the IMS, and implementation of support systems (e.g. document management system).

Scope of Work

The Consultant will work with FANR to develop, refine and finalize a series of processes, procedures and instructions needed to support the FANR IMS. The Consultant will also assist FANR in developing and implementing management support systems needed for effective and efficient operation (e.g., implementation of a FANR document management system).

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Develop and modify procedures in support of FANR IMS	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Assist with the development and implementation of FANR management support systems, including document management	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will provide policy and program directions. FANR shall review, comment and approve work products provided to it by the Consultant.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task 11 – Training and Development of FANR Staff

Summary

Provide assistance to FANR in developing and providing regulatory and technical training to the FANR staff, and developing and maintaining a knowledge management program.

Objective

The overall objective is to assist FANR to ensure that it has a highly qualified staff to accomplish FANR’s mission. The specific objective is to help identify FANR training needs and provide training to FANR staff in sufficient time for them to perform required regulatory responsibilities and assist FANR in capturing and transferring the knowledge of its program, activities and decisions.

Scope of Work

Based on key milestones for the regulatory program, utilizing the recognized Systematic Approach to Training (“SAT”) and FANR requirements for hiring, the training of the necessary staff will be identified by FANR with input from the Consultant. When requested by FANR in writing, the Consultant will work interactively with FANR to identify training needs, lectures and lesson plans from the SAT and develop technical, regulatory and leadership training course outlines or syllabus, and present the training to FANR staff. The Consultant will also assist FANR with the development of a competency framework for FANR’s organizational positions. The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Develop and conduct training for FANR staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Competency framework development support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Provide policy and program directions. FANR will define training needs. FANR shall review, comment and approve work products provided to it by the Consultant. FANR will provide appropriate facilities to conduct the training. FANR will facilitate access for the Consultant to interact with other regulatory bodies as necessary.

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task 12 – Security of Regulated Materials Regulatory Support

Summary

Provide support to FANR for developing and implementing regulatory guides, license reviews and inspections processes in the Regulated Materials security area.

Objective

The objective is the development of regulatory guides, procedures and instructions regarding the license process and inspection process associated with the security of Regulated Materials.

Scope of Work Activities

The Consultant will support FANR in the development and implementation of an effective and efficient Regulated Materials security program. This includes support in the areas of regulations development, licensing and inspection.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Security of Regulated Materials regulatory support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Each document established will be submitted to FANR by the Consultant for review and comment.

2013 Billing Rates

The rates for the Contractor’s Personnel shall be as set forth below.

Substitution of Personnel will be handled in accordance with clause 4(o) of the Agreement Invoices sent to FANR shall break down each partial hour worked into 1/10 of an hour increments based on the time actually spent in performing the Services.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Personnel and consultants	2013 Hourly Rate (USD)
Pay Level I – Special Expert	
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
Pay Level II – Senior Expert	
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
[Redacted]	*[Redacted]*
Pay Level III – Project Support	
[Redacted]	*[Redacted]*

Additional Consultant’s Personnel may be added to the above table only with the written consent of FANR, such consent to be given in FANR’s sole discretion.

2013 Hour Caps

The Task Order process shall be used in accordance with clauses 2.3 and 8.1 and Schedule 7 of this Agreement to determine the budget and applicable Fee associated with each Task Order. No Services shall proceed without a mutually agreed and executed Task Order. The hour caps for the Tasks performed under the Agreement for 2013 are indicated in the table below (the “Hour Caps”). The Hour Caps constitute a ceiling that shall not, without the prior written consent of FANR, be exceeded (excluding pre-approved travel costs, per diems and other pre-approved expenses, but inclusive of any discounts).

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task	Amount
Task 1 - Licensing Process and Guidelines for Nuclear Facilities	*[Redacted]* total hours
Task 2 - Regulations and Regulatory Guides for Nuclear Facilities	*[Redacted]* total hours
Task 3 - Safeguards and Export/Import Program Regulatory Support	*[Redacted]* total hours
Task 4 - FANR Operating Experience Program	*[Redacted]* total hours
Task 5 - Nuclear Facilities Inspection Program Support	*[Redacted]* total hours
Task 6 - International Agreements and Conventions Implementation	*[Redacted]* total hours
Task 7 - Other Advice and Assistance for Nuclear Regulatory Program	*[Redacted]* total hours
Task 8 - Radiation Safety Regulatory Support	*[Redacted]* total hours
Task 9 - Government Communications Support	*[Redacted]* total hours
Task 10 - Integrated Management System (IMS) Processes and Procedures, and Internal Operating Systems	*[Redacted]* total hours
Task 11 - Training and Development of FANR Staff	*[Redacted]* total hours
Task 12 - Security of Regulated Materials Regulatory Support	*[Redacted]* total hours
TOTAL	*[Redacted]*

FANR may only authorize increases to the Hour Caps if such authorization is in writing and signed by the Director General, the Deputy Director General for Operations and/or the Deputy Director General for Administration, or their designee.

Further, as noted in clause 8.4 of the Agreement, FANR may review the actual and projected scope of Services to be performed under the Agreement to ensure that the resources meet FANR's requirements. If FANR determines that fewer resources are required, the Parties will mutually agree on a reduction to the Fees payable hereunder to reflect the necessary adjustments. For the avoidance of doubt, if any such reduction is implemented, the Hour Caps set forth above shall be subject to a corresponding reduction.

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

AMENDMENT NO. 2 TO CONSULTANCY AGREEMENT

This Amendment No. 2 (this “**Amendment No. 2**”) to the Original Agreement (defined below) is made on January 1, 2014 and entered into by and between The Federal Authority for Nuclear Regulation, established pursuant to United Arab Emirates Federal Law No. (6) of 2009, whose principal office is at Crescent Tower, Mezzanine Floor, Sheikh Zayed First Street, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates and Al Ahlia Tower, Mezzanine Floor, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates (“**FANR**”) and Lightbridge Corporation, whose principal office is at 1600 Tysons Boulevard, Suite 550, Tysons Corner, VA 22102 USA, (the “**Consultant**”), each a “**Party**” and collectively the “**Parties**”.

RECITALS

- A. **WHEREAS**, FANR and the Consultant entered into a consultancy agreement on the 15th day of July 2012, pursuant to which FANR engaged the Consultant to provide certain consultancy services in relation to the nuclear sector (the “**Original Agreement**”) as amended by Amendment No. 1 dated 01 January 2013 (the Original Agreement together with Amendment No. 1, the “**Amended Agreement**”).
- B. **WHEREAS**, Part 5 (2014 Services) of Schedule 1 to the Amended Agreement requires (i) the Consultant to submit to FANR a draft services schedule for the services to be performed by the Consultant under the Amended Agreement in 2014 complete with a comprehensive list of its Personnel with the hourly rates for each and (ii) that once such schedule has been agreed between the Parties in writing (the “**Schedule**”) it shall be incorporated into the Amended Agreement by written amendment.
- C. **WHEREAS**, the Parties now wish to amend the Amended Agreement as described herein to incorporate the Schedule.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth in the recitals above, which are incorporated herein by reference, the Parties hereby agree as follows:

1. **AMENDMENT TO THE AMENDED AGREEMENT**

Part 5 (2014 Services) of Schedule 1 to the Amended Agreement shall be amended, restated and replaced in its entirety with the attachment hereto.

2. **MISCELLANEOUS**

- 2.1 Binding. The Parties acknowledge and agree that, subject to paragraph 2.3 of this Amendment No. 2, the provisions of the Amended Agreement remain in full force and effect.

- 2.2 References to “this Agreement” or similar. Each reference in the Amended Agreement to “this Agreement”, “hereunder” or words of like import referring to the Amended Agreement shall mean and be a reference to the Amended Agreement, as amended by this Amendment No. 2.
- 2.3 Precedence. In the event of any discrepancy, ambiguity or inconsistency between the content of this Amendment No. 2 and any provision of the Amended Agreement in relation to the matters covered herein, the provisions of this Amendment No. 2 shall take precedence and shall prevail to the extent of such conflicting provisions of the Amended Agreement.
- 2.4 Successors and Assigns. This Amendment No. 2 shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.
- 2.5 Third Party Rights. Except as explicitly provided herein, no person may enforce any of the terms, provisions or rights under this Amendment No. 2 or shall have any third party rights of any kind.
- 2.6 Counterparts. This Amendment No. 2 may be signed in any number of counterparts, and each Party may sign one or more counterpart. The counterparts shall together form and be construed as one and the same document.
- 2.7 The provisions of clauses (4) Representations and Warranties, 5 (Personnel and Staff), 7 (Intellectual Property), 10 (Relationship between the Parties), 11.1 (Indemnification), 11.2 (Consequential Loss), 16 (Confidentiality), 17 (Assignment), 18 (Amendment), 19 (Force Majeure), 21 (Notices), 22 (Conflicts), 24 (Waiver), 25 (Further Assurance), 26 (Costs), 27 (Third Party Rights), 28 (Entire Understanding), 29 (Severance), 30 (Set- off and Counterclaim), 31 (Governing Law), and 32 (Dispute Resolution) of the Amended Agreement shall apply *mutatis mutandis* to this Amendment No. 2.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment No. 2 as of the day and year first above written.

For and on behalf of: **The Federal Authority for Nuclear Regulation**

By: /s/ William D. Travers
Name: William D. Travers
Title: Director General

For and on behalf of: **Lightbridge Corporation**

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

**ATTACHMENT
2014 SERVICES**

4. 2014 SERVICES

- 4.1 For the period beginning January 1, 2014 and ending on December 31, 2014 the Consultant shall, to the extent requested by FANR through Task Order(s), perform the Services described below (each a “Task”).
- 4.2 In general, the Consultant will support the goals of FANR by providing on-going strategic advice and assistance to FANR. This includes proactively identifying issues and proposing solutions to ensure FANR meets its regulatory objectives, and responding quickly with appropriate expertise to requests from FANR.

Task 1 - Licensing Process and Guidelines for Nuclear Facilities

Summary

Support FANR to implement licensing guidance and guidelines and to identify/resolve licensing issues to support the review of license applications for nuclear facilities.

Objective

The objective of this Task is to support FANR to implement processes, procedures, guidelines, and criteria, and resolve issues in order to effectively and efficiently review nuclear facility license applications.

Scope of Work

The Consultant will support FANR to implement licensing guidance that is necessary for the assessment of the Operation Licence Application (OLA) for a nuclear facility.

The work activities and estimated hours for these activities for 2014 are:

	ACTIVITIES	Staff Hours				
		Q1	Q2	Q3	Q4	Total
1-	Support update of existing FANR review instructions in preparation for the review of the OLA Safety Analysis Report	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
2-	Support development of new review instructions/ guidelines related to the OLA, including but not limited to review of the OLA applicant's integrated management system and operational programs and procedures.	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
	TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Key Personnel

[Redacted]

FANR Support

FANR identify review instructions and other licensing issues for resolution. FANR will review proposed solutions and provide any comments to the Consultant for resolution.

Task 2 - Regulations and Regulatory Guides for Nuclear Facilities

Summary

Provide support to FANR for identifying and developing safety regulations and regulatory guides to support submission and review of license applications for construction, commissioning and operation of nuclear facilities.

Objective

A major part of FANR's mission is to make safety and security decisions on license applications to site, construct, commission and operate nuclear facilities. The Nuclear Law, regulations and supporting documents help implement this responsibility. These documents will also help ensure the quality of ENEC's applications and decisions made by FANR. The overall objective of this Task is to assist FANR in implementing its regulatory responsibility by identifying and developing regulations and regulatory guides for nuclear facilities.

Scope of Work

The Consultant will support FANR in the development and modification of regulations and regulatory guides for the assurance of safety, security and safeguards for siting, constructing, commissioning and operating nuclear facilities.

The specific regulations and guides to be developed or modified, and their schedule will be determined by FANR in accordance with its regulatory plan and regulation development procedure. Development of regulatory guides will follow the development of the regulations and they will be based on a review of the IAEA requirements and guides, the "Country of Origin" guides, the United States' guides and other countries' guides, as appropriate. For each regulation, a "comparison analysis" with the appropriate IAEA standard(s) will also be developed.

The Consultant will also support FANR in the development of a "basis file" or similar document for FANR regulations, which would provide a historical perspective of the regulation or guide and the various reasons for it and input to it.

The work activities and estimated hours for these activities are:

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Regulations and regulatory guides development support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine the regulations and guides to pursue and on what time schedule. FANR will provide guidance for developing regulations, and review draft regulations and guides provided to it by the Consultant and provide comments.

Task 3 — Export/Import Program Regulatory Support

Summary

The Consultant shall support FANR to develop and implement the UAE national export/import program to regulate, license and track Nuclear Related Items as listed in INFCIRC/254/Part 1, as amended and Nuclear-Related Dual-Use Items as listed in INFCIRC/254/Part 2, as amended, to implement the system to control the transfer (import, export, re-export, transit and transshipment) of Regulated Items, as defined in FANR Regulation 9, in accordance with requirements of International Nuclear Export Control Regime as described in NSG Guidelines.

Objective

The overall objective is to support the development of regulatory guides and procedures; and define programs and activities that can be used by FANR to license, provide regulatory oversight, track, and monitor international transfers of Regulated items (as defined in FANR Regulation 9). This includes an implementation of the FANR competencies and responsibilities regarding transfer controls.

Scope of Work

The Consultant will support FANR in the development/implementation of an effective and efficient program of transfer controls. This includes:

- Assisting in the development and modification of transfer control related regulatory guide;
- Reviewing licensed activities related to transfer of Regulated Items (as defined in FANR Regulation 9).

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Regulatory guide to export/import regulation (FANR-REG-09) and	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine what regulatory guide to pursue and on what time schedule. FANR will provide guidance for developing regulatory guide, and review draft regulatory guide provided to it by the Consultant and provide comments.

Task 4 — FANR Operating Experience Program

Summary

Provide assistance to FANR in establishing an operating experience feedback program, including obtaining foreign countries' experience and guidance in relation to the siting, construction and operation of nuclear power reactors. The program shall also be designed to collect and analyse experience for other nuclear programs relevant to safety and to share FANR experience with international organizations.

Objective

The objective of this Task is to assist FANR in achieving its safety mission for nuclear power plants and other nuclear programs relevant to safety. The review and understanding of previous experience will provide insight to help focus FANR regulatory activities so as to achieve the highest level of safety. Such review will also help avoid mistakes that have been made in existing nuclear programmes.

Scope of Work

The Consultant will assist FANR to design and implement an effective operating experience program that is focused on FANR's needs and is results oriented. This includes implementing program and projects plans. The priority in the Construction Operating Experience Feedback ("COEF") during 2014 will be the reporting of events from licensees of nuclear facilities and the management of these within FANR, with comprehensive arrangements for ENEC initially; the receipt and management of event information from external Operating Experience ("OE") information sources; and the reporting of events to external international organisation where necessary. Other activities which will be pursued include: the oversight of licensee safety performance by cumulative evaluation of information from licensee OE, performance indicators, inspection results, external reviews, etc.; the interface between COEF and inspection including how effectively ENEC are implementing their OE programme at the headquarters of Barakah nuclear power plant ("BNPP"); and the on-going review of international OE information to identify trends/issues relevant to BNPP. FANR will take the lead in developing and implementing these activities during 2014 and the scope of the Consultant activities will be to provide the necessary support to ensure development and delivery.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Support the development of a program related to Construction	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

As necessary and where possible, facilitate access to foreign regulatory organizations and vendors.

Task 5 — [NOT USED]

Task 6 — International Agreements and Conventions Implementation

Summary

Provide assistance to FANR for implementing international agreements and conventions. Objective The UAE has entered into multilateral agreements with the IAEA and has become a party to nuclear and radioactive waste/spent fuel safety conventions. The overall objectives of this Task are to assist FANR in meeting the UAE obligations under these conventions, and support FANR in their preparation for receiving IAEA safety services.

Scope of Work

The Consultant will support FANR's preparation for the IAEA Convention on Nuclear Safety (the "CNS") 6th Review Meeting and other IAEA or international activities and the preparation of the 2nd national report for the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management

The work activities and estimated hours for these activities are:

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
IAEA Convention on Nuclear Safety (the “CNS”) 6th Review Meeting	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
IAEA Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Other IAEA and international	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will review detailed outlines, and drafts of reports provided to it by the Consultant and provide comments; provide insights into any unique UAE requirements and policies that must be considered; and facilitate interaction with ENEC and other UAE government organizations where necessary.

Task 7 — Other Advice and Assistance for Nuclear Regulatory Program

Summary

Provide advice and assistance to FANR management and staff for activities not specified in the other Tasks, when requested by FANR in a Task Order (i.e. “on call” assistance and advice). This may include but not be limited to providing assistance and advice in identifying and resolving technical, policy and administration issues and defining and implementing regulatory strategy for licensing reviews and inspections.

Objective

New issues/questions (e.g. implementation of the new Nuclear Liability Law) will arise as FANR develops and implements its regulatory and administration program and activities, and new managers and staff are hired. The objective of this Task is to assist FANR in meeting its regulatory responsibilities in a timely and effective manner. To this end, when requested by FANR in a Task Order, the Consultant will provide advice and assistance to help FANR develop and implement its nuclear regulatory program.

Scope of Work

The specific activities under this Task are unknown at this time, but will be identified and specified by FANR. Examples of past activities include assisting FANR recruit staff, development of job descriptions, evaluation of administration and regulatory policy questions, and assistance with the development of FANR products not within the scope of other tasks. The Consultant shall proactively suggest activities for FANR approval and will respond quickly with appropriate expertise to requests from FANR. The Consultant’s response to a FANR written request may be in the form of a written report, briefing, or discussion with FANR management via phone or in meetings.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Work activities will be in response to requests from the Director General, the Deputy Director General for Operations and/or the Deputy Director General for Administration, or their designee.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Advice and assistance to the Director General's office	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Advice and assistance to the Operations Division	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Advice and assistance to the Administration Division	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Consultant support of the above may include (as decided by FANR) the long-term assignment of a senior staff to the FANR office to be managed by the Director of Radiation Safety Department.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Radiation Safety (as defined in the Nuclear Law) regulatory program support, including FANR emergency preparedness and incident response	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
	[Redacted]	*[Redacted]*	[Redacted]*	[Redacted]*	[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine what regulations, guides, and review and inspection procedures to pursue and on what time schedule. FANR will provide guidance for developing and modifying regulations, and review draft regulations, guides and review procedures provided to it by the Consultant and provide comments. FANR will direct and supervise long-term staff assigned to FANR by the Consultant unless otherwise agreed.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task 9— Government Communications Support

Summary

Assist FANR's Government Communications Department with the development of its international, UAE Government and information outreach activities.

Objective

The overall objective of this Task is to assist FANR to develop and implement an effective and efficient program for international cooperation, UAE Government cooperation, public communication outreach, and internal FANR communication and engagement.

Scope of Work

The Consultant will support FANR with the development and review of activities under the Government Communication Department scope of responsibility. This include, but is not limited to, activities in support of international cooperation, UAE Government cooperation and public communication outreach, internal FANR communication and engagement, and emergency communication.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Government Communication Department programs and	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine what activities to pursue and on what time schedule. FANR will provide guidance for support requested from the Consultant.

Task 10 — Integrated Management System (IMS) Processes and Procedures, and Internal Operating Systems

Summary

Provide advice and assistance to FANR in completing the development and review of processes, procedures, instructions and templates to support the FANR IMS.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Objective

The overall objective is to assist FANR in establishing a highly efficient and effective organization by continuing implementation and evaluation of the IMS.

Scope of Work

The Consultant will work with FANR to develop, refine and finalize a series of processes, procedures and instructions needed to support the FANR IMS.

The work activities and estimated hours for these activities are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Develop and modify procedures in support of FANR IMS	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will provide policy and program directions. FANR shall review, comment and approve work products provided to it by the Consultant.

Task 11— [NOT USED]

Task 12 — Security of Regulated Materials Regulatory Support

Summary

Provide support to FANR for developing and implementing regulations, regulatory guides, license reviews and inspections in the security area.

Objective

The objective is to support FANR implementation of licensing and inspection of security for Regulated Materials and Nuclear Facilities.

Scope of Work Activities

The Consultant will support FANR in the development and implementation of an effective and efficient security program. This includes support in the areas of regulations development, licensing and inspection.

The work activities and estimated hours for these activities are:

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Security of Regulated Materials	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Each document established will be submitted to FANR by the Consultant for review and comment.

2014 Billing Rates

The rates for the Contractor's Personnel shall be as set forth below.

Substitution of Personnel will be handled in accordance with clause 4(o) of the Agreement. Invoices sent to FANR shall break down each partial hour worked into 1/10 of an hour increments based on the time actually spent in performing the Services.

Personnel and consultants	2014 Hourly Rate (USD)
Pay Level I — Special Expert	
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
Pay Level H — Senior Expert	
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
Pay Level III — Project Support	
[Redacted]	\$*[Redacted]*

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Additional Consultant's Personnel may be added to the above table only with the written consent of FANR, such consent to be given in FANR's sole discretion.

2014 Hour Caps

The Task Order process shall be used in accordance with clauses 2.3 and 8.1 and Schedule 7 of this Agreement to determine the budget and applicable Fee associated with each Task Order. No Services shall proceed without a mutually agreed and executed Task Order. The hour caps for the Tasks performed under the Agreement for 2014 are indicated in the table below (the "**Hour Caps**"). The Hour Caps constitute a ceiling that shall not, without the prior written consent of FANR, be exceeded (excluding pre-approved travel costs, per diems and other pre-approved expenses, but inclusive of any discounts).

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task	Amount
Task 1 - Licensing Process and Guidelines for Nuclear Facilities	*[Redacted]* total hours
Task 2 - Regulations and Regulatory Guides for Nuclear Facilities	*[Redacted]* total hours
Task 3 — Export/Import Program Regulatory Support	*[Redacted]* total hours
Task 4 — FANR Operating Experience Program	*[Redacted]* total hours
Task 5 — [NOT USED]	[NOT USED]
Task 6 — International Agreements and Conventions Implementation	*[Redacted]* total hours
Task 7 — Other Advice and Assistance for Nuclear Regulatory Program	*[Redacted]* total hours
Task 8 — Radiation Safety Regulatory Support	*[Redacted]* total hours
Task 9 — Government Communications Support	*[Redacted]* total hours
Task 10 — Integrated Management System (IMS) Processes and Procedures, and Internal Operating Systems	*[Redacted]* total hours
Task 11 — [NOT USED]	[NOT USED]
Task 12 — Security of Regulated Materials Regulatory Support	*[Redacted]* total hours
TOTAL	*[Redacted]*

FANR may only authorize increases to the Hour Caps if such authorization is in writing and signed by the Director General, the Deputy Director General for Operations and/or the Deputy Director General for Administration, or their designee.

Further, as noted in clause 8.4 of the Agreement, FANR may review the actual and projected scope of Services to be performed under the Agreement to ensure that the resources meet FANR's requirements. If FANR determines that fewer resources are required, the Parties will mutually agree on a reduction to the Fees payable hereunder to reflect the necessary adjustments. For the avoidance of doubt, if any such reduction is implemented, the Hour Caps set forth above shall be subject to a corresponding reduction.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

AMENDMENT NO. 3 TO CONSULTANCY AGREEMENT

This Amendment No. 3 (this “**Amendment No. 3**”) to the Original Agreement (defined below) is made on 10 November 2014 and entered into by and between The Federal Authority for Nuclear Regulation, established pursuant to United Arab Emirates Federal Law No. (6) of 2009, whose principal offices are at Crescent Tower, Mezzanine Floor, Sheikh Zayed First Street, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates and Al Ahlia Tower, Mezzanine Floor, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates (“**FANR**”) and Lightbridge Corporation, whose principal office is at 1600 Tysons Boulevard, Suite 550, Tysons Corner, VA 22102 USA, (the “**Consultant**”), each a “**Party**” and collectively the “**Parties**”.

RECITALS

- A. **WHEREAS**, FANR and the Consultant entered into a consultancy agreement on 15 July 2012, pursuant to which FANR engaged the Consultant to provide certain consultancy services in relation to the nuclear sector (the “**Original Agreement**”) as amended by Amendment No. 1 dated 1 January 2013 and Amendment No. 2 dated 1 January 2014 (the Original Agreement together with Amendment No. 1 and Amendment No. 2, the “**Amended Agreement**”).
- B. **WHEREAS**, the Amended Agreement is due to expire on 31 December 2014 and the Parties wish to extend the term to 31 December 2016.
- C. **WHEREAS**, the extension of the term of the Amended Agreement to 31 December 2016 requires that a new Part 6 relating to 2015 Services and a new Part 7 relating to 2016 Services be incorporated into Schedule 1 to the Amended Agreement.
- D. **WHEREAS**, the Parties now wish to amend the Amended Agreement as described herein to extend the term and amend Schedule 1.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth in the recitals above, which are incorporated herein by reference, the Parties hereby agree as follows:

1 EXTENSION OF THE TERM OF THE AMENDED AGREEMENT

- 1.1 Clause 3.1 of the Amended Agreement shall be amended, restated and replaced in its entirety with the following paragraph 3.1:

Clause 3.1 This Agreement shall commence on the date hereof and shall continue until 31 December 2016 (the “**Term**”).

2 AMENDMENTS TO SCHEDULE 1 OF THE AMENDED AGREEMENT

- 2.1 A new paragraph 6 of Schedule 1 to the Amended Agreement which shall incorporate the text of the attachment hereto into the Amended Agreement shall be inserted immediately following paragraph 5 (PART 5 — 2014 SERVICES) of Schedule 1 to the Amended Agreement.
- 2.2 A new paragraph 7 of Schedule 1 to the Amended Agreement shall be inserted immediately following the new paragraph 6 of Schedule 1 to the Amended Agreement (which, for the avoidance of doubt, has been incorporated into the Amended Agreement in accordance with paragraph 2.1 of this Amendment No. 3) as follows:

7. PART 7 — 2016 SERVICES

On or before 15 December 2015 the Consultant shall submit to FANR a draft services schedule for the Services to be performed in 2016 complete with a comprehensive list of its Personnel with the hourly rates for each. Once such schedule has been agreed between the Parties in writing it shall be incorporated into this Agreement by written amendment.

3 MISCELLANEOUS

- 3.1 Binding. The Parties acknowledge and agree that, subject to paragraphs 1, 2 and 3.3 of this Amendment No. 3, the provisions of the Amended Agreement remain in full force and effect.
- 3.2 References to “this Agreement” or similar. Each reference in the Amended Agreement to “this Agreement”, “hereunder” or words of like import referring to the Amended Agreement shall mean and be a reference to the Amended Agreement, as amended by this Amendment No. 3.
- 3.3 Precedence. In the event of any discrepancy, ambiguity or inconsistency between the content of this Amendment No. 3 and any provision of the Amended Agreement in relation to the matters covered herein, the provisions of this Amendment No. 3 shall take precedence and shall prevail to the extent of such conflicting provisions of the Amended Agreement.
- 3.4 Successors and Assigns. This Amendment No. 3 shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.
- 3.5 Third Party Rights. Except as explicitly provided herein, no person may enforce any of the terms, provisions or rights under this Amendment No. 3 or shall have any third party rights of any kind.
- 3.6 Counterparts. This Amendment No. 3 may be signed in any number of counterparts, and each Party may sign one or more counterpart. The counterparts shall together form and be construed as one and the same document.

3.7 The provisions of clauses 4 Representations and Warranties, 5 (Personnel and Staff), 7 (Intellectual Property), 10 (Relationship between the Parties), 11.1 (Indemnification), 11.2 (Consequential Loss), 16 (Confidentiality), 17 (Assignment), 18 (Amendment), 19 (Force Majeure), 21 (Notices), 22 (Conflicts), 24 (Waiver), 25 (Further Assurance), 26 (Costs), 27 (Third Party Rights), 28 (Entire Understanding), 29 (Severance), 30 (Set-off and Counterclaim), 31 (Governing Law), and 32 (Dispute Resolution) of the Amended Agreement shall apply mutatis mutandis to this Amendment No. 3.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment No. 3 as of the day and year first above written.

For and on behalf of: **The Federal Authority for Nuclear Regulation**

By: /s/ Abdulla Nasser Al Suwaidi
Name: Abdulla Nasser Al Suwaidi
Title: Chairman of the Board of Management

For and on behalf of: **Lightbridge Corporation**

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

**ATTACHMENT
2015 SERVICES**

5 2015 SERVICES

- 5.1 For the period beginning January 1, 2015 and ending on December 31, 2015 the Consultant shall, to the extent requested by FANR through Task Order(s), perform the Services described below (each a “Task”).
- 5.2 In general, the Consultant will support the goals of FANR by providing on-going strategic advice and assistance to FANR. This includes proactively identifying issues and proposing solutions to ensure FANR meets its regulatory objectives, and responding quickly with appropriate expertise to requests from FANR.

Task 1 – Licensing Process and Guidelines for Nuclear Facilities

Summary

Support FANR to implement licensing guidance and guidelines and to identify/resolve licensing issues to support the review of license applications for nuclear facilities.

Objective

The objective of this Task is to support FANR to implement processes, procedures, guidelines, and criteria, and resolve issues in order to effectively and efficiently review nuclear facility license applications.

Scope of Work

The Consultant will support FANR to implement licensing guidance that is necessary for the assessment of the Operation Licence Application (OLA) for a nuclear facility.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
1- Support the development and implementation of guidelines, etc. relative to nuclear facility licensing and assessment	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Key Personnel

[Redacted]

FANR Support

FANR identify review instructions and other licensing and assessment issues for resolution. FANR will review proposed solutions and provide any comments to the Consultant for resolution.

Task 2 - Regulations and Regulatory Guides for Nuclear Facilities

Summary

Provide support to FANR for identifying and developing safety regulations and regulatory guides to support submission and review of license applications for construction, commissioning and operation of nuclear facilities.

Objective

A major part of FANR's mission is to make safety and security decisions on license applications to site, construct, commission and operate nuclear facilities. The Nuclear Law, regulations and supporting documents help implement this responsibility. These documents will also help ensure the quality of ENEC's applications and decisions made by FANR. The overall objective of this Task is to assist FANR in implementing its regulatory responsibility by identifying and developing regulations and regulatory guides for nuclear facilities.

Scope of Work

The Consultant will support FANR in the development and modification of regulations and regulatory guides for the assurance of safety, security and safeguards for siting, constructing, commissioning and operating nuclear facilities.

The specific regulations and guides to be developed or modified, and their schedule will be determined by FANR in accordance with its regulatory plan and regulation development procedure. Development of regulatory guides will follow the development of the regulations and they will be based on a review of the IAEA requirements and guides, the "Country of Origin" guides, the United States' guides and other countries' guides, as appropriate. For each regulation, a "comparison analysis" with the appropriate IAEA standard(s) will also be developed.

The Consultant will also support FANR in the development of a "basis file" or similar document for FANR regulations, which would provide a historical perspective of the regulation or guide and the various reasons for it and input to it.

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Regulations and regulatory guides development support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine the regulations and guides to pursue and on what time schedule. FANR will provide guidance for developing regulations, and review draft regulations and guides provided to it by the Consultant and provide comments.

Task 3 – [DELETED]

Task 4 – FANR Operating Experience Program

Summary

Provide assistance to FANR in establishing an operating experience feedback program, including obtaining foreign countries’ experience and guidance in relation to the siting, construction and operation of nuclear power reactors. The program shall also be designed to collect and analyse experience for other nuclear programs relevant to safety and to share FANR experience with international organizations.

Objective

The objective of this Task is to assist FANR in achieving its safety mission for nuclear power plants and other nuclear programs relevant to safety. The review and understanding of previous experience will provide insight to help focus FANR regulatory activities so as to achieve the highest level of safety. Such review will also help avoid mistakes that have been made in existing nuclear programmes.

Scope of Work

The Consultant will assist FANR to design and implement an effective operating experience program that is focused on FANR’s needs and is results oriented. This includes implementing program and projects plans. The priority in the Construction Operating Experience Feedback (“COEF”) during 2015 will be the reporting of events from licensees of nuclear facilities and the management of these within FANR, with comprehensive arrangements for ENEC initially; the receipt and management of event information from external Operating Experience (“OE”) information sources; and the reporting of events to external international organisation where necessary. Other activities which will be pursued include: the oversight of licensee safety performance by cumulative evaluation of information from licensee OE, performance indicators, inspection results, external reviews, etc.; the interface between COEF and inspection including how effectively ENEC are implementing their OE programme at the headquarters of Barakah nuclear power plant (“BNPP”); and the on-going review of international OE information to identify trends/issues relevant to BNPP. FANR will take the lead in developing and implementing these activities during 2015 and the scope of the Consultant activities will be to provide the necessary support to ensure development and delivery.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Support the development of a program related to COEF	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

As necessary and where possible, facilitate access to foreign regulatory organizations and vendors.

Task 5 – [DELETED]

Task 6 – International Agreements and Conventions Implementation

Summary

Provide assistance to FANR for implementing international agreements and conventions. Objective The UAE has entered into multilateral agreements with the IAEA and has become a party to nuclear and radioactive waste/spent fuel safety conventions. The overall objectives of this Task are to assist FANR in meeting the UAE obligations under these conventions, and support FANR in their preparation for receiving IAEA safety services.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Scope of Work

The Consultant will support FANR's IAEA or international activities, including preparation for the IAEA Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management meeting.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
IAEA Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management meeting support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Other IAEA and international activities	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will review detailed outlines, and drafts of reports provided to it by the Consultant and provide comments; provide insights into any unique UAE requirements and policies that must be considered; and facilitate interaction with ENEC and other UAE government organizations where necessary.

Task 7 — Other Advice and Assistance for Nuclear Regulatory Program

Summary

Provide advice and assistance to FANR management and staff for activities not specified in the other Tasks, when requested by FANR in a Task Order (i.e. "on call" assistance and advice). This may include but not be limited to providing assistance and advice in identifying and resolving technical, policy and administration issues and defining and implementing regulatory strategy for licensing reviews and inspections.

Objective

New issues/questions (e.g. implementation of the new Nuclear Liability Law) will arise as FANR develops and implements its regulatory and administration program and activities, and new managers and staff are hired. The objective of this Task is to assist FANR in meeting its regulatory responsibilities in a timely and effective manner. To this end, when requested by FANR in a Task Order, the Consultant will provide advice and assistance to help FANR develop and implement its nuclear regulatory program.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Scope of Work

The specific activities under this Task are unknown at this time, but will be identified and specified by FANR. Examples of past activities include assisting FANR recruit staff, development of job descriptions, evaluation of administration and regulatory policy questions, and assistance with the development of FANR products not within the scope of other tasks. The Consultant shall proactively suggest activities for FANR approval and will respond quickly with appropriate expertise to requests from FANR. The Consultant's response to a FANR written request may be in the form of a written report, briefing, or discussion with FANR management via phone or in meetings.

Work activities will be in response to requests from the Director General, the Deputy Director General for Operations and/or the Deputy Director General for Administration, or their designee.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Advice and assistance to the Director General's office	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Advice and assistance to the Operations Division	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Advice and assistance to the Administration Division	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR shall identify and decide issues/questions and activities on which advice and assistance is needed by FANR from the Consultant.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task 8 — Radiation Safety Regulatory Support

Summary

Provide support to FANR for developing and implementing regulations, regulatory guides, license reviews, exercises and inspections in the radiation safety area, including waste and emergency planning and preparedness.

Objective

Support FANR implementation of licensing and inspection of Regulated Materials (as defined in the Nuclear Law) and waste safety, and internal FANR emergency preparedness and response, as well as those radiation protection and emergency preparedness and response activities associated with nuclear facilities.

Scope of Work Activities

The Consultant will support FANR in the development and implementation of an effective and efficient radiation safety regulatory program. This includes:

- Implementation of a program to license Regulated Materials users and radiation safety at nuclear facilities;
- Implementation of an inspection program;
- Implementation of improvements resulting from the IAEA IRRS mission;
- Implementation of the UAE nuclear waste policy;
- Identification of regulatory issues and proposing solutions;
- Supporting other radiation safety regulatory activities, such as internal FANR emergency preparedness and Incident Response Centre;
- Develop emergency response exercises, observe, and report on radiological and nuclear exercises (both table top and larger scale including with the National Emergency, Crises and Disaster Management Authority (NCEMA));
- Support for references and standards for national authorities seeking guidance on emergency response; and
- Independent review of radioactive materials license(s) for Environmental Laboratory and Secondary Standard Dosimetry Laboratory (SSDL) activities

Consultant support of the above may include (as decided by FANR) the long-term assignment of a senior staff to the FANR office to be managed by the Director of Radiation Safety Department.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Radiation Safety (as defined in the Nuclear Law) regulatory program support, including FANR emergency preparedness and incident response	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine what regulations, guides, and review and inspection procedures to pursue and on what time schedule. FANR will provide guidance for developing and modifying regulations, and review draft regulations, guides and review procedures provided to it by the Consultant and provide comments. FANR will direct and supervise long-term staff assigned to FANR by the Consultant unless otherwise agreed.

Task 9 — Government Communications Support

Summary

Assist FANR’s Government Communications Department with the development of its international, UAE Government and information outreach activities.

Objective

The overall objective of this Task is to assist FANR to develop and implement an effective and efficient program for international cooperation, UAE Government cooperation, public communication outreach, and internal FANR communication and engagement.

Scope of Work

The Consultant will support FANR with the development and review of activities under the Government Communication Department scope of responsibility. This include, but is not limited to, activities in support of international cooperation, UAE Government cooperation and public communication outreach, internal FANR communication and engagement, and emergency communication.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Government Communication Department programs and activities support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

FANR will determine what activities to pursue and on what time schedule. FANR will provide guidance for support requested from the Consultant.

Task 10 — Integrated Management System (IMS) Processes and Procedures, and Internal Operating Systems

Summary

Provide advice and assistance to FANR in completing the development and review of processes, procedures, instructions and templates to support the FANR IMS.

Objective

The overall objective is to assist FANR in establishing a highly efficient and effective organization by continuing implementation and evaluation of the IMS.

Scope of Work

The Consultant will work with FANR to develop, refine and finalize a series of processes, procedures and instructions needed to support the FANR IMS.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Develop and modify procedures in support of FANR IMS	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Key Personnel

[Redacted]

FANR Support

FANR will provide policy and program directions. FANR shall review, comment and approve work products provided to it by the Consultant.

Task 11 — [DELETED]

Task 12 — Nuclear Security Regulatory Support

Summary

Provide support to FANR for developing and implementing regulations, regulatory guides, license reviews and inspections in the security area.

Objective

The objective is to support FANR implementation of licensing and inspection of security for Regulated Materials and Nuclear Facilities (as defined in the Nuclear Law).

Scope of Work Activities

The Consultant will support FANR in the development and implementation of an effective and efficient security program. This includes support in the areas of regulations development, licensing and inspection.

The work activities and estimated hours for these activities for 2015 are:

ACTIVITIES	Staff Hours				
	Q1	Q2	Q3	Q4	Total
Nuclear Security regulatory support	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
TOTAL	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Key Personnel

[Redacted]

FANR Support

Each document established will be submitted to FANR by the Consultant for review and comment.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

2015 Billing Rates

The rates for the Contractor's Personnel shall be as set forth below.

Substitution of Personnel will be handled in accordance with clause 4(o) of the Agreement. Invoices sent to FANR shall break down each partial hour worked into 1/10 of an hour increments based on the time actually spent in performing the Services.

Personnel and consultants	2015 Hourly Rate (USD)
Pay Level I – Special Expert	
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
Pay Level II – Senior Expert	
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
[Redacted]	\$*[Redacted]*
Pay Level III – Project Support	
[Redacted]	\$*[Redacted]*

Additional Consultant's Personnel may be added to the above table only with the written consent of FANR, such consent to be given in FANR's sole discretion.

2015 Hour Caps

The Task Order process shall be used in accordance with clauses 2.3 and 8.1 and Schedule 7 of this Agreement to determine the budget and applicable Fee associated with each Task Order. No Services shall proceed without a mutually agreed and executed Task Order. The hour caps for the Tasks performed under the Agreement for 2015 are indicated in the table below (the "**Hour Caps**"). The Hour Caps constitute a ceiling that shall not, without the prior written consent of FANR, be exceeded (excluding pre-approved travel costs, per diems and other pre-approved expenses, but inclusive of any discounts).

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Task	Amount
Task 1 - Licensing Process and Guidelines for Nuclear Facilities	*[Redacted]* total hours
Task 2 - Regulations and Regulatory Guides for Nuclear Facilities	*[Redacted]* total hours
Task 3 - [DELETED]	[DELETED]
Task 4 - FANR Operating Experience Program	*[Redacted]* total hours
Task 5 - [DELETED]	[DELETED]
Task 6 - International Agreements and Conventions Implementation	*[Redacted]* total hours
Task 7 - Other Advice and Assistance for Nuclear Regulatory Program	*[Redacted]* total hours
Task 8 - Radiation Safety Regulatory Support	*[Redacted]* total hours
Task 9 - Government Communications Support	*[Redacted]* total hours
Task 10 - Integrated Management System (IMS) Processes and Procedures, and Internal Operating Systems	*[Redacted]* total hours
Task 11 - [DELETED]	[DELETED]
Task 12 - Nuclear Security Regulatory Support	*[Redacted]* total hours
TOTAL	*[Redacted]*

FANR may only authorize increases to the Hour Caps if such authorization is in writing and signed by the Director General, the Deputy Director General for Operations and/or the Deputy Director General for Administration, or their designee.

Further, as noted in clause 8.4 of the Agreement, FANR may review the actual and projected scope of Services to be performed under the Agreement to ensure that the resources meet FANR's requirements. If FANR determines that fewer resources are required, the Parties will mutually agree on a reduction to the Fees payable hereunder to reflect the necessary adjustments. For the avoidance of doubt, if any such reduction is implemented, the Hour Caps set forth above shall be subject to a corresponding reduction.

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

STRICTLY CONFIDENTIAL

CONSULTANCY AGREEMENT
(TECHNICAL SUPPORT SERVICES RELATED TO
CONSTRUCTION INSPECTION AND OVERSIGHT)

No. NSD/002/20 14

DATED: 1 JUNE 2014

THE FEDERAL AUTHORITY FOR NUCLEAR REGULATION

AN

LLOYD'S REGISTER EMEA

AND

LIGHTBRIDGE CORPORATION

CONSULTANCY AGREEMENT

This Consultancy Agreement (this “**Agreement**”) is made on 1 June 2014 and entered into by and between The Federal Authority for Nuclear Regulation, established pursuant to United Arab Emirates Federal Law No. (6) of 2009, whose principal offices are at Crescent Tower, Mezzanine Floor, Sheikh Caved First Street, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates and Al Ahlia Tower, Mezzanine Floor, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates (“**FANR**”) and Lloyd’s Register EIVIEA, a corporation with commercial registration no. CN-I 001482, whose principal office is at Suite No. 401/A, the Blue Tower, P.O. Box 997, Sheikh Khalifa Street, Abu Dhabi, United Arab Emirates (“**LR**”) and Lightbridge Corporation, whose principal office is at 1600 Tysons Boulevard, Suite 550, Tysons Corner, VA 22102 USA, (“**LB**”), LR and LB together being the “**Consultant**” and references to Consultant in this Agreement includes a reference to each of LR and LB.

RECITALS

- A. FANR is the regulator of nuclear-related activities in the United Arab Emirates;
- B. The Consultant is experienced in providing project management, construction inspection and oversight services for nuclear power plants and related works; and
- C. FANR desires to engage the Consultant to render, and the Consultant agrees to render to FANR, certain project management, construction inspection and oversight services, in relation to the Barakah nuclear power plants in the United Arab Emirates (BNPP), and BNPP-related work by the Emirates Nuclear Energy Company (the Licensee), the prime contractor (KEPCO), any entities formed by the Licensee for performing such work, and subcontractors and vendors, both inside and outside of the United Arab Emirates, who are also part of the BNPP program, in accordance with the terms and conditions set out in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth in the recitals above, which are incorporated herein by reference, the Parties hereby agree as follows:

1. TERMS OF INTERPRETATION

For the purposes of this Agreement, except to the extent that the context otherwise requires:

- (a) when a reference is made in this Agreement to a clause or Schedule, such reference is to a clause or Schedule to this Agreement, unless otherwise indicated;
- (b) the headings of this Agreement are for reference purposes only and do not affect, in any way, the meaning or interpretation of this Agreement;
- (c) the words “hereof”, “herein”, “hereto”, and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

- (d) whenever the words “include”, “includes” or “including” (or similar terms) are used in this Agreement, they are deemed to be followed by the words “without limitation”;
- (e) the words and definitions contained in this Agreement are applicable to the singular, as well as the plural, forms of such terms;
- (f) words denoting a gender include the other gender;
- (g) the use of “or” is not intended to be exclusive, unless expressly indicated otherwise;
- (h) words denoting persons shall include individuals, sole proprietorships, companies, corporations, partnerships, firms, joint ventures, trusts, unincorporated associations, states and governmental entities;
- (i) reference to a person (including to FANR and the Consultant) includes reference to the person’s successors, permitted transferees and permitted assigns;
- (j) dates and periods of time referred to in this Agreement shall be construed in accordance with the Gregorian calendar; and
- (k) FANR and the Consultant shall hereinafter each be referred to individually as a “Party” and collectively as the “Parties”.

2. THE SERVICES

- 2.1 The Consultant shall provide to FANR the services identified in Schedule 1 (the “**Services**”) and any supplementary services as described in clause 14 (the “**Supplementary Services**”) and deliver the deliverables as described in Schedule 2 (the “**Deliverables**”) on a work-for-hire basis, in accordance with the timeline set Out therein. Where used hereinafter in this Agreement, the term Services shall include Supplementary Services (if any).
- 2.2 The Consultant shall commit to its obligations under this Agreement the time, attention and skill necessary for the proper performance of those obligations,
- 2.3 The Consultant shall not commence performance of any Services until the Parties have executed a mutually agreeable Task Order with respect to a particular task or subtask constituting part of the Services. The form of task order is attached as Schedule 8 (each a “**Task Order**”),
- 2.4 Where this Agreement describes parts of the Services in general terms, but not in complete detail, it is understood that the Services include any incidental work and/or services that can reasonably be inferred as required and necessary to complete the Services.

- 2.5 Where any Services have been performed prior to the date of this Agreement, by or on behalf of the Consultant for FANR, in relation to or in connection with any Services described hereunder (the “**Prior Works**”), the Parties agree that, upon the execution of this Agreement, this Agreement will:
- (a) retrospectively apply to all Prior Works;
 - (b) supersede and replace any contractual or other arrangements between the Parties in relation to the Prior Works;
 - (c) retrospectively apply to any instructions or directions given by FANR to the Consultant in relation to or in connection with the Prior Works; and
 - (d) take into account any sums paid by FANR to the Consultant in relation to or in connection with the Prior Works.

3. **TERM AND TERMINATION**

- 3.1 This Agreement shall commence on the date hereof and shall continue until 31 December 2017, which period may be extended by FANR, at its sole and absolute discretion, for additional periods of one (1) year up to a maximum of three (3) additional years by written notice to the Consultant no later than one (1) month prior to the then current expiration date hereof (the “**Term**”).
- 3.2 Either Party may terminate this Agreement with immediate effect by giving written notice to the other if the other Party is in material breach of the terms of this Agreement and, where such breach is capable of a remedy, fails to remedy such breach within thirty (30) days of receipt of notice of the breach and the steps required to remedy it,
- 3.3 FANR may terminate this Agreement with immediate effect by giving written notice to the Consultant if the Consultant:
- (a) passes a resolution for winding up (other than for the purposes of a solvent amalgamation, reconstruction or restructuring) or a court makes an order to that effect; or
 - (b) becomes or is declared insolvent or convenes a meeting of or makes or proposes to make any arrangement or composition with its creditors; or
 - (c) has a liquidator, receiver, administrator, administrative receiver, manager, trustee or similar officer appointed over any of its assets; or
 - (d) ceases, or threatens to cease, to carry on its business.
- 3.4 FANR may, upon fourteen (14) days’ written notice to the Consultant, terminate this Agreement at any time for its convenience, at its absolute and sole discretion. In the event of such termination for convenience, FANR shall reimburse the Consultant for all Services performed prior to the elective date of such termination, plus all pre-approved costs.

- 3.5 FANR may terminate this Agreement with immediate effect by giving written notice to the Consultant in the event that the Consultant has breached its obligations in respect of:
- (a) confidentiality set out in clause 16;
 - (b) intellectual property set out in clause and/or
 - (c) unlawful inducement and other requirements set out in clause 4(n).
- 3.6 Upon expiration or termination of this Agreement, no Party shall have any further liability to the other Party unless otherwise specifically stated herein, provided that such expiration or termination shall be without prejudice to the accrued rights of any Party as of the time of expiration or termination.
- 3.7 Upon expiration or termination of this Agreement, the Consultant shall transfer, assign and make available to FANR all property and materials of FANR in the Consultant's possession or subject to the Consultant's control.

4. REPRESENTATIONS AND WARRANTIES

The Consultant represents and warrants to FANR that:

- (a) each of LR and LB is a corporation or other entity duly organised, validly existing and in good standing under the laws of the state, country or jurisdiction of its formation;
- (b) it has all requisite corporate or similar power and authority, and has Taken all corporate action necessary in order to execute, deliver and perform the Services and its obligations under this Agreement;
- (c) this Agreement is a legal, valid and binding obligation of the Consultant enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;
- (d) it shall comply with all applicable laws, rules, regulations, proclamations and orders, both in the United Arab Emirates and in any other relevant jurisdiction, in connection with the provision of the Services, including all laws related to obtaining any required business or work permits or licenses, the health and safety of its employees, immigration, and customs (and the Consultant shall pay the costs and expenses of all of the foregoing);

- (e) the execution, delivery and performance of this Agreement by the Consultant, and the consummation of the transaction contemplated hereby, will not constitute or result in (i) a breach or violation of, or a default under its certificate of incorporation, by-laws, or other organisational documents; or (ii) a breach or violation of or default under, or the acceleration of any of its obligations, or the creation of a lien, pledge, security interest or other encumbrance on its assets (with or without notice, lapse of time or both) pursuant to any agreement binding upon it;
- (f) it shall perform the Services with the care, diligence, skill and judgement (including good, safe and prudent practice) and foresight that would reasonably be expected to be observed by a highly skilled and highly experienced international consultant carrying out activities the same as or similar to the Services under the same or similar circumstances, including with respect to review and inspection of the construction of the facilities described in Schedule 1 (and in advising FANR whether those facilities are, or will be upon completion of construction, fit for their intended purpose);
- (g) it shall deliver the Deliverables to FANR free of all liens, claims, charges, limitations, restrictions and encumbrances of any kind, and ready for exploitation anywhere in the world in perpetuity in all respects, and in compliance with the terms and conditions hereof;
- (h) it shall acquaint itself with and comply with any working practices, rules or procedures applicable to others (whether independent contractors or employees) at any location where it is performing the Services;
- (i) it shall maintain safeguards against the destruction, loss or alteration of any information created or supplied by FANR or by the Consultant in the course of providing the Services;
- (j) it shall attend such meetings, video conferences, or conference calls to discuss the Services as FANR may request from time to time;
- (k) it shall keep FANR informed at all times regarding the status of the Services and provide such information to FANR as FANR may request from time to time;
- (l) it shall comply with the instructions of FANR, including those of the FANR Project Manager (defined in clause 6.1), relating to the Services which may be given from time to time;
- (m) it shall keep detailed records, including financial and operational records, of all activities undertaken in connection with the provision of the Services and shall, at FANR's request, make them available for inspection and/or provide copies thereof to FANR;

- (n) it shall not, without the prior written consent of FANR, accept or give any commission or gift or other financial benefit or inducement or reward from or to any person in relation to the Services and shall ensure that personnel, employees and staff (“**Personnel**”) of the Consultant, agents and subcontractors shall not accept or give any commission, gift, benefit or inducement, and shall immediately give FANR details of any commission, gift, benefit or inducement which may be offered to it; and
- (o) it shall make available its Personnel listed in Schedule 3 to perform the obligations of the Consultant under this Agreement, or shall provide for such Personnel replacements of equivalent status as may be approved by FANR (any replacement of any member of the Personnel without the prior approval of FANR shall be considered a material breach of this Agreement).

5. PERSONNEL AND STAFF

5.1 The Consultant shall:

- (a) ensure that each member of its Personnel (i) is competent, trained and qualified to perform the Services in accordance with best industry practice; (ii) holds a valid visa or work permit for such times as such member is in the United Arab Emirates; (iii) complies with all other immigration, background checking, customs and legal requirements of any relevant authorities arising out of their assignment hereunder; (iv) complies with all applicable laws in the United Arab Emirates, the Emirate of Abu Dhabi and their home country of residence; and (v) complies with the standards for delivery of the Services set out herein;
- (b) perform a thorough screening of each member of its Personnel to be used in the delivery of the Services, including a complete background check, criminal record background check and verification of eligibility to work;
- (c) not provide any member of its Personnel who has a criminal record or a criminal case pending, or who is ineligible to work in the United Arab Emirates or elsewhere; and
- (d) immediately remove and/or replace any member of Personnel unsatisfactory to FANR for any reason.

5.2 The Consultant acknowledges and agrees that:

- (a) all terms of its Personnel’s employment will be governed by their existing agreements with the Consultant;
- (b) it is solely responsible for all employer/employee, matters related to its Personnel, including all matters related to supervision, discipline, payroll, immigration, visa, compensation, insurance benefits (including medical insurance, disability insurance and life insurance), pensions, savings benefits, withholdings, taxes and insurance for work-related injuries; and

- (c) neither it nor any of its Personnel, agents or subcontractors (approved by FANR in accordance with clause 17.1) shall be entitled to participate in any employee benefit or welfare plan, including any medical plan, disability plan, life insurance plan, pension plan, savings plan or any other plan sponsored by FANR, nor will the Consultant or any of its Personnel, agents or subcontractors receive any benefits under any such plan.

- 5.3 During the Term and for a period of twelve (12) months thereafter, the Consultant shall not, without the prior written consent of FANR, solicit for employment, or offer employment to, or enter into any contract for services with, any individual employed or subcontracted by FANR (or any individual who was employed or subcontracted by FANR in the preceding twelve (12) months, as calculated from the date of such solicitation or offer).

6. PROJECT MANAGEMENT

- 6.1 Each Party has appointed or shall appoint a project manager (a “**Project Manager**”) who shall be responsible for the coordination of each such Party’s obligations relating to delivery of the Services and the Deliverables. The Consultant shall also appoint a single point of contact who FANR may contact for matters relating to the Services. Such single point of contact may be the Consultant’s Project Manager or such other Personnel of the Consultant engaged in the Services. For the avoidance of doubt, FANR may communicate at any point during the Term with any Personnel of the Consultant engaged in the Services.
- 6.2 The Consultant shall perform the Services set out in Schedule 1 and deliver the Deliverables described in Schedule 2 in accordance with the terms and conditions of this Agreement.
- 6.3 A Deliverable shall be deemed to have been approved if it is endorsed as approved by the Project Manager of each Party. For the avoidance of doubt, FANR shall have final approval over the Deliverables.
- 6.4 The Consultant shall be subject to the terms and conditions of Schedule 7 (the “**Key Performance Indicators**”).

7. INTELLECTUAL PROPERTY

- 7.1 For the purposes of this Agreement, the following definitions apply: “Intellectual Property Rights” means (a) copyright, patents, know-how, confidential information, database rights, and rights in trademarks and designs (whether registered or unregistered) used and/or developed by the Consultant in the course of performing its obligations under or in relation to this Agreement; (b) applications for registration, and the right to apply for registration, for any of the same; and (c) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world in any and all media and formats whether now known or hereafter devised; and “**IP Materials**” means all documents, software, photographic or graphic works of any type, and other materials in any medium or format, whether now known or hereafter devised, which are created by or on behalf of the Consultant in the course of performing its obligations under this Agreement and which are protected by or relate to Intellectual Property Rights.

- 7.2 For the consideration hereunder, which the Parties acknowledge is valuable and adequate consideration, the Consultant hereby expressly acknowledges, certifies and agrees that the Deliverables, and all of the results and proceeds of the Services of every kind heretofore rendered by and hereafter to be rendered by the Consultant hereunder shall be deemed a “work-made-for-hire” in favour of FANR in that (a) they are prepared within the scope of FANR’s engagement of the Consultant hereunder; and/or (b) they constitute works specifically ordered by FANR for use as a contribution to a collective work. Accordingly, the Consultant further acknowledges, certifies and agrees that FANR is and shall be deemed the author and/or exclusive owner of all of the foregoing for all purposes and the exclusive owner throughout the universe of all the rights of any kind comprised in the IP Materials and Intellectual Property Rights and any renewal or extension rights in connection therewith and of any and all other rights thereto, and that FANR shall have the right to exploit, or to refrain therefrom, any or all of the foregoing in any and all media, now known or hereafter devised, throughout the universe, in perpetuity, in all configurations and formats, including in any audio- visual, audio and/or visual device, as FANR determines at its absolute and sole discretion. The Consultant hereby irrevocably and unconditionally waives any and all moral and like rights that the Consultant has in the Deliverables and the Services and hereby agrees not to make any claim against FANR or any party authorized by FANR, to exploit the IP Materials and Intellectual Property Rights based on such moral or like rights. To the extent that the Consultant may be deemed the “author” of either the IP Materials and/or Intellectual Property Rights, the Consultant hereby assigns all of the Consultant’s interest, and future interest, in and to the IP Materials and Intellectual Property Rights to FANR without any further actions or consideration required.
- 7.3 The Consultant shall, upon request, execute, acknowledge and deliver, and/or cause to be executed, acknowledged and delivered, to FANR such additional documents as FANR may deem necessary to evidence and effectuate FANR’s rights hereunder, and the Consultant hereby grants to FANR the right as attorney- in-fact, such right coupled with an interest, to execute, acknowledge, deliver and record all such documents evidencing FANR’s full and exclusive one hundred percent (100%) undivided interest in and to the IP Materials and Intellectual Property Rights. Without limitation of anything herein contained, as the author of the IP Materials and Intellectual Property Rights, as between the Parties, FANR hereby reserves any and all remuneration or income derived from the IP Materials and Intellectual Property Rights, any and all to which the Consultant shall have no claim whatsoever.

- 7.4 The Consultant may only use the Intellectual Property Rights and IP Materials to perform its obligations under this Agreement, and shall not disclose any Intellectual Property Rights or IP Materials to any third party without the express prior written consent of FANR.
- 7.5 The Consultant shall defend, protect, release, hold harmless, indemnify and keep indemnified FANR, as well as its Personnel, agents, officers, directors and related parties, from and against any and all losses, damages, expenses (including professional advisors and legal costs and disbursements on an attorney and client basis) and other liabilities incurred in connection with any Claim (as defined below) against FANR that the receipt of the Services, or the use of any item provided by the Consultant under this Agreement, including the Deliverables, infringes any Intellectual Property Right of any person.
- 7.6 For the avoidance of doubt, clauses 7.1 to 7.5 shall also apply to the Consultant's subcontractors (approved by FANR in accordance with clause 17.1).

8. FEES

- 8.1 In consideration for the due performance of the Services (or any part of the Services) during the Term, FANR shall pay to the Consultant those fees specified in each Task Order mutually agreed and executed between the Parties (collectively, the "Fees"). The fees specified in each Task Order shall be calculated based on the schedule of rates provided in Schedule 4. The Fees shall be payable in accordance with the procedures specified in clause 9.
- 8.2 In addition to the Fees, the Consultant shall be entitled to pre-approved expenses as described in Schedule 4 that are reasonably and actually incorrect in connection with the provision of the Services, subject to providing FANR with appropriate itemized receipts or any other evidence of expenditure as FANR may reasonably require. For the avoidance of doubt, any expenses with respect to any Services performed by subcontractors (as approved by FANR in accordance with clause 17.1) shall be identified and the necessary invoices, pre-approved expenses and other accompanying evidence shall be attached to such invoice. No expenses (including those described in Schedule 4) shall be reimbursed, unless they are pre- approved by FANR in writing, All expenses shall be payable to the Consultant in accordance with the procedures specified in clause 9.
- 8.3 Subject to Schedule 4, the Consultant shall be responsible for all other costs, fees, charges, overheads, out-of-pocket expenses and other amounts, including;
- (a) all operating risks, expenses, staffing costs, and costs of supplying, servicing, maintaining and testing any equipment required for the delivery of the Services;

- (b) all training costs in relation to its Personnel;
- (c) all costs arising under or in connection with instituting, maintaining and renewing the insurance policy coverage detailed in clause 13;
- (d) all costs of compliance with the laws of the Emirate of Abu Dhabi, and the federal laws of the United Arab Emirates, including health and safety, security, labour laws, traffic regulations and ordinances;
- (e) all taxes, withholdings, customs, duties, fees, levies, value-added tax, goods and services tax, sales tax, payroll-related taxes and other administrative charges; and
- (f) all profits, payroll, salaries, benefits, shift premiums, emoluments, national insurance, accommodation, subsistence, disbursements, contributions, pension contributions, social security contributions, travel costs and other costs, fees and expenses incurred, paid or payable by or on behalf of the Consultant, any member of its Personnel, any agent, director, officer or subcontractor.

8.4 FANR may review the actual and projected scope of Services to ensure that the resources meet FANR's requirements. If FANR determines that more or fewer resources are required, the Parties will mutually agree on equitable adjustments to the fees payable hereunder to reflect the necessary adjustments.

9. BILLING PROCEDURES

- 9.1 The Consultant shall submit to FANR no more than one (1) invoice per calendar month during the Term in respect of the Fees (or pro-rated portion of the Fees) identified in any Task Order(s), along with any pre-approved expenses incurred during provision of the Services in respect of such Task Order(s), provided that the fees with respect to each Task Order shall be specifically detailed in such invoice. Invoices for travel costs incurred under Schedule 4, section 4.6 may be submitted separately.
- 9.2 In support of the Fees (or pro-rated portion of the Fees) and the pre-approved expenses, the invoice shall be accompanied by (1) a status report (which shall contain such information as requested by FANR) in a form approved by FANR, (ii) a timesheet for each member of the Consultant's Personnel and subcontractors (as approved by FANR under clause 17.1), and (iii) any other appropriate evidence and information that FANR may, at its absolute and sole discretion, require at any time in order to verify compliance with the terms of this Agreement. Such timesheet may be in electronic format and shall be broken down by hour (in whole or in part) for each Task or Subtask as such terms are described in a given Task Order and contain any other information that FANR may require at its absolute and sole discretion.

9.3 Payment of all undisputed sums on an invoice shall be made by FANR within thirty (30) days after receipt by FANR of such invoice and other accompanying evidence. The Consultant will maintain complete and accurate records of, and supporting documentation for, all amounts billable to and payments made by FANR hereunder, in accordance with United Arab Emirates generally accepted accounting principles applied on a consistent basis, and will retain the records for each invoice for a period of six (6) years from the date that such invoice was received by FANR.

9.4 All payments shall be made in United Arab Emirates Dirhams (AED) and by bank transfer to the account details shown on the invoice.

10. RELATIONSHIP BETWEEN THE PARTIES

Nothing in this Agreement shall be construed to create a joint venture, partnership or employer/employee relationship between FANR and the Consultant. This Agreement shall not, in and of itself, give rise to any authority on the part of the Consultant to obligate or bind FANR in any way whatsoever, and the Consultant shall not represent or hold itself out to have such authority. The Consultant shall not assume any of the other duties or obligations of FANR or any agent of FANR.

11. LIABILITY, INDEMNIFICATION AND AGGREGATE LIABILITY LIMIT

11.1 The Consultant shall defend, protect, release, hold harmless, indemnify and keep indemnified FANR, as well as its Personnel, agents, officers, directors and related parties, from and against any and all costs (including attorneys' fees and other legal costs and expenses), fees, expenses (including lost profits), liabilities, losses, damages, suits, causes of action, claims or any other proceedings whatsoever (collectively, "**Claims**") when arising out of:

- (a) any breach or non-compliance with or non-performance of any obligations under this Agreement by the Consultant or any person working for or on behalf of the Consultant (including any member of its Personnel), including third party Claims and losses or monies due to the negligence, dishonesty or fraud of its Personnel;
- (b) any wrongful act or negligence by the Consultant or any person working for or on behalf of the Consultant (including any member of its Personnel);
- (c) all injuries to, deaths, accidents, illnesses and damage to property of, any person working for or on behalf of the Consultant (including any member of its Personnel);
- (d) damage to or loss of property of or by any shareholder, officer, director or agent of or by any person working for or on behalf of the Consultant (including any member of its Personnel) resulting from their deliberate act or negligence; and

- (e) all Claims for salaries, wages, taxes, benefit plans and programs by the Consultant or by any person working for or on behalf of the Consultant (including any member of its Personnel).
- 11.2 Neither Party shall be liable for any indirect, consequential, special and/or punitive loss arising out of or related to this Agreement, provided that nothing in this clause 11.2 is intended to prevent, limit or exclude:
- (a) the Consultant's liability for fraud, wilful misconduct or gross negligence, or
 - (b) any breach by the Consultant of its obligations set out in clauses 4(n), 7 or 16.
- 11.3 The aggregate liability of the Consultant under this Agreement for any and all losses, expenses, damages, claims or actions (whether based on contract, infringement, negligence, strict liability, tort or otherwise), shall in no circumstances exceed the greater of two and a half times the aggregate fees paid and payable to the Consultant under this Agreement (the "**Aggregate Liability Limit**"). The Aggregate Liability Limit shall not apply to nor be reduced by:
- (a) the Consultant's liability in the case of fraud, wilful misconduct or wilful default, or gross negligence;
 - (b) any breach by the Consultant of its obligations set out in clauses 4(n), 7 or 16;
 - (c) any actual or attempted repudiation of this Agreement by the Consultant; or
 - (d) any costs or expenses which the Consultant is obliged to incur or expend in order to carry out and complete the Services in accordance with this Agreement.
- 11.4 LR and LB shall:
- (a) be jointly and severally liable to FANR for the performance of the Services;
 - (b) not alter their respective legal statuses without the prior written consent of FANR; and
 - (c) upon execution of this Agreement, notify FANR in writing of the individuals among LR and LB that have the authority to execute this Agreement and bind each of their respective companies.

12. WARRANTY; DEFECTS LIABILITY

The Consultant warrants that the performance of the Services and each Deliverable to FANR shall be free of errors, omissions, inconsistencies and discrepancies that would be identifiable by a highly skilled and highly experienced international consultant with experience carrying out activities the same as or similar to the Services under the same or similar circumstances as described herein (a “**Defect**”), for a period of three (3) years from the completion of the relevant part of the Services or such longer term as may be required by applicable law (the “**Warranty Period**”). During the Warranty Period, the Consultant shall, within seven (7) days of receiving FANR’s written notice, submit a corrective action plan stating the methodology to be employed and the time requirements necessary to remedy any Defect(s), and in any event, shall remedy such Defect(s) as expeditiously as possible in accordance with clause 4(f), without any charge to FANR, within fourteen (14) days of receiving FANR’s notice with respect to any such Defect(s) (or such longer period as may be approved in writing by FANR). If the Consultant fails to submit the corrective action plan, or remedy any Defect(s), within the time periods set forth above, FANR may, at its sole and absolute discretion, engage a third party to remedy such Defect(s) and the Consultant shall fully indemnify FANR and be responsible for the costs associated with remedying such Defect(s).

13. INSURANCE

- 13.1 Without prejudice to any obligations under this Agreement or otherwise at law, each of LR and LB shall maintain, for so long as may be necessary to cover the Consultant’s obligations and liabilities under or in connection with this Agreement, the insurances specified in Schedule 5 for the limits of indemnity stated in Schedule 5.
- 13.2 The insurances referred to in Schedule 5 shall be with a well-established insurance office or reputable underwriter to be approved by FANR, shall be endorsed by the insurers to refer to the Services, and shall include a waiver of subrogation in favour of FANR (including its respective Personnel, agents, officers, directors and related parties). Each of LR and LB shall ensure that any other insurance policy taken out by or on its behalf in relation to or in connection with this Agreement shall include a waiver of subrogation in favour of FANR (including its respective Personnel, agents, officers, directors and related parties).
- 13.3 Should either LR or LB be in breach of any of its obligations under this clause 13, FANR may itself insure against any risk with respect to which the default shall have occurred and may deduct a sum or sums equivalent to the amount paid or payable in respect of premiums from any monies due or to become due to the Consultant under this Agreement and/or recover them from the Consultant as a debt due and payable.
- 13.4 Without prejudice to the above, each of LR and LB shall ensure that the indemnity limits under the insurance policies set out in Schedule 5 shall be a minimum requirement and shall not be construed in any way as a limit of liability or as constituting acceptance by FANR of responsibility for any liability in excess of such indemnity limits.

- 13.5 The Consultant shall give FANR at least thirty (30) days' notice of any cancellation, non-renewal or material change in the insurance coverage of any policy under this clause 13. Neither LR nor LB shall do or omit to do anything whereby the insurance may be vitiated, either in whole or in part.
- 13.6 Within ten (10) days from the date of this Agreement, each of LR and LB shall provide FANR with a letter from their respective insurance brokers confirming
- (a) that LR or LB (as applicable) has in force the insurance referred to in Schedule 5;
 - (b) the name of the insurers of LR or LB (as applicable); and
 - (c) numbers and renewal dates of the policies.

14. SUPPLEMENTARY SERVICES

- 14.1 The Consultant shall carry out and perform any Supplementary Services requested by FANR from time to time in accordance with the form set out in Schedule 6 (or any other form of written request which FANR may elect to use at its absolute and sole discretion). Supplementary Services are any services that:
- (a) are not related to the Services identified in Schedule 1;
 - (b) are required other than as a result of any default or negligent or wrongful act or omission on the part of the Consultant; and
 - (c) involve additional cost to the Consultant.
- 14.2 If FANR at any time requests the Consultant to perform Supplementary Services, the Consultant shall give FANR written notice to that effect, together with a written estimate of the cost thereof (taking into account any reduction in work or cost which might occur as a result of the circumstances giving rise to the Supplementary Services). The Consultant shall not be entitled to receive any payment for the performance of Supplementary Services, unless it has complied with this clause 14.2 prior to the commencement of any such Supplementary Services.
- 14.3 If the Consultant is required to provide Supplementary Services, then, unless otherwise agreed between the Parties, FANR may, at its absolute and sole discretion, direct that the same be performed by the Consultant either: for the amount specified in the Consultant's written estimate given under clause 14.2 or in accordance with the hourly rates for personnel set out in Schedule 4, which are inclusive of all costs, expenses, disbursements, taxes and duties, administration, overheads and profit.

15. SUSPENSION OF SERVICES

- 15.1 FANR may, upon giving five (5) days' prior written notice to the Consultant, require the Consultant to immediately suspend performance of the Services and upon receipt of such notice:
- (a) the Consultant shall immediately take measures to cease performance of the Services by its Personnel, subcontractors and agents; and
 - (b) the Consultant shall exercise best efforts to mitigate the Fees, costs and expenses incurred in connection with the suspension of the Services.
- 15.2 FANR may, at any time within ninety (90) calendar days after such a suspension of the Services, direct the Consultant to resume its performance of the Services in which event the Consultant shall resume such performance in accordance with the terms hereof. FANR shall reimburse the Consultant for all Services performed prior to the effective date of any such suspension, plus all pre-approved expenses.
- 15.3 In the event the Services are suspended by FANR in accordance with clause 15.1, FANR shall pay to the Consultant (i) any instalment (if any) of the Fees, and (ii) any payment (if any) for Supplementary Services (the amount as determined in accordance with clause 14.3 and Schedule 4, subject always to clause 14.2), due and unpaid as at the date of such suspension. The payment procedures set out in clause 9 shall apply in respect of such amounts.

16. CONFIDENTIALITY

- 16.1 It is the Consultant's duty not to disclose, without FANR's prior written consent, which may be granted by FANR at its absolute and sole discretion, any Confidential Information (as defined below) made available to the Consultant or any person working for or on the Consultant's behalf (including any member of the Consultant's Personnel), or otherwise obtained by the Consultant (whether prior to or after the entry into of this Agreement and including information disclosed in contemplation of this Agreement). The Consultant agrees to use the same means as it uses to protect its own confidential information, and in any event, not less than reasonable means, to prevent disclosure and to protect the confidentiality of FANR's Confidential Information that it has been given or otherwise obtained as set out above.
- 16.2 For purposes of this Agreement, "**Confidential Information**" includes:
- (a) information of whatever nature concerning the business, finances, assets, liabilities, dealings, transactions, budgets, data, plans, customers, vendors, suppliers, contractors, Personnel, processes, transactions, know-how, or affairs of FANR;
 - (b) the nature of the relationship between the Parties, including the existence of or the contents of this Agreement, and any other agreement, document or arrangement contemplated by this Agreement and the fact that FANR has engaged the Consultant;

- (c) FANR's present activities or future plans or actual or potential business dealings or trade, product or customer information of a similar nature concerning any parent, subsidiary or associated concern of FANR; and
- (d) any information which is indicated or considered to be confidential or sensitive or is imparted by FANR to the Consultant and/or any member of its Personnel, its agents and/or subcontractors, in circumstances imparting an obligation of confidence and which any Party may, from time to time, receive or obtain (orally or in writing or in disk or electronic form) as a result of entering into, or performing its obligations pursuant to this Agreement or otherwise.

16.3 Confidential Information shall not include:

- (a) information which is or becomes available to the public other than as a result of a disclosure by the Consultant;
- (b) information that the Consultant documents in writing which was available to the Consultant on a non-confidential basis prior to its disclosure; or
- (c) information that the Consultant documents in writing was available to the Consultant on a non-confidential basis from a source other than FANR, provided that such source is not known by the Consultant to be subject to any prohibition against transmitting the Confidential Information to any third person.

16.4 The Consultant shall not be in breach of its obligations under this clause 16 if it discloses Confidential information to comply with any court order or subpoena (an "**Order**"), provided that if the Consultant is asked to disclose any Confidential Information to comply with an Order, it shall immediately inform the FANR Director General and the FANR Project Manager (in writing to the FANR address specified in clause 21.2, or such other address as may be notified by FANR to the Consultant, and by telephone and secure email), specifying in detail the nature of the Order, and must, prior to responding to any Order, work in good faith with FANR to prevent such disclosure, and if prevention is not possible, to limit the disclosure to the fullest extent permissible and ensure that any disclosure is made in general terms to the maximum extent possible.

16.5 Without the prior written consent of FANR, which may be granted or withheld in its absolute and sole discretion, neither the Consultant nor the Consultant's Personnel, agents or subcontractors (including its affiliates, officers, directors, representatives, shareholders, members and suppliers) shall make any public or private commercial use of their relationship to FANR, including:

- (a) by permitting or authorising the making of any reference to this Agreement, the Services, to FANR or any of its business operations, marketing and other plans, in any medium now known or hereafter devised, including any leaflets, brochures, publications, journals, newspapers, sales letters, client lists, press releases, brochures, marketing or other literature, other written materials, or in any radio or television broadcasts, except as may be necessary for the Consultant to perform its obligations under the terms of this Agreement. Any request by the Consultant to make any such reference shall be made in writing to FANR and shall be accompanied, for any advertising request, by a copy of all announcements, photographs and other documentation whatsoever and details of the time and medium for advertisement or announcement together with such other information or documentation as FANR may request;
 - (b) mentioning the name of FANR in connection with any advertising, marketing proposals or solicitations or similar materials;
 - (c) by using or allowing the use of any service marks, trademarks or trade names or other intellectual property' now or which may hereafter be associated with, owned by or licensed by FANR; or
 - (d) by contracting with or receiving money or anything of value from any person or commercial entity to facilitate such person or entity obtaining any type of commercial identification, advertising or visibility in connection with the Services.
- 16.6 The Consultant shall have no right to grant commercial identification rights of any kind or description with respect to this Agreement, FANR or any supplier of goods or services or to any subcontractor, without the express prior written consent of FANR, which may be granted or withheld at its absolute and sole discretion.

17. ASSIGNMENT

- 17.1 The Consultant may not assign, sub-license, transfer, create a charge over or otherwise dispose or delegate any of its rights or subcontract, transfer or otherwise dispose of any of its obligations under this Agreement without the prior written consent of FANR, such consent not to be unreasonably withheld or delayed. If the Consultant appoints an agent, subcontractor or other person to perform any of the Services, it shall warrant that such person shall comply with the terms of this Agreement, has adequate insurance to cover any and all Services performed under this Agreement and is fully experienced and properly qualified, equipped, organised and financed to undertake the work concerned. Further, if the Consultant subcontracts any of the obligations or Services it has contracted to provide, it shall remain liable to FANR for the performance of all the obligations and Services so contracted. In addition, the Consultant will actively supervise its subcontractors and agents.

- 17.2 Nothing in this Agreement shall prevent or restrict FANR from assigning, sub-licensing, transferring, novating, creating a charge over or otherwise disposing of any of its rights or from subcontracting, transferring or otherwise disposing of any of its obligations under this Agreement to any party, provided that FANR gives notice regarding the foregoing to the Consultant.
- 17.3 If the Consultant appoints an agent, subcontractor or other person, pursuant to clause 17.1 above, to perform any of the Services, it shall warrant that such person shall comply with the terms of this Agreement, has adequate insurance to cover any and all Services performed under this Agreement and is fully experienced and properly qualified, equipped; organised and financed to undertake the work concerned, Further, if the Consultant subcontracts any of the obligations or Services it has contracted to provide, it shall remain liable to FANR for the performance of all the obligations and Services so contracted. In addition, the Consultant will actively supervise its subcontractors and agents.

18. AMENDMENT

No amendment, modification, supplement, deletion or waiver of any rights hereunder shall be effective, unless it is in writing signed by or on behalf of each of the Parties.

19. FORCE MAJEURE

Neither Party shall be liable to the other Party for any delay or non-performance of its obligations under this Agreement arising from any cause beyond a Party's reasonable control, including any of the following: act of God, governmental act, war, fire, flood, explosion, or civil commotion. Subject to the affected Party promptly notifying the other Party in writing of the cause of the delay or non-performance and the likely duration of such delay or non-performance, and provided that the affected Party uses its reasonable endeavours to limit the effect of that delay or non-performance on the other Party, the performance of the affected Party's obligations, to the extent affected by the cause, shall be suspended during the period that the cause persists. If performance is not resumed within thirty (30) days after that notice, the other Party may terminate this Agreement immediately by written notice to the affected Party.

20. SURVIVING OBLIGATIONS

Notwithstanding the expiration or termination of this Agreement, the obligations of the Parties as set out in clauses 3.4, 3.7, 4, 5.2, 5.3, 7, 9-14, 16 and 18-31 shall survive any such expiration or termination.

21. NOTICES

- 21.1 Any notice, invoice or other communication which either Party is required by this Agreement to serve on the other Party shall be sufficiently served if sent to the other Party at its specified address in clause 21.2 or such other address as is notified to the other Party in writing as follows: (a) by hand; (b) by registered courier or recorded delivery; or (c) by facsimile transmission confirmed by registered post or recorded delivery.

21.2 Any notice, invoice or other communication required to be served under clause 21.1 should be sent to the following specified addresses:

If to The Federal Authority for Nuclear Regulation:

Crescent Tower, Mezzanine Floor
Sheikh Zayed First Street, Khalidiya
P.O. Box 112021
Abu Dhabi, United Arab Emirates
Fax: +971 2 651 6661
Attention: Faisal Al Ketbi

If to Consultant:

Lloyd's Register EMEA
Suite No. 401/A, The Blue Tower
P.O. Box : 997,
Sheikh Khalifa Street,
Abu Dhabi, United Arab Emirates
Fax: +971 2 627 1773
Attention: Susan Steyn

21.3 Notices sent by registered post or recorded delivery shall be deemed to be served three (3) Working Days following the day of posting. Notices sent by facsimile transmission shall be deemed to be served on the day of transmission if transmitted before 4:00 p.m. (United Arab Emirates time) on a Working Day, but otherwise on the next following Working Day. In all other cases, notices are deemed to be served on the day when they are actually received. **“Working Days”** shall mean business days on which companies and banks are open in the Emirate of Abu Dhabi.

22. LANGUAGE

Any document provided in connection with this Agreement must be (a) in English; or(b) accompanied by a certified English translation unless the Parties otherwise agree. In this case, the English translation prevails unless the document is a statutory or other official document.

23. WAIVER

The rights of each Party hereunder (a) may be exercised as often as necessary; (b) are cumulative and not exclusive of rights or remedies provided by law; and (c) may be waived only in writing and specifically. A Party's delay in the exercise or non-exercise of any right is not a waiver of such right.

24. FURTHER ASSURANCE

Each Party undertakes to sign all documents and to do all other acts, which may be necessary to give full effect to this Agreement,

25. COSTS

Each Party shall pay the costs and expenses incurred by it in connection with the entering into of this Agreement.

26. THIRD PARTY RIGHTS

Except as explicitly provided herein, no person or entity of any nature may enforce any of the terms, provisions or rights under this Agreement or shall have any third party rights of any kind.

27. ENTIRE UNDERSTANDING

This Agreement constitutes the entire agreement of the Parties in relation to its subject matter, and any and all prior agreements, understandings, and representations are terminated and cancelled and are of no further force and effect.

28. SEVERANCE

If, at any time, any part of this Agreement is held to be or becomes void or otherwise unenforceable for any reason under any applicable law, the same shall be deemed omitted from this Agreement, and the validity and/or enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired as a result of that omission.

29. SET-OFF AND COUNTERCLAIM

FANR shall have the right to deduct from any monies due or which may become due to the Consultant, any monies or sums recoverable from the Consultant by FANR in respect of any Claim whatsoever.

30. GOVERNING LAW

This Agreement shall be governed by and construed, performed and enforced in all respects in accordance with the laws of the Emirate of Ajman, United Arab Emirates, and the federal laws of the United Arab Emirates, without giving effect to the principles of conflicts of laws or choice of law provisions thereof

31. DISPUTE RESOLUTION

- 31.1 The Parties agree to seek to resolve any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination (a “**Dispute**”), by mutual consultation. If a Party is unable to settle a Dispute through mutual consultation within thirty (30) days after the date of the other Party’s initial written referral to mutual consultation, either Party may refer the Dispute to arbitration in accordance with clause 31.2.
- 31.2 If the Parties fail to resolve any Dispute by mutual consultation or amicable settlement in accordance with clause 31.1, then either Party may give to the other Party a notice that the Dispute continues to exist, specifying its nature, the point(s) at issue and its intention to refer the Dispute to binding arbitration. If the Parties fail to resolve such Dispute by further consultation within a period of thirty (30) days from the date upon which such notice of Dispute has been given, the Dispute shall (on the basis that a Party wishes to pursue the Dispute) be referred to arbitration under the Abu Dhabi Commercial Conciliation and Arbitration Centre’s Procedural Regulations (the “**Regulations**”) (which Regulations are deemed incorporated by reference in this clause 31.2). The following shall apply in respect of any such arbitration:
- (a) the tribunal shall consist of one (1) arbitrator, who shall be nominated and summoned up in accordance with the Regulations. The arbitrator shall have the authority to grant all forms of relief and remedies related to this Agreement, including equitable relief;
 - (b) the venue for such arbitration shall be Abu Dhabi, United Arab Emirates, and the Parties hereby irrevocably consent to such forum and waive any claims to alternative venues on the grounds of *forum non conveniens* or otherwise;
 - (c) the language used in the arbitration, including the language of the proceedings, the language of the decision, and the reasons supporting it, shall be English; and
 - (d) an arbitration award rendered hereto binds each Party Judgment upon an arbitration award rendered may be entered in any court in the United Arab Emirates having jurisdiction or application may be made to such court for- judicial acceptance of the award or an order of enforcement, as the case may be. Without limiting the foregoing, each Party irrevocably agrees to submit to the jurisdiction of the courts of the Emirate of Abu Dhabi with respect to the enforcement of any arbitration award or order.
- 31.3 The Parties agree that, if a Dispute which is, or is to be referred to arbitration in accordance with this clause 31:
- (a) raises issues which are substantially the same as, or are connected with, issues raised in a dispute arising out of this Agreement or any agreement(s) related thereto, and which has already been referred to arbitration (a “**Related Dispute**”); or

- (b) arises out of substantially the same facts as are the subject of a Related Dispute, then, to the extent possible, the tribunal appointed, or to be appointed in respect of the Related Dispute, shall also become the tribunal in respect of the dispute. Such tribunal shall have the power to make all necessary directions as to the determination of the dispute as it may consider appropriate.

31.4 Notwithstanding any Dispute between the Parties (including any reference to an arbitration under this Agreement), the Parties shall continue to perform their respective obligations under this Agreement, unless the Parties agree otherwise in writing.

32. CONFLICTS

32.1 The Consultant warrants that:

- (a) it shall immediately disclose to FANR any conflict of interest which arises in relation to the provision of the Services as a result of any present or future appointment, employment or other interest of the Consultant (in the United Arab Emirates or elsewhere);
- (b) when requested by FANR, oblige each member of its Personnel to promptly sign a confidentiality undertaking in the form provided to it by FANR;
- (c) the Consultant's Personnel, advisors and consultants who support FANR (the "**FANR Team**") will not work in support of the Emirates Nuclear Energy Corporation ("**ENEC**") and vice-versa;
- (d) the FANR Team will not perform work for ENEC contractors or subcontractors
- (e) it has a policy in effect to ensure that work performed in support of FANR will not be shared with or communicated in any way to the Consultant's Personnel, advisors and consultants supporting ENEC (the "**ENEC Team**") and the Consultant shall ensure that this information is protected from disclosure and at all times act in accordance with clause 4(1)-, and
- (f) decisions about the scope, content, and technical adequacy of work performed for FANR will be independent and not influenced by the ENEC Team.

32.2 Exceptions to the warranties in clause 32.1 shall only be made with the prior written consent of FANR.

33. COUNTERPARTS

This Agreement may be signed in any number of counterparts, and each Party may sign one or more counterpart. The counterparts shall together form and be construed as one and the same document.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

For and on behalf of: **The Federal Authority for Nuclear Regulation**

By: /s/ Ahmed Mubarak Al Mazrouei
Name: Dr. Ahmed Mubarak Al Mazrouei
Title: Chairman of the Board of Management

For and on behalf of: **Lloyd's Register EMEA**

By: /s/ Nicolaas Jacobus Nooren
Name: Nicolaas Jacobus Nooren
Title: Area Energy Manager

(an authorized signatory of Lloyd's Register EMEA)

For and on behalf of: **Lightbridge Corporation**

By: /s/ Seth Grae
Name: Seth Grae
Title: President and Chief Executive Officer

[Signature Page - Consultancy Agreement]

**SCHEDULE 1
THE SERVICES**

A. The Consultant shall provide certain Services, in accordance with applicable FANR Regulations, Regulatory Guides, Review Procedures and instructions, as agreed by FANR in writing and set out in a Task Order, which include the following:

1. Work Package I Inspection Programme Management Support
 - a. Preparation and maintenance of an annual inspection plan to meet the overall objectives based on performance based, risk-informed sampling of the Licensee's activities;
 - b. Preparation of detailed plans for each inspection based on FANR procedures;
 - c. Development and coordination of resource plans and schedules;
 - d. Monitoring plans and the execution of schedules;
 - e. Specification, development and maintenance of FANR inspection database (e.g. tracking inspection findings and the Licensee reports); and
 - f. Document and records management.

The Consultant shall support FANR in the management of the construction inspection program with regard to developing and maintaining plans, coordination of resources, and management of the implementation of the program.

Inspections to be planned include routine inspections, team inspections, reactive inspections, special inspections, and vendor inspections, as defined in FANR Generic Inspection Guideline FANR-NSD-GDL-00001-2011.

The Consultant shall develop annual inspection plans for FANR approval in accordance with the framework specified by FANR. Plans are to be developed by considering a risk-informed performance based approach. These plans will be subject to ongoing revision as construction progresses and Licensee performance results necessitate. A tool such as Microsoft Project Management or similar, as agreed by the Parties, is to be used by the Consultant for planning, scheduling, and tracking.

Such inspection plans will include the purpose and scope of the inspection, the items to be inspected, number and type of inspection Personnel (by discipline), identification of specialized engineering support, if necessary, identification of documents to be requested to perform inspections, and number of estimated hours to complete the inspection.

The Consultant shall support FANR in developing and maintaining an inspection records management system that will include the necessary data security protocols and identification of the information needed to manage and control documents and records of the construction inspection program.

2. Work Package 2— Inspection Support

The Consultant shall support FANR in executing inspections planned under Work Package 1, by preparing the inspection notifications, making any necessary preparations for inspections, coordinating inspection logistics, drafting the inspection reports, and providing trained anti qualified Personnel to assist in execution of inspections.

The Consultant shall provide qualified Personnel in disciplines including, but not limited to, nuclear, mechanical, civil, geotechnical, instrumentation and control, fire protection and quality assurance to support the FANR inspections in the following areas:

- a. Design verification inspections;
- b. Management system/quality assurance inspections;
- c. Vendor inspections; and
- d. Site construction, installation and commissioning inspections.

The personnel assigned by the Consultant to support inspections shall be familiar with FANR Regulations, Regulatory Guides, Procedures and Instructions prior to field inspection, Personnel are to possess necessary skills to perform the specific type of inspection they are assign to, observation, and interview techniques, inspector conduct, safety culture awareness, and handling of allegations.

FANR shall retain responsibility for the conduct of inspections. The Services shall be completed in accordance with FANR's Regulations, Procedures, Instructions and Task Orders issued in accordance with this Agreement.

Schedule 1-2

SCHEDULE 2
THE DELIVERABLES

A.	Inspection programme management support
1.	Annual inspection plan
2.	Quarterly site inspection plans
3.	Propose detailed inspection methodology for each inspection area
4.	Methodology for inspection plans adjustment
5.	Update inspection plans reflecting SER/RAIs and vendors/suppliers information, and construction schedule updates
6.	Report on current rise of resources
7.	Proposal for resources adjustment
8.	Proposal and description of tracking data bases and implementation process
9.	Description of document control mechanism
10.	Records
11.	Progress report updates as required: monthly/quarterly/six months/annual
B.	Provision of qualified Personnel in disciplines including nuclear, mechanical, civil, geotechnical, instrumentation and control, tire protection, and quality assurance to support the FANR inspections
1.	Preparation of draft inspection notifications
2.	Resources to support inspections as needed
3.	Coordination of contractor logistics for assigned inspections
4.	Draft of inspection reports and documentation, as assigned ,
5.	Review and continent on Licensee response to inspection reports
6.	Follow up verifications of corrective actions from previous inspections, as assigned
7.	Follow-up on Licensee reported events, as assigned
8.	Progress report updates as required: monthly/quarterly/six months

The Deliverables set out in this Schedule 2 are indicative only and are subject to modification as provided in any Task Order or agreement for Supplementary Services. Additionally, the schedule for completion of the Deliverables shall he set forth in each Task Order.

**SCHEDULE 3
PERSONNEL**

<i>Expert Technical Specialists</i>		
Personnel	Company	Grade
[Redacted]	Lloyds (LR)	Expert Technical Specialist
[Redacted]	Lightbridge (LB)	Expert Technical Specialist
[Redacted]	LR - Korea	Expert Technical Specialist
[Redacted]	LR - London	Expert Technical Specialist
[Redacted]	LB	Expert Technical Specialist
[Redacted]	LB	Expert Technical Specialist
[Redacted]	LB	Expert Technical Specialist
[Redacted]	LB	Expert Technical Specialist
[Redacted]	LB	Expert Technical Specialist
[Redacted]	LB	Expert Technical Specialist
[Redacted]	LB	Expert Technical Specialist

<i>Senior Technical Specialists</i>		
Personnel	Company	Grade
[Redacted]	LR - London	Senior Technical Specialist
[Redacted]	LR - Sweden	Senior Technical Specialist
[Redacted]	LR - UAE	Senior Technical Specialist
[Redacted]	LR -- London	Senior Technical Specialist
[Redacted]	LR - London	Senior Technical Specialist
[Redacted]	LE - Korea	Senior Technical Specialist
[Redacted]	LB	Senior Technical Specialist
[Redacted]	LB	Senior Technical Specialist
[Redacted]	LB	Senior Technical Specialist
[Redacted]	LB	Senior Technical Specialist
[Redacted]	LR sub- contractor - London	Senior Technical Specialist
[Redacted]	LR sub-contractor -- UAE	Senior Technical Specialist

<i>Technical Specialists</i>		
Personnel	Company	Grade
[Redacted]	LB	Technical Specialist
[Redacted]	LR	Technical Specialist
[Redacted]	LR - UAE	Technical Specialist

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

<i>Experienced Technical Staff</i>		
Personnel	Company	Grade
[Redacted]	LR - UAE	Experienced Technical Staff
[Redacted]	LR - Sweden	Experienced Technical Staff

<i>Technical Staff</i>		
Personnel	Company	Grade
[Redacted]	LR — UAE	Technical Staff
[Redacted]	LR — UAE	Technical Staff
[Redacted]	LR — London	Technical Staff
[Redacted]	LR.— London	Technical Staff
[Redacted]	LR — London	Technical Staff
[Redacted]	LR — Germany'	Technical Staff
[Redacted]	LR — Germany	Technical Staff
[Redacted]	LR — Korea	Technical Staff

<i>Entry Level Technical Staff</i>		
Personnel	Company	Grade
		Entry Level Technical Staff
		Entry Level Technical Staff

<i>Project Management Staff</i>		
Personnel	Company	Grade
[Redacted]	LR	Project Management Staff
[Redacted]	LR	Project Management Staff

<i>Support Staff</i>		
Personnel	Company	Grade
[Redacted]	LR UAE	Support Staff

Notes:

1. Substitution of Personnel will be handled in accordance with clause 4(o) of the Agreement.
2. Personnel may be added from time to time upon prior written approval of FANR.

[Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

**SCHEDULE 4
SCHEDULE OF RATES**

4.1 Rates

All Work Packages and Optional Services

Grade	2014 Hourly Rate (AED)	2015 Hourly Rate (AED)	2016 Hourly Rate (AED)	2017 Hourly Rate (AED)
Expert Technical Specialist	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Senior Technical Specialist	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Technical Specialist	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Experienced Technical Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Technical Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Entry Level Technical Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Project Management Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Support Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

Hourly rates for performance of the Services are based on an *[Redacted]* hour working day. Invoices sent to FANR shall break down each partial hour worked into 1/10 of an hour increments based on the time actually spent in performing the Services.

4.2 Performance of the Services in Flight

For all flights to and from Abu Dhabi pre-approved by FANR in writing, each of the Consultant's Personnel on such flights shall be entitled to bill (at the applicable hourly rates provided in the tables above) for the actual time spent performing the Services on such flights, provided that such Personnel shall be entitled to bill for a minimum of *[Redacted]* hours on such flights regardless of the number of actual hours worked on the flights. As an example, if the Consultant's Personnel perform the Services for *[Redacted]* hours during a flight, such Personnel shall be entitled to bill FANR for *[Redacted]* hours (not *[Redacted]* hours). However, if the Consultant's Personnel actually perform the Services for greater than *[Redacted]* hours on any such flight, such Personnel shall be entitled to bill for the actual time spent performing the Services.

4.3 Fee Caps

The Task Order process shall be used in accordance with clauses 2.3 and 8.1 and Schedule 8 of the Agreement to determine the budget and applicable fee associated with each Task Order. No Services shall proceed without a mutually agreed and executed Task Order. The fee caps for each of the Work Packages performed under the Agreement are indicated in the table below (the "Fee Caps").

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Work Package	Amount (AED)
1	*[Redacted]*
2	*[Redacted]*
Total	*[Redacted]*

The Fee Caps constitute a ceiling that shall not, without the prior written consent of FANR, be exceeded (excluding pre-approved travel costs, per diems and other pre-approved expenses, but inclusive of any discounts).

FANR may only authorize increases to the Fee Caps (1) as mutually agreed via negotiated budgets, or (2) based on the performance of Supplementary Services.

Further, as noted in clause 8.4 of the Agreement, FANR may review the actual and projected scope of Services to be performed under the Agreement to ensure that the resources meet FANR's requirements. If FANR determines that more or fewer resources are required, the Parties will mutually agree on equitable adjustments to the Fees payable hereunder to reflect the necessary adjustments. For the avoidance of doubt; if any such, equitable adjustment is agreed between the Parties, the Fee Caps set forth above in this Schedule 4 shall be subject to corresponding equitable adjustment.

4.4 Other Travel Costs

FANR shall have the option, for all of the Consultant's travel pre approved by FANR in writing and related to this Agreement, to make arrangements for, and pay the cost associated with the Consultant's airfare and hotel accommodations directly to the airlines and hotels on behalf of the Consultant. All travel pre-approved by FANR in writing will be conducted using business class airfare for all flights greater than six (6) hours on a reasonably direct route without an excessive number of stops; otherwise economy class airfare will be used. Hotel accommodations will be selected in accordance with FANR's policies and located within reasonable proximity to the locations where the Consultant shall be providing the Services to FANR.

If FANR books airfare or hotels on behalf of the Consultant and any of the Consultant's Personnel cancel their travel (which includes cancelling or changing flights and/or routes) or otherwise do not travel (each being a "**Cancellation**") due to reasons not directed by FANR, the Consultant shall give FANR as much advance notice as possible in respect of any such Cancellation and if: (i) such notice is provided less than five (5) days prior to the applicable travel date (or arrival date at hotel); and (ii) cancellation fees or charges are levied against FANR, then, at FANR's option, either the Consultant shall promptly reimburse FANR in respect of all such cancellation fees or charges or FANR shall set off all such fees or charges against any payments to be made by FANR to the Consultant under this Agreement. FANR (at its absolute discretion) may give reasonable consideration to waiving the cancellation fees resulting from personal emergencies, illness, airline connecting flight delays, or any other event that is clearly beyond the control of the Consultant's Personnel, provided that the Consultant sends FANR a justification letter (not an email) explaining why FANR should consider waiving such fees.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

If the Consultant makes its own travel arrangements, FANR shall reimburse the reasonable cost of airfares and other travel related expenses only if the Consultant receives the prior written approval of FANR prior to incurring such costs and expenses. Subject to the paragraph below in respect of Per Diem (hereinafter defined), all airfare and hotel costs and expenses shall be reimbursed at actual cost with no additional mark-ups, administrative fees and/or other costs, fees or expenses. The Consultant shall use all reasonable efforts to secure the lowest reasonable airfares for which it seeks reimbursement under this Agreement using business class airfare: on a reasonably direct route without an excessive number of stops. FANR will respond to any Consultant request for making its own travel arrangements within five (5) business days of receipt of the request.

While (a) in the UAE, or (b) in transit to the UAE from North America or the USA requiring overnight travel exceeding seven hours, or (c) in transit from the UAE to North America or to the USA requiring overnight travel exceeding seven hours (in connection with the performance of the Services), each member of the Consultant's Personnel performing the Services shall be entitled to a AED *[Redacted]* allowance (the "Per Diem"). The Per Diem covers all of such Personnel's accommodation, meals, local ground transportation and other non airfare-related costs incurred with respect to travel pre-approved by FANR. If FANR makes arrangements for, and pays such Personnel's hotel costs, then such hotel costs shall be deducted from the Per Diem payable to the Consultant's Personnel, provided that the Per Diem payable to the Consultant's Personnel shall not be less than AED *[Redacted]*. (As an example, if FANR books a hotel room for the Consultant's Personnel at a rate of AED *[Redacted]* per night, then subject to this Schedule 4, the Per Diem payable by FANR for such Personnel for such day shall be AED *[Redacted]*. However, if FANR books a hotel room for the Consultant's Personnel, at a rate of AED *[Redacted]* per night, then subject to this Schedule 4, the Per Diem payable by FANR for such Personnel for such day shall be AED *[Redacted]*). Unless otherwise approved by FANR in writing, FANR shall not reimburse the Consultant for meals, ground transportation or other daily non-airfare costs and expenses in excess of the Per Diem. No other costs or expenses incurred by the Consultant will be reimbursed or paid by FANR unless such costs and/or expenses are pre-approved by FANR in writing.

The Per Diem allowance may be increased by FANR in accordance with its ISO Per Diem Policy.

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

All pre-approved travel expenses, including airfare, the Per Diems or any other approved costs incurred by the Consultant shall be billed to FANR in accordance with the payment mechanisms provided in this Schedule 4. To facilitate timely and accurate invoicing, FANR shall provide the Consultant with information pertaining to the Consultant Personnel's hotel costs (for deduction from Consultant's invoice) within five (5) calendar days after completion of the return travel.

4.5 Payment

Payments shall be made in accordance with clause 9 and shall be remitted to the following address:

Lloyd's Register EMEA
Suite No. 401/A, The Blue Tower
P.O. Box 997,
Sheikh Khalifa Street,
Abu Dhabi, United Arab Emirates
Fax: +971 2 627 1773
Attention: Accounts Receivable

Schedule 4-4

**SCHEDULE 5
THE INSURANCES**

PART A — LR INSURANCES

Insurance Coverage	Indemnity Limits
<p>Workmen’s Compensation (including Employer’s Liability) covering the Personnel of LR for all compensation and other benefits required by the Workmen’s Compensation or similar statutory insurance laws of any nation or governmental authority thereof anywhere in the world to which Services are subject, in respect of liability for bodily injury by accident or disease, including death resulting therefrom, sustained by any Personnel of the Consultant arising out of and in the course of employment.</p>	<p>The limit of liability under the Employer’s Liability Section of such insurance coverage shall be the greater of the requirements of applicable laws and:</p> <ul style="list-style-type: none"> - US\$100,000 per disease (up to a policy limit of US\$500,000 for diseases); and - US\$100,000 per accident
<p>Motor Vehicle Third Party and Passenger Liability Insurance in respect of death of or injury to persons and/or loss of or damage to property in respect of motor vehicles used in connection with the performance of the Services.</p>	<p>The limit of liability of such insurance coverage shall be the greater of US\$1,000,000 per any one occurrence and the requirements of applicable laws.</p>
<p>Public Liability Insurance against any property damage or destruction or loss of use and/or any death, illness, disease or personal injury, physical or mental, of a third party caused by, arising out of or in any way connected with the performance of the Services.</p>	<p>The limit of liability of such insurance coverage shall not be less than:</p> <ul style="list-style-type: none"> - US\$1,000,000 per occurrence - US\$10,000 medical expenses per any one person - US\$1,000,000 per Occurrence for personal or advanced injury - US\$2,000,000 general aggregate <p>US\$2,000,000 for products (Completed Operations/Product Liability Aureole)</p>
<p>All Risks Insurance in respect of any property of LR (including its respective shareholders, Personnel, officers, directors and agents, and its Subcontractors including their respective shareholders, Personnel, officers, directors and agents), whether owned, hired or leased, including loss of use thereof, arising out of or in connection with the performance of the Services.</p>	<p>Shall be the greater of the requirements of applicable laws and US\$167,000 per occurrence.</p>
<p>Professional Indemnity Insurance in respect of Liability arising out of any alleged or actual negligent act, negligent error or negligent omission committed by LR in the course of performance of the Services</p>	<p>The limit of liability of such insurance coverage shall not be less than GBP 2,000,000 per any one claim,</p>

PART B — LB INSURANCES

Insurance Coverage	Indemnity Limits
<p>Workmen’s Compensation (including Employer’s Liability) covering the Personnel of LB for all compensation and other benefits required by the Workmen’s Compensation or similar statutory insurance laws of any nation or governmental authority thereof anywhere in the world to which Services are subject, in respect of liability for bodily injury by accident or disease, including death resulting therefrom, sustained by any Personnel of the Consultant arising out of and in the course of employment.</p>	<p>The limit of liability under the Employer’s Liability Section of such insurance coverage shall be the greater of the requirements of applicable laws and:</p> <ul style="list-style-type: none"> - US\$100,000 per disease (up to a policy limit of US\$500,000 for diseases); and - US\$100,000 per accident
<p>Motor Vehicle Third Party and Passenger Liability Insurance in respect of death of or injury to persons and/or loss of or damage to property in respect of motor vehicles used in connection with the performance of the Services.</p>	<p>The limit of liability of such insurance coverage shall be the greater of US\$1,000,000 per any one occurrence and the requirements of applicable laws.</p>
<p>Public Liability Insurance against any property damage or destruction or loss of use and/or any death, illness, disease or personal injury, physical or mental, of a third party caused by, arising out of or in any way connected with the performance of the Services.</p>	<p>The limit of liability of such insurance coverage shall not be less than:</p> <ul style="list-style-type: none"> - US\$1,000,000 per occurrence - US\$10,000 medical expenses per any one person - US\$1,000,000 per occurrence for personal or advanced injury - US\$2,000,000 general aggregate <p>US\$2,000,000 for products (Completed Operations/Product Liability Aggregate)</p>
<p>All Risks Insurance with respect of any property of LB (including its respective shareholders, Personnel, officers, directors and agents, and its Subcontractors including their respective shareholders, Personnel, officers, directors and agents), whether owned, hired or leased, including loss of use thereof, arising out of or in connection with the performance of the Services.</p>	<p>Shall be the greater of the requirements of applicable laws and US\$167,000 per occurrence.</p>

**SCHEDULE 6
FORM OF REQUEST FOR SUPPLEMENTARY SERVICES**

Pursuant to clause 2.1 of the consultancy agreement (the “**Agreement**”) entered into on 1 June 2014, between The Federal Authority for Nuclear Regulation “**FANR**”) and Lloyd’s Register EMEA (“**LR**”) and Lightbridge Corporation (“**LB**”, and together with LR being referred to herein collectively as (the “**Consultant**”) and each being a “**Party**” and collectively the “**Parties**”, the undersigned, being duly authorized representatives of the Parties, hereby conclude this supplementary services agreement (the “**SSA**”) and agree as follows:

DESCRIPTION OF SERVICES	
PERSONNEL	
START DATE	
END DATE	
FEE¹	
ADDITIONAL INFORMATION	

This SSA shall be construed under and governed by the laws of Abu Dhabi, United Arab Emirates, and the Federal Laws of the United Arab Emirates, without giving effect to the principles of conflicts or choice of law provisions therein.

All disputes or controversies arising out of, related to, or in connection with this SSA shall governed by clause 31 (Dispute Resolution) of the Agreement (except such clause shall be amended such that the word “**Agreement**” shall be replaced by “**SSA**” throughout clause 31) and clause 31 (as amended) shall be applicable as if it was set out in full herein.

The Parties agree and acknowledge that the provisions of the Agreement, except as amended to incorporate changes made by this SSA, shall remain in full force and effect.

[Signature Page Follows]

¹ Any Supplementary Services proposed herein that exceed 5% or the total value of the Agreement will require the approval of the FAN R tender committee, which must be obtained prior to executing this SSA.

The Parties have caused their duly authorised representatives to execute and deliver this SSA as of [DATE].

For and on behalf of: **The Federal Authority for Nuclear Regulation**

By: _____
Name:
Title:

For and on behalf of: **Lloyd's Register EMEA**

By: _____
Name:
Title:

For and on behalf of: **Lightbridge Corporation**

By: _____
Name: Seth Grae
Title: President and Chief Executive Officer

SCHEDULE 7
KEY PERFORMANCE INDICATORS

In performing the Services, the Consultant shall meet the Key Performance Indicators (“**KPIs**”) set forth in each particular Task Order and shall ensure that all of its Personnel and subcontractors performing the Services on its behalf meet the KPIs. If any KPI is not met (as determined by FANR acting reasonably) FANR shall be entitled, without prejudice to any other remedy of FANR under the Agreement, to deduct the amount set forth in each Task Order for each instance of breach from any Fees payable to the Consultant in respect of the Task Order to which such breach of the KPI applies. Total deductions for failure to meet the KPIs under this Agreement shall be capped at * **[Redacted]** % of the aggregate value of the applicable Task Orders issued during the Term. Additionally, if one or more breaches of a given KPI occurs, the Consultant will, at the request of FANR (and at no cost or expense to FANR) prepare a corrective action plan, within three (3) business days of FANR’s request, regarding the same.

* **[Redacted]** indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

**SCHEDULE 8
FORM OF TASK ORDER**

Lloyd's Register EMEA
Suite No. 401/A, The Blue Tower
P.O. Box : 997,
Sheikh Khalifa Street,
Abu Dhabi, United Arab Emirates
Fax: +971 2 627 1773
Attention: Susan Steyn

Lightbridge Corporation
1600 Tysons Boulevard,
Suite 550,
Tysons Corner,
VA 22102 USA,
Fax: 4- 1,571. 730.1260
Attention: James Guerra

_____201_____

TASK ORDER NO. [X]

Dear Mr. Sirs,

The Federal Authority for Nuclear Regulation ("**FANR**") writes to confirm that FANR is issuing Lloyd's Register EMEA and Lightbridge Corporation (collectively, the "**Consultant**") this task order no. [X] (this "**Task Order**"), pursuant to the consultancy agreement entered into by and between FANR and the Consultant dated 1 June 2014 (the "**Agreement**"). The details of the services to be completed under this Task Order are described in Section 1 of this Task Order (the "**Services**"). The Services are to be completed in accordance with the terms of the Agreement.

The Consultant shall not commence the Services until FANR has received the enclosed duplicate original of this Task Order executed by the Consultant and the conditions listed in Section 1 of this Task Order and paragraph 3 of Appendix 1 of this Task Order are fully satisfied.

Yours faithfully,

[NAME]
For and on behalf of The Federal Authority for Nuclear Regulation

Schedule 8-1

Section I — Services

Tasks and Subtasks to be completed	List of Deliverables and Deliverable due dates for each Task and Subtask
[1]	
(a)	
(b)	
(c)	
(d)	
(e)	
[2]	
(a)	
(b)	
(c)	
(d)	
(e)	
[3]	
(a)	
(b)	
(c)	
(d)	
(e)	

[Note: insert as many Tasks and Subtasks in Section I of this Task Order as required by FANR]

FANR and the Consultant acknowledge and agree that the Services shall be performed in accordance with Schedule 1 of the Agreement and categorized as in the table immediately above. The number of total person hours (and associated fees) shall be equitably adjusted in accordance with clause X.4 of the Agreement.

Conditions Related to this Task Order

Except with respect to any task order executed between FANR and the Consultant on or before the date of the Agreement and/or which involves the development of the Project Plan (as defined below), the Consultant shall not commence any of the following Tasks, Subtasks or activities without specific prior written approval from FANR:

- a. Any Task or Subtask that is not explicitly specified in the project plan agreed between FANR and the Consultant (the “**Project Plan**”); and
- b. [insert other restrictions (if any)].

Section 2 — Number of Hours for Each Task

Grade	Task	Maximum Number of Hours to be Used	Total Number of Hours Per Grade
•	[1]		
	[2]		
	[3]		
•	[1]		
	[2]		
	[3]		
•	[1]		
	[2]		
	[3]		
•	[1]		
	[2]		
	[3]		
•	[1]		
	[2]		
	[3]		
•	[1]		
	[2]		
	[3]		

Note: After execution of this Task Order, FANR and the Consultant may mutually agree in writing to adjust the allocation of hours between the Grades set forth above in this Section 2.

Consultant's Personnel to be engaged in Services for this Task Order	Grade	Hourly Rate (in accordance with <u>Schedule 4</u> of the Agreement)
[insert name]	[insert Grade]	[insert hourly rate]

Section 3 — Fee

The cost of providing the Services for this Task Order shall not, without the prior written consent of FANR, exceed the amount of (United Arab Emirates Dirhams [X] and [X] Fils Only) AED [X] (the "Fee")

Section 4 — Commencement and Completion Date

Commencement date of the Services (the “ Commencement Date ”)	
Completion date of all the Services under this Task Order (the “ Completion Date ”)	

Section 5 — Project Management

The Project Manager for FANR for this Task Order shall be:	
Name:	-
Address:	-
Telephone:	-
Email:	-
Fax:	-

The Project Manager for the Consultant for this Task Order shall be:	
Name:	-
Address:	-
Telephone:	-
Email:	-
Fax:	-

Section 6 — Key Performance Indicators

The Key Performance Indicators (“**KPIs**”) applicable to this Task Order are set forth below.

[INSERT]

The following Deliverables shall be specifically excluded from the Financial Deduction for Breach (AED) of any of the aforementioned KPIs.

Deliverable	Reason for Exclusion

Section 7 - Signatures

FANR and the Consultant have caused their duly authorised representatives to execute and deliver this Task Order as of [201[].

For and on behalf of: **The Federal Authority for Nuclear Regulation**

By: _____
Name:
Title:

For and on behalf of: **Lloyd's Register EMEA**

By: _____
Name:
Title:

For and on behalf of: **Lightbridge Corporation**

By: _____
Name: Seth Grae
Title: President and Chief Executive Officer

Appendix 1

TASK ORDER DETAILS

The details and requirements for this Task Order are as follows:

1. SERVICES AND DELIVERABLES

- 1.1 This Task Order is concerned with the Services described in Section 1 of this Task Order. With respect to the Services described in Section I of this Task Order, the Consultant shall [insert any Task Order specific standards and specs].
- 1.2 Where this Task Order describes parts of the Services in general terms, but not in complete detail, it is understood that the Services include any incidental work and/or services that can reasonably be inferred as required and necessary to complete the Services.

2. FEES AND EXPENSES

The Fee for the Services provided under this Task Order is based on the schedule of rates set forth in Schedule 4 of the Agreement and the total cost of providing the Services shall not exceed the Fee specified in Section 3 of this Task Order without the consent of FANR. The Consultant acknowledges that the Services may require staff to work outside of normal working hours, but Consultant shall not be entitled to any additional fee or remuneration in addition to the Fee in relation to providing the Services outside of normal working hours, unless pre-approved by FANR in writing.

3. PROJECT MANAGEMENT

FANR and the Consultant shall mutually agree upon a Project Plan for providing the Services. The Consultant shall not commence providing the Services until (i) the Project Plan is agreed, and (ii) FANR issues the Consultant a formal notice to proceed. Additionally, the Project Manager for each of FANR and the Consultant is specified in Section 5 of this Task Order. For the avoidance of doubt, the Project Plan shall include the items listed in Schedule 2 of the Agreement, if any, and such other information requested by FANR.

4. INVOICES

- 4.1 The Consultant shall be entitled to submit an invoice to FANR for the Fee (or any prorated portion of the Fee), as well as for any pre-approved expenses (approved in accordance with clause 8 of the Agreement) incurred during provision of the Services in respect of this Task Order in accordance with clause 9 of the Agreement.
- 4.2 In support of the Fee (or any prorated portion of the Fee) and any applicable pre- approved expenses, the invoice shall be accompanied by such supporting information and documentation as required pursuant to clause 9 of the Agreement and payment shall be made by FANR in accordance with said clause 9.

5. COMPLIANCE

The Consultant's performance of the Services shall comply with all applicable laws, rules, regulations, proclamations and orders, both in the United Arab Emirates and in any other relevant jurisdiction, including all laws related to obtaining any required business or work permits or licenses, the health and safety of its employees, immigration, and customs as well as any other requirements referenced in the Agreement or specifically included in this Task Order.

6. COMMENCEMENT AND COMPLETION

The Commencement Date of the Services is specified in Section 4 of this Task Order. The Completion Date of the Services is specified in Section 4 of this Task Order and may be extended only upon the mutual written agreement of FANR and the Consultant.

7. ADDITIONAL PROVISIONS

7.1 Key Performance Indicators In performing the Services, the Consultant shall use its best efforts to meet the KPIs set forth in this Task Order and shall ensure that all of its Personnel and subcontractors performing the Services on its behalf meet the KPIs, Total deductions for failure to meet the KPIs in respect of this Task Order shall be capped at the maximum amount of ***[Redacted]*%** of the Task Order value.

7.2 Application of the Agreement All of the terms and conditions of the Agreement remain in full force and effect and shall apply to the Services and the management and administration of this Task Order unless the Agreement is specifically modified by the terms and conditions of this Task Order.

Furthermore, all Capitalized terms used but not defined in this Task Order shall have the meaning ascribed to them in the Agreement.

* ***[Redacted]*** indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

DATED

22/06/2014

RELATIONSHIP DEED

between

LLOYD'S REGISTER EMEA

and

LIGHTBRIDGE CORPORATION

CONTENTS

CLAUSE		
1.	Interpretation	1
2.	Commencement and duration	2
3.	Provision of Work	2
4.	Payment	2
5.	Duties, powers and restrictions	3
6.	Liability	3
7.	Termination	4
8.	Entire agreement	4
9.	Notices	5
10.	Governing law and jurisdiction	6
11.	Confidentiality	6
12.	Counterparts	6

SCHEDULE

SCHEDULE 1 SERVICES TO BE PERFORMED BY LR	7
SCHEDULE 2 SERVICES TO BE PERFORMED BY LB	8
SCHEDULE 3 LIGHTBRIDGE HOURLY RATES	9

THIS DEED is dated 22/06/2014

PARTIES

- (1) **LLOYD'S REGISTER EMEA** (registered number IP29592R) an Industrial Society registered in England and Wales, whose principal branch office in Abu Dhabi is at Suite No. 401/A, the Blue Tower, P.O. Box 997, Sheikh Khalifa Street, Abu Dhabi, United Arab Emirates, commercial registration no. CN- 1001482 ("**LR**").
- (2) **LIGHTBRIDGE CORPORATION**, whose principal office is at 1600 Tysons Boulevard, Suite 550, Tysons Corner, VA 22102 USA, ("**LB**").

Hereinafter each a "party" and together the "parties".

BACKGROUND

- (A) **WHEREAS** the parties have already, or intend to, enter into a tripartite agreement with the Federal Authority for Nuclear Regulation, established pursuant to United Arab Emirates Federal Law No. (6) of 2009, whose principal offices are at Crescent Tower, Mezzanine Floor, Sheikh Zayed First Street, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates and Al Ahlia Tower, Mezzanine Floor, Khalidiya, P.O. Box 112021, Abu Dhabi, United Arab Emirates ("**FANR**") in respect of certain project management, construction inspection and oversight services, in relation to the Barakah nuclear power plants in the United Arab Emirates, and related work (the "**FANR Agreement**")
- (B) **WHEREAS** the parties wish to clarify their relationship in respect of the FANR Agreement by means of this Deed.

AGREED TERMS

1. **INTERPRETATION**

- 1.1 The schedules form part of this Deed and shall have effect as if set out in full in the body of this Deed. Any reference to this Deed includes the schedules.
- 1.2 Unless the contract otherwise requires, words in the singular include the plural and in the plural include the singular.
- 1.3 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and includes any subordinate legislation made from time to time under it.
- 1.4 A reference to **writing** or **written** includes faxes and e-mail.
- 1.5 Any words following the terms **include, including, in particular** or for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding them.

2. COMMENCEMENT AND DURATION

This Deed shall be deemed to commence on the earlier of: (i) the signing of this Deed; or (ii) the entering into force of the FANR Agreement. It shall continue on the terms of this Deed until it is terminated in accordance with clause 7.

3. PROVISION OF WORK

The parties agree that their relative scopes of work are described in Schedules 1 and 2 (which may be updated from time to time by the written agreement of the parties, such agreement not to be unreasonably withheld or delayed). In accordance with Schedule 3, LB will invoice LR at the rates set out in the FANR Agreement * [Redacted]*.

4. PAYMENT

- 4.1 Clause 9.1 of the FANR Agreement states that: "*the Consultant shall submit to FANR no more than one (1) invoice per calendar month*", and that the account details are to be shown on the invoice. For the avoidance of doubt, the relevant bank account shall be LR's bank account.
- 4.2 LB shall raise invoices to LR in respect of the relevant orders which they have undertaken, together with any relevant accompanying documents such as weekly timesheets.
- 4.3 In the event of an order in which both LR and LB are providing services, the parties shall agree between themselves the relative value of their contributions and fee entitlement.
- 4.4 LR shall pay LB's valid invoices within 30 days of receiving them, provided that the relevant payment has been received by LR from FANR.

5. DUTIES, POWERS AND RESTRICTIONS

- 5.1 Each party shall at all times comply with and shall ensure that all of their personnel comply with (i) all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption including but not limited to the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act of 1977, and (ii) Lloyd's Register's Anti-Bribery and Anti-Corruption Policy (available at <http://www.lr.org/documents/223207-antibribery-and-anticorruption-policy.aspx>), as updated from time to time. In particular, the parties must not offer or pay bribes, and must report to LR any requests for bribes received. In the event of a breach of this clause 5.1, the non-offending party may terminate this Deed without notice and the offending party will not be entitled to claim any compensation or further remuneration. Furthermore, the offending party shall be liable for and shall indemnify the other party against any and all claims, actions, liabilities, losses, damages or expenses (including legal expenses) incurred.

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

5.2 During the duration of this Deed and for a period of twelve (12) months thereafter, the parties shall not (without the prior written consent of the other party), solicit for employment, or offer employment to, or enter into any contract for services with, any individual employed or subcontracted by the other party (or any individual who was employed or subcontracted by the other party in the preceding twelve (12) months, as calculated from the date of such solicitation or offer).

6. LIABILITY

6.1 Notwithstanding any other provision in the FANR Agreement to the contrary, in the event of a claim arising, the defaulting party (who are in breach of either the FANR Agreement or this Deed) shall indemnify the other party, their estates and successors from and against all liabilities, costs, expenses, damages and losses and all other reasonable professional costs and expenses) resulting from that breach, without prejudice to any other right or remedy of the other party howsoever arising. In no event will the defaulting party's liability arising under this clause 6.1 exceed the other party's liability arising under the FANR Agreement.

6.2 Each party will be responsible directly to third parties for any demands, suits, costs, claims, expenses, actions, proceedings, or damages of any kind or nature, including attorney's fees and costs, to the extent caused by the negligence or other fault of the responsible party or any of its directors, officers, employees, agents, or subcontractors. If the third party files an action against one party, who believes the other party is at fault, either wholly or partially, then the defending party may bring the responsible party into the action to answer directly to the third party. Nothing in this clause shall preclude either party from raising any defense available in law and or any relevant jurisprudence.

6.3 Neither party shall be liable for any indirect, consequential, special and/or punitive loss arising out of or related to this Deed, provided that nothing in this clause 6.3 is intended to prevent, limit or exclude the party's liability for fraud, wilful misconduct or gross negligence, or any breach by either party of clauses 5 or 11 of this Deed.

6.4 In the event of disagreement about the issue of who is liable and the degree of culpability, this will be dealt with as per clause 10 of this Deed.

7. TERMINATION

7.1 This Deed shall terminate immediately upon the termination of the FANR Agreement.

7.2 Each party may terminate this Deed by giving written notice to the other party if:

- (a) the other party commits any serious breach or persistent breaches of this Deed which remain uncured for thirty (30) days after notice of such breach being given to the relevant party; or
- (b) the other party has a bankruptcy order made against it, enters into any composition or arrangement with or for the benefit of his creditors, or other similar actions; or
- (c) is guilty of conduct which, in the reasonable opinion of the other party, is likely to have a serious adverse effect on the provision of services under the FANR Agreement;
- (d) the other party is in breach of clause 32 of the FANR Agreement (Conflicts).

8. ENTIRE AGREEMENT

8.1 This Deed constitutes the entire agreement between the parties (other than the FANR Agreement, which shall be subject to the terms of this Deed) and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter. This Deed may be updated and/or varied from time to time with the express written agreement of both parties, such agreement not to be unreasonably withheld or delayed.

8.2 No party shall have a claim for innocent or negligent misrepresentation (or negligent misstatement) based upon any statement in this Deed.

8.3 Nothing in this clause shall limit or exclude any liability for fraud.

9. NOTICES

9.1 A notice given to a party under or in connection with this Deed shall be in writing and sent to the party at the address or DX number or to the fax number or e-mail address given in this Deed or as otherwise notified in writing to the other party

9.2 The following table sets out methods by which a notice may be sent and, if sent by that method, the corresponding deemed delivery date and time:

Delivery method	Deemed delivery date and time
Delivery by hand.	On signature of a delivery receipt or at the time the notice is left at the address.
Pre-paid first class recorded delivery post or other next working day delivery service providing proof of postage.	9.00 am on the second business day after posting or at the time recorded by the delivery service.
Pre-paid airmail providing proof of postage.	9.00 am on the fifth business day after posting or at the time recorded by the delivery service.
Fax.	At the time of transmission.
E-mail	At the time of transmission.

9.3 For the purpose of clause 9.2 and calculating deemed receipt:

- (a) all references to time are to local time in the place of deemed receipt; and
- (b) if deemed receipt would occur in the place of deemed receipt on a weekend or a public holiday when banks are not open for business, deemed receipt is deemed to take place at 9.00 am on the day when business next starts in the place of receipt.

9.4 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

9.5 A notice given under or in connection with this Deed is valid if sent by e-

10. GOVERNING LAW AND JURISDICTION

10.1 This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non- contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

10.2 The parties irrevocably agree that the courts of England and Wales have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Deed or its subject matter or formation (including non-contractual disputes or claims).

11. CONFIDENTIALITY

Each party undertakes that it will not at any time hereafter use, divulge or communicate to any person, except to its professional representatives or advisers or as may be required by law or any legal or regulatory authority, any confidential information relating to this Deed

12. COUNTERPARTS

This Deed may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute the one Deed.

13. DOCUMENTS AND RECORDS

13.1 Both parties shall have the right at any time until seven years after completion of the services to carry out an audit of the other party's books and records relating to the services (except where a party can show that the information is commercially sensitive) upon reasonable notice. All documents and records relating to the services shall be retained by the parties for seven years.

13.2 The record keeping and audit obligations set out in clause 13 shall extend to all payments made by the parties in connection with this Deed.

FANR TSO Resources — Lloyd's Register

Key roles:

- Project Manager
- Technical Manager

<p>Inspection Programme Management</p> <ul style="list-style-type: none"> • Plans for each inspection; (technical lead) • Development and coordination of resource plans and schedules; (LR) • Monitoring plans and the execution of schedules; • Specification, development and maintenance of FANR inspection database; (LR) • Document and records management (LR)
<p>UAE Inspection (Site/ ENEC etc) *[Redacted]*</p>
<p>Management Systems/Quality Assurance</p>
<p>Mechanical Installation</p> <ul style="list-style-type: none"> • Reactor Vessel and RV internals • Piping and Support Systems • HVAC
<p>Welding/ NDE</p>
<p>Electrical/ instrumentation and control,</p> <ul style="list-style-type: none"> • Electrical Cable Installation Activities • Electrical Component Installation • Instrumentation Component
<p>Engineering Design Verification (EDV) inspection on the design authority (Korea)</p>
<p>Vendor Inspections</p> <p>*[Redacted]*</p> <p>- Korea / Japan</p> <p>- Europe (Germany)</p> <p>- US</p>

* *[Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

FANR TSO Resources —Lloyd’s Register

Key Roles:

- Chief Nuclear Officer

Inspection Programme Management
<ul style="list-style-type: none"> • Annual Inspection Plan / Programme (for each unit) (LB) • plans for each inspection; (technical lead)
UAE Inspection (Site/ ENEC etc)
[Redacted]
Management Systems/Quality Assurance — as needed
Structures
<ul style="list-style-type: none"> • Geotechnical and Foundation • Structural Concrete • Containment
Mechanical Installation (if needed)
<ul style="list-style-type: none"> • Reactor Vessel and RV internals • Piping and Support Systems • HVAC
Welding/ NDE (if needed)
Electrical/ instrumentation and control,
<ul style="list-style-type: none"> • Electrical Cable Installation Activities • Electrical Component Installation • Instrumentation Component
Fire protection
Engineering Design Verification (EDV) inspection on the design authority (Korea) —as needed
Vendor Inspections
[Redacted]
- Korea / Japan As required
- Europe (Germany) As Required
- US—As required

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Schedule 3 Lightbridge Hourly Rates

Lightbridge Corporation will invoice Lloyds Register EMEA at FANR agree rates*[Redacted]*. FANR rates listed in table below

Grade	2014 Hourly Rate (AED)	2015 Hourly Rate (AED)	2016 Hourly Rate (AED)	2017 Hourly Rate (AED)
Expert Technical Specialist	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Senior Technical Specialist	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Technical Specialist	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Experienced Technical Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Technical Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Entry Level Technical Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Project Management Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*
Support Staff	*[Redacted]*	*[Redacted]*	*[Redacted]*	*[Redacted]*

* [Redacted]* indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Signed as a deed by **LLOYD'S**)
REGISTER EMEA acting)
by N.D.A.M. Nooren, a director) /s/ N.D.A.M. Nooren 22/06/2014
in the presence of:) Director

Witness Signature _____

Witness Name (block capitals) _____

Witness Address _____

Signed as a deed by **LIGHTBRIDGE**)
CORPORATION acting)
By Seth Grae, a director) /s/ Seth Grae
in the presence of:) Director

Witness Signature /s/ Jon Johnson _____

Witness Name (block capitals) Jon Johnson _____

Witness Address 1600 Tysons Blvd Suite 550, McLean VA 22102 USA _____

STRATEGIC ALLIANCE AGREEMENT

This STRATEGIC ALLIANCE AGREEMENT (including the exhibits and schedules hereto, this "**Agreement**") is made and entered into this 16 day of August, 2012 (the "**Effective Date**") by and between Lightbridge Corporation, a Nevada Corporation ("**Lightbridge**"), and Lloyds Register FNMA, acting through its office in Abu Dhabi ("**Lloyds**" and, together with Lightbridge, the "**Parties**").

BACKGROUND

Lightbridge and Lloyds believe that, by cooperatively combining their considerable experience, expertise and financial and market resources, they can increase the volume of business they can conduct in in the area of nuclear consulting and strategic advisory services in the United Arab Emirates. Accordingly, in consideration of the foregoing and of the mutual representations, warranties, covenants and agreements contained in this Agreement and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound by this Agreement, agree as follows:

**ARTICLE I
DEFINITIONS**

As used in this Agreement:

"**Affiliate**" shall mean, with respect to any referenced Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such referenced Person.

"**Business Day**" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York or London are generally authorized or required to close.

"**Confidential Information**" shall mean, as to any Party as a Recipient, (a) all non-public written, graphic, oral, electromagnetic or other information (including technical, financial and business information regarding models, market studies, business plans, clients' names, reports, plans, projections, data or any other information) relating to the business, strategy, prospects or plans of the other Party or any of the other Party's Affiliates and (b) any reproductions, copies, notes, analyses, work papers, compilations, studies, interpretations or any other document or information derived from any of the foregoing.

"**Project**" shall mean any undertaking involving the provision of nuclear consulting or strategic advisory services to any entity in the United Arab Emirates.

"**Government Authority**" shall mean any national, federal, provincial, state, prefectural or municipal governmental tribunal or organization, or any political subdivision, instrumentality, Ministry, department, legislative body, agency, court, tribunal, authority, corporation, commission or other body or entity of, or under the direct or indirect control of, any of the foregoing, including any central bank or other fiscal, monetary or other authority.

“**Law**” shall mean any law, statute, ordinance, act, legislation, bill, enactment, policy, treaty, international agreement, ordinance, judgment, injunction, award, decree, rule, regulation, interpretation, determination, requirement, writ or order of, or any term of any license or permit issued by, any Government Authority.

“**Person**” shall mean any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity.

“**Recipient**” shall mean each Party, whenever it has received or is receiving Confidential Information directly or indirectly from the other Party or any of its Affiliates.

ARTICLE II GENERAL SCOPE; RELATIONSHIP OF THE PARTIES

Section 2.1 General Scope. During the term of this Agreement, the Parties shall actively seek attractive Projects and, in pursuit of any potential Project, shall promote the Lightbridge-Lloyds strategic alliance whenever given the opportunity to do so. Each Party shall present to the other Party every potential Project which such Party desires to pursue.

Section 2.2 Relationship of Parties. With respect to any Project, regardless of which Party identified such Project, the Parties agree that Lloyds shall act as prime contractor on any Project and that Lightbridge shall have a right of first refusal to participate in such Project as a sub-contractor to Lloyds, and shall be entitled to perform such work which would generate up to twenty-five percent (25%) of the total fees payable to Lloyds as general contractor under the Project.

Section 2.3 Identification of Projects. Upon identification of a Project, the Parties shall jointly prepare a proposed plan for the acquisition and execution of the Project, which shall include a detailed forecasted budget therefore. Upon the award of a prime contract regarding a Project to Lloyds, the Parties shall attempt in good faith to negotiate and enter into a subcontract agreement whereby the scope of Lightbridge's services on the Project, and compensation to Lightbridge therefore, shall be specified.

Section 2.4 No Commitment. Notwithstanding anything to the contrary, the Parties understand and agree that each Party shall have the right, at all times and in their sole and absolute discretion, to pursue or not pursue or continue with or not continue with a Project and that neither Party shall have any obligation or liability to the other Party arising out of or relating to a decision not to pursue a Project for any reason. Each Party agrees that it shall not pursue any damages against the other Party or any of its Affiliates arising out of or relating to a decision by such Party or any of its Affiliates not to pursue or continue with a Project, regardless of the reason for such decision.

ARTICLE III COMPLIANCE WITH LAWS

Each Party shall, and shall cause its Affiliates to, at all times, comply in all respects with all applicable Laws in connection with the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, each Party (the “**Relevant Party**”) shall not, and shall cause its Affiliates not to, do or cause to be done any of the following in connection with the transactions contemplated by this Agreement: (a) directly or indirectly through any other Person, pay, offer to pay, promise to pay, or authorize the payment of any monies or anything of value to any official or employee of any Government Authority or any political party or candidate for political office for the purpose of illegally or improperly inducing or rewarding any action by such official, employee or candidate favorable to the Relevant Party or any of its Affiliate or (b) take any other action that, if taken by a Person subject to United States law, would violate the United States Foreign Corrupt Practices Act. Each Party acknowledges and agrees that is familiar with the United States Foreign Corrupt Practices Act.

**ARTICLE IV
CONFIDENTIALITY**

Section 4.1 Obligation to Maintain and Protect Confidentiality. The Recipient agrees that it shall receive, protect and maintain the Confidential Information in the strictest confidence. The Recipient agrees to keep all of the Confidential Information confidential, not to use that Confidential Information other than for the purpose of this Agreement and not to disclose the same to any Person other than in accordance with this Agreement without the prior written consent of the Party from whom such Confidential Information was received, unless:

- (a) the Recipient is required to make the disclosure by Law or under any administrative guideline or directive (whether or not having the force of Law) the observance of which, if not having the force of Law, is in accordance with the practice of responsible persons similarly situated;
- (b) the disclosure is necessary for the purpose of obtaining any consent, authorization, approval or license from any Government Authority with respect to the transactions effected pursuant to this Agreement;
- (c) it is necessary that the disclosure be made to any taxation or fiscal authority;
- (d) the disclosure is made in accordance with Section 4.3 to the officers, employees, or agents of the Recipient, or to the professional advisors of the Recipient for the purpose of obtaining professional advice in relation to this Agreement or any matter the subject thereof or otherwise for the purpose of consulting those professional advisors;
- (e) the disclosure is necessary or desirable in relation to any procedure for discovery of documents and any proceedings before any court, tribunal (including any arbitral tribunal) or regulatory body; or

In respect of any Confidential Information to be disclosed by the Recipient pursuant to the exceptions referred to in this Section 4.1, the Recipient must, prior to such disclosure, notify the Party from whom the Confidential Information was received of the need or intention to disclose.

Section 4.2 Exceptions to Confidentiality. The confidentiality provisions contained in this Agreement do not apply to information or details of the Confidential Information which:

- (a) are part of the public domain at the time acquired by the Recipient;
- (b) are not acquired by the Recipient, either directly or indirectly, from the disclosing Party or its Affiliates;
- (c) are made known to the Recipient by a Person who did not acquire knowledge of the information or of the details, either directly or indirectly, under an obligation of confidentiality or has an independent right to disclose same;
- (d) after being made known to the Recipient, becomes part of the public domain through no fault of the Recipient or of any Person to which the Recipient has disclosed details of the Confidential Information; or
- (e) the Recipient can establish were in its possession prior to the date of disclosure of such details by the disclosing Party.

Section 4.3 Disclosure to Affiliates; Safekeeping. The Recipient agrees that prior to disclosure of Confidential Information to any Affiliate, it will inform the Affiliate of the confidential nature of the Confidential Information and require such Affiliate to treat the Confidential Information as confidential according to this Agreement as if such Affiliate were a Recipient. The Recipient shall, and shall cause each of its Affiliate to, use its best endeavors to procure and ensure at all times the safe and confidential storage of Confidential Information in their possession or control. Without limiting the foregoing, the Recipient shall, and shall cause its Affiliate to, safeguard the Confidential Information to the same extent as if it were information of or pertaining to the Recipient, and the Recipient acknowledges that the release, publication or dissemination of the Confidential Information could be harmful to a Project or a Party.

Section 4.4 Return of Confidential Information. The Recipient agrees that upon the written request of the disclosing Party it will promptly (a) return all Confidential Information and any and all copies thereof to the disclosing Party and shall require each of its Affiliate to do likewise or (b) destroy the same and deliver a certificate of destruction to the disclosing Party.

Section 4.5 Survival of Confidentiality Obligations. This Article IV shall survive termination of this Agreement.

ARTICLE V EVENTS OF DEFAULT; TERM AND TERMINATION

Section 5.1 Events of Default. Each of the following events constitutes an event of default (an "Event of Default") by a Party (the "Defaulting Party") under this Agreement:

5.1.1 the Defaulting Party fails to perform in any material respect any obligation under this Agreement, or any representation or warranty made by the Defaulting Party in this Agreement is untrue in any material respect, and such failure is not cured within 30 days after the non-Defaulting Party notifies the Defaulting Party of such failure; or

5.1.2 the Defaulting Party:

(a) files a petition or otherwise commences, or authorizes or acquiesces in the commencement of, a proceeding or cause under any bankruptcy, winding up, liquidation, insolvency, receivership or similar law for the protection of creditors or has such a petition filed or proceeding commenced against it, which, in the case of an involuntary petition or proceeding, remains undismissed and unstayed for 90 days; or

(b) is otherwise adjudicated insolvent or unable to pay its debts as they become due, otherwise makes an assignment for the benefit of its creditors or is dissolved or otherwise terminated.

Section 5.2 Remedies. Upon the occurrence and during the continuation of any Event of Default, the non-Defaulting Party may immediately terminate this Agreement by giving notice to the Defaulting Party. The non-Defaulting Party's remedy set forth in the immediately preceding sentence is not intended to be exclusive and is in addition to, and may be exercised concurrently with, any other right or remedy that may otherwise be available to the Non-Defaulting Party at law or in equity. Without limiting the foregoing and for the avoidance of doubt, the Non-Defaulting Party may recover damages against the Defaulting Party even if this Agreement is terminated (including damages arising out of such termination).

Section 5.3 Term and Termination. This Agreement is effective on the Effective Date and shall continue in effect until the earlier of (a) the fifth (5th) anniversary of the Effective Date, and (b) termination by either Party for any reason upon thirty (30) days' written notice to the other Party; *provided, however*, that no Party shall be able to terminate this Agreement so long as such Party is a Defaulting Party under this Agreement. The occurrence of the Termination Date shall not relieve either Party of any unfulfilled obligation or undischarged liability of such Party relating to the period prior to the Termination Date.

**ARTICLE VI
NOTICE**

Section 6.1 Notices. All notices, consents, demands or other communications (collectively, the "**Notices**") made pursuant to this Agreement shall be in writing, in the English language and signed and correctly dated by the Party sending same. All Notices shall be delivered personally (by courier or otherwise) or by facsimile to the receiving Party at the address given below:

**If to Lightbridge
Addressed to:**

Lightbridge Corporation
1600 Tysons Boulevard
Tysons Corner, VA 22102
Attn: James D. Guerra
Tel.: 571-730-1200

With copy to:

Pillsbury Winthrop Shaw Pittman LLP
2300 N Street, NW
Washington, DC 20037
Attn: Louis A. Bevilacqua
Tel.: 202-663-8158

**If to Lloyds
Addressed to:**

Energy Area Business Manager
Lloyd's Register, EMEA
Festival Office Tower, Suite 2001
Dubai Festival City
Al Rebat Street
Ras Al Khor, Deira
Dubai
United Arab Emirates
Tel.: +971 4 701 4236

With copy to:

Global Nuclear Director
Lloyd's Register
71 Fenchurch Street
London
EC3M 4BS
United Kingdom
Tel: +44 20 7423 1677

Section 6.2 Effective Date of Notices. Any Notice delivered personally shall be deemed to have been given on the date it is so delivered, or upon attempted delivery if acceptance of delivery is refused, and any notice delivered by facsimile transmission shall be deemed to have been given on the first Business Day it is received (or on the first Business Day after it is received, if received on other than a Business Day). Notice given in any other manner shall be deemed to have been given on the first Business Day it is received (or on the first Business Day after it is received, if received on other than a Business Day).

Section 6.3 Change of Address for Notices. A Party may change the address to which Notices hereunder are to be sent to it by giving Notice of such change of address in the manner provided in Section 11.1.

**ARTICLE VII
MISCELLANEOUS**

Section 7.1 No Partnership; No Agency. Nothing contained in this Agreement shall be construed so as to create a partnership, joint venture or common enterprise between the Parties. Neither Party shall be liable for the debts or obligations of the other Party. Each Party shall limit its activities pursuant to the terms of this Agreement to that of the functions and related services expressly set forth herein. Without limiting the foregoing, neither Party is authorized to assume or create any obligation, liability, or responsibility, expressed or implied, on behalf of or in the name of the other Party or any of its Affiliates or to bind the other Party or any of its Affiliates in any manner whatsoever, and neither Party shall hold itself out as an agent or legal representative of the other Party or any of its Affiliates.

Section 7.2 Governing Law. The terms of this Agreement shall be governed by and construed in accordance with the laws of England.

Amendment and Modifications. This Agreement may be amended, modified or supplemented at any time by the Parties but only pursuant to an instrument in writing signed by both of them.

Section 7.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 7.5 Assignment. No Party may assign this Agreement without the prior written consent of the other Party.

Section 7.6 Entire Agreement. This Agreement, together with that certain Non-Circumvention and Confidentiality Agreement, dated December 16, 2011, between Lightbridge and Lloyd's Register Group Services Limited, contains the entire Agreement of the Parties with respect to the transactions contemplated hereby and supersedes all prior understandings and agreements of the Parties with respect to the subject matter hereof.

Section 7.7 Severability. If any provision of this Agreement is held invalid or unenforceable, all other provisions will not be affected. With respect to the provision held invalid or unenforceable, the Parties will amend this Agreement as necessary to effect the original intent of the parties to this Agreement as closely as possible.

Section 7.8 No Third-Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the Parties and their respective successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any Party or give any third person any right of subrogation or action against any Party.

Section 7.9 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different Parties in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of the signature page of this Agreement by facsimile transmission shall be equally as effective as delivery of a manually executed counterpart of this Agreement.

Section 7.10 Expenses. Each of the Parties shall pay its own costs incurred in connection with the negotiation, preparation and execution of this Agreement.

[THE REST OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE REDACTED PORTIONS OF THIS EXHIBIT. THE REDACTIONS ARE INDICATED WITH “*[REDACTED]*”. A COMPLETE VERSION OF THIS EXHIBIT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION.

SCHEDULE 1 — SERVICE ORDER

SUBCONTRACTED SERVICES AGREEMENT ORDER FORM LLOYDS REGISTER ASIA (LR)

Supplier company name	LIGHTBRIDGE CORPORATION (Lightbridge)
Supplier address and contact details	1600 Tysons Boulevard, Suite 550, McLean, VA, 22102, USA
Date of Subcontracted Services Agreement	12 October 2013
Date of Issue of Order	12 October 2013
Details of Work	Project/Job Title: Verification service of EQ, CGID and QVD for KHNP
(include full details of scope)	Discipline/qualification requirements: nuclear safety and regulation, Commercial-Grade Item Dedication
(attach specification if necessary)	(CGID) and Counterfeit, Fraudulent, and Suspect Items (CFSI)
	LR Control Number:
Client name	KHNP
Main Agreement details	Services to be performed under this work order are: <ul style="list-style-type: none"> • From October 4 on, prepare for KHNP kick-off meeting, CFSI and CGID references and draft instructions. • Attend KHNP Kick off meeting; • Prepare work instruction for CGID; • Prepare Implementation Plan for CGID; • Prepare Training material for CGID and CFSI; • Deliver training for CGID and CFSI in Korea; and • Recruit and make arrangements to provide expert technical staff for work herein. • Other activities in relation to the KHNP Contract as directed by LR. <p>Lightbridge to provide work plan on a 2-week basis. LR will inform Lightbridge within 3 days of receipt if there is planned work that should be modified or not be performed.</p>

Special Conditions

- 1.1 Lightbridge will invoice LR for the services on a time and expense basis. Detailed invoices will be provided on a monthly basis with a separate invoice provided as related to each Order of Work.
- 1.2 The Work will be performed by the following staff and the associated cost rate:

<u>Lightbridge Staff</u>	Cost Rate
[Redacted]	(USD per hour)
	[Redacted]

The use of other Lightbridge staff shall be approved by LR and KHNP.

- 1.3 Travel costs incurred by Lightbridge shall be reimbursed by LR at cost. For Seoul, Korea round-trip travel time invoiced to LR shall not exceed 16 hours per round-trip. Lodging in support of travel may be provided and paid by Lloyd's, or may be directed by LR at a specific hotel identified by LR, subject to the condition that the paid or directed lodging is mutually agreeable to LR and Lightbridge. In lieu of certain actual expenses, a per diem of *[Redacted]* for food, taxis, and misc. expenses is authorized.
- 1.4 Lightbridge will be responsible for monitoring and communicating budget status for the work under each order of work and provide weekly time sheet and expenses to LR. Lightbridge will be responsible for communicating needs, if any, for revisions to budgets for any given Order of Work, and Lightbridge will incur cost in excess of authorized budget only if advance written authorization is not provided by LR.
- 1.5 *[Redacted]* will be the Lightbridge Manager responsible for the work.
- 1.6 LR Technical Manager is *[Redacted]* and the project administration contact is *[Redacted]*.

Period of Work

4 October 2013 to 30 January 2014

Notice of period (if applicable)

Not applicable

* [Redacted] indicates confidential information that has been omitted in reliance on Rule 24b-2 of the Securities Exchange Act of 1934. The confidential information has been submitted separately to the U.S. Securities and Exchange Commission.

Location (if applicable) To prepare for and attend meetings in Korea as required; work can be done in additional locations with LR approvals.

Standard hours (if applicable) Not applicable

Hourly rate (if applicable) Standard Hours: as defined in Clause 1.2 of Special Conditions.
Overtime: Not applicable

Price Maximum Contract value of USD 150,000.00 inclusive of expenses and taxes.

Invoicing arrangements Monthly

The terms of the Agreement between LR and the Supplier dated 12 October shall apply.

SIGNED for and on behalf of [INSERT LR ENTITY NAME] /s/ Young-Soo, Kim _____

Name: Young-Soo, Kim _____

Position: Designated Manager

Date: 29 Oct 2013 _____

SIGNED for and on behalf of Lightbridge Corporation [INSERT SUPPLIER'S NAME]

Name: James Guerra /s/ James Guerra _____

Position: Chief Operating Officer _____

Date: 29 October, 2013 _____



CERTIFIED PUBLIC ACCOUNTANTS

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

To the Board of Directors
Lightbridge Corporation
1600 Tysons Boulevard, Suite 550
McLean, VA 22102

We hereby consent to the incorporation by reference in Registration Statement No. 333-135842 on Form S-8 of our report dated November 23, 2015, with respect to the financial statements of Lightbridge Corporation (the "Company"), appearing in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2014.

Anderson Bradshaw PLLC
Salt Lake City, Utah
November 23, 2015

5296 S. Commerce Dr
Suite 300
Salt Lake City, Utah
84107
USA
(T) 801.281.4700
(F) 801.281.4701
abcpas.net



CERTIFIED PUBLIC ACCOUNTANTS

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abcpas.net

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Lightbridge Corporation
1600 Tysons Boulevard, Suite 550
McLean, VA 22102

We hereby consent to the incorporation by reference in Registration Statement Nos. 333-162671, 333-187659 and 333-204889 on Form S-3 of our report dated November 23, 2015, with respect to the financial statements of Lightbridge Corporation (the "Company"), appearing in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2014.

Anderson Bradshaw PLLC
Salt Lake City, Utah
November 23, 2015

Certification of Principal Executive Officer

I, Seth Grae, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Lightbridge Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2015

/s/ Seth Grae

Seth Grae, Principal Executive Officer

Certification of Principal Financial Officer

I, Linda Zwobota, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Lightbridge Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2015

/s/ Linda Zwobota

Linda Zwobota, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Section 1350 Certifications

**STATEMENT FURNISHED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned is the Chief Executive Officer and Treasurer or Principal Accounting Officer of Lightbridge Corporation. This Certification is made pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This Certification accompanies the Annual Report on Form 10-K/A of Lightbridge Corporation for the year ended December 31, 2014.

The undersigned certifies that such 10-K/A Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such 10-K/A Report fairly presents, in all material respects, the financial condition and results of operations of Lightbridge Corporation as of December 31, 2014.

This Certification is executed as of November 23, 2015

By: /s/ Seth Grae

Name: Seth Grae

*Title: President, Chief Executive Officer and Director
(Principal Executive Officer)*

By: /s/ Linda Zwobota

Name: Linda Zwobota

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Lightbridge Corporation and will be retained by Lightbridge Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 USC Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
